

Susan Montee, CPA

Missouri State Auditor

State of Missouri

Single Audit

Year Ended June 30, 2008



March 2009 Report No. 2009-25 auditor.mo.gov





The Single Audit report includes the federal awards expended by all state agencies, except for the public universities and various financing authorities that provide financial information directly to the federal government. The state expended \$9.41 billion in federal awards through 290 different programs during the year ended June 30, 2008. State expenditures of federal awards have increased over \$1.1 billion over the past five years.

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 Office of Management and Budget (OMB) issued Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations to set forth standards for obtaining consistency and uniformity among federal agencies for the audit of non-federal entities expending federal awards. A single audit requires an audit of the state's financial statements and expenditures of federal awards.

Although nineteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (95 percent). These six departments are Social Services, Transportation, Labor and Industrial Relations, Elementary and Secondary Education, Health and Senior Services, and Public Safety. The state received federal awards from 20 different federal agencies. Most of the federal awards (95 percent) came from five federal agencies.

The audit found the Department of Social Services, Family Support Division did not maintain adequate documentation to support some personnel costs charged to the Rehabilitation Services – Vocational Rehabilitation Grants to States Program and the Children's Division charged some costs to the Foster Care Title IV-E program that were not allowable or not adequately supported. The Department of Public Safety, Adjutant General did not submit closeout reports timely for the National Guard Military Operations and Maintenance Projects Program. Also in the report are other findings related to federal programs administered by the Department of Higher Education; Department of Public Safety, Adjutant General and State Emergency Management Agency; and the Department of Social Services, Division of Finance and Administrative Services, Children's Division, Family Support Division, and MO HealthNet Division.

This public report is intended for the information and use of the management of the State of Missouri; federal awarding agencies and pass-through entities; and other applicable government officials.

All reports are available on our Web site: www.auditor.mo.gov

STATE OF MISSOURI SINGLE AUDIT

TABLE OF CONTENTS

		<u>Page</u>
INTRODUCTION AND	SUMMARY	1-8
Summary information,	charts, and graphs of Expenditures of Federal Awards	2-8
STATE AUDITOR'S RE	EPORTS	9-17
and on Compliance an	Report on Internal Control Over Financial Reporting d Other Matters Based on an Audit of Financial Statements nce With <i>Government Auditing Standards</i>	10-12
Applicable to Each Ma	Report on Compliance with Requirements ajor Program and Internal Control Over Compliance MB Circular A-133	13-15
	Report on the Schedule of Expenditures Accordance With OMB Circular A-133	16-17
SCHEDULE OF EXPE	NDITURES OF FEDERAL AWARDS	18-29
Notes to the Schedule of	of Expenditures of Federal Awards	28-29
SCHEDULE OF FINDI YEAR ENDED JUNE	NGS AND QUESTIONED COSTS, 2 30, 2008	30-55
Section I - Sumn	nary of Auditor's Results	31
Section II- Finan	icial Statement Findings	32
Section III - Fede	eral Award Findings and Questioned Costs	32
Number	<u>Description</u>	
	epartment of Higher Education Untimely Reinsurance Payment Requests	32
2008-2. C 2008-3. I	epartment of Public Safety Capital Assets Reporting Subrecipient Monitoring	35

STATE OF MISSOURI SINGLE AUDIT

TABLE OF CONTENTS

		<u>Page</u>
SCHEDULE OF FI	NDINGS AND QUESTIONED COSTS	30-55
	Department of Social Services	
2008-5.	Subrecipients	37
2008-6.	Foster Care – Court Contracts	
2008-7.	Foster Care – Residential Facilities	42
2008-8.	Foster Care – Eligibility and Assistance Payments	46
2008-9.	Vocational Rehabilitation Program	
2008-10.	Medical Assistance Program	
FOLLOW-UP ON F	PRIOR AUDIT FINDINGS FOR AN AUDIT OF	
FINANCIAL STAT	EMENTS PERFORMED IN ACCORDANCE	
WITH GOVERNME	ENT AUDITING STANDARDS	56-57
SUMMARY SCHE	DULE OF PRIOR AUDIT FINDINGS	
IN ACCORDANCE	WITH OMB CIRCULAR A-133	58-112

INTRODUCTION AND SUMMARY

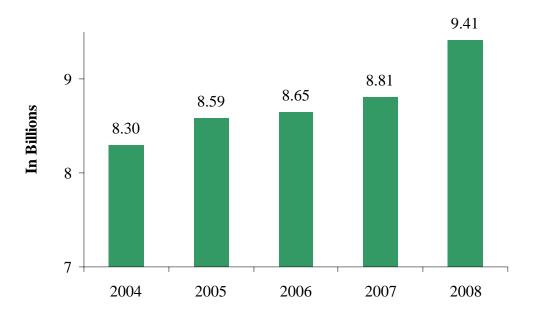
INTRODUCTION AND SUMMARY

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 Office of Management and Budget (OMB) issued Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations to set forth standards for obtaining consistency and uniformity among federal agencies for the audit of non-federal entities expending federal awards. A single audit requires an audit of the state'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 schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole.
- The state has adequate internal controls to ensure compliance with federal award requirements.
- The state has complied with the provisions of laws, regulations, and contracts or grants that could have a direct and material effect on federal awards.

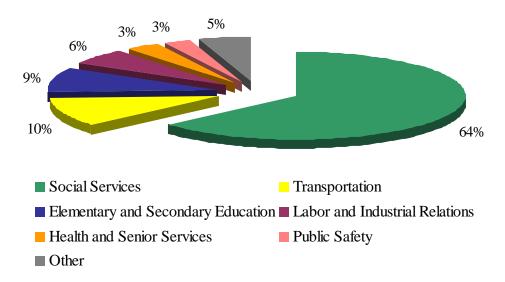
The Single Audit report includes the federal awards expended by all state agencies that are part of the primary government. The report does not include the component units of the state, which are the public universities and various financing authorities. These component units have their own separate OMB Circular A-133 audits conducted by other auditors. The state expended \$9.41 billion in federal awards during the year ended June 30, 2008. Expenditures of federal awards have increased over the past five years.

Total Expenditures of Federal Awards Five Year Comparison



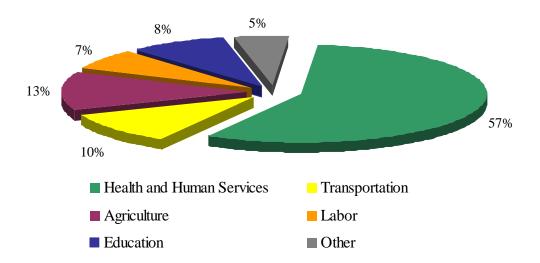
Although nineteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (95 percent).

Expenditures of Federal Awards by State Department



The state received federal awards from 20 different federal agencies. Most of the federal awards (95 percent) came from five federal agencies.

Expenditures of Federal Awards by Federal Department



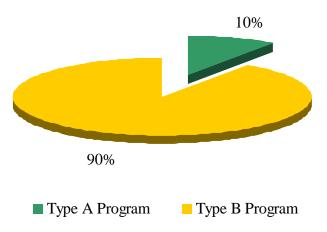
Overall, the state expended federal awards in 290 different programs. Under the audit requirements of OMB Circular A-133, federal programs are divided into Type A and Type B programs based on a dollar threshold. For the state of Missouri, OMB Circular A-133 defines the dollar threshold to distinguish between Type A programs and Type B programs at three-tenths of one percent (.003) of total awards expended.

Determination of Type A Programs

Total expenditures of federal awards	\$ 9,411,607,647
Three-tenths of one percent	.003
Dollar Threshold	\$ 28,234,823

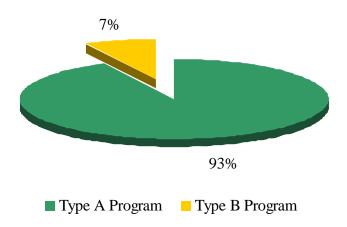
Programs with federal expenditures over \$28,234,823 are Type A programs and the programs under \$28,234,823 are Type B programs. Of the 290 different federal award programs, 28 were Type A programs and 262 were Type B programs.

Type A and Type B Programs
Number of Programs



The 28 Type A programs had expenditures of federal awards totaling \$8.7 billion, which was 93 percent of the total expenditures for all programs. The 262 Type B programs had expenditures of federal awards totaling \$673 million, which was only 7 percent of the total expenditures for all programs.

Type A and Type B Programs Expenditures of Federal Awards



OMB Circular A-133 requires the auditor to use a risk-based approach to determine which federal award programs to audit as major programs. We performed a risk assessment on each Type A program and determined that 16 of the 28 Type A programs were low risk and did not need to be audited as major, based on the guidance in OMB Circular A-133.

OMB Circular A-133 requires the auditor to perform risk assessments on the larger Type B programs to determine which ones to audit as major in place of the Type A programs that are not audited as major. The dollar threshold to determine the larger Type B programs is three-hundredths of one percent (.0003) of total awards expended (\$9.41 billion times .0003 = \$2,823,482). We performed risk assessments on the 54 larger Type B programs that were over \$2,823,482 and determined that 6 of them were high risk. In accordance with OMB Circular A-133, we audited 3 (one-half) of these 6 high risk Type B programs as major. As a result of the risk-based approach required under OMB Circular A-133, we audited 12 Type A programs and 3 Type B programs as major.

Major and Non-major Programs					
Audit Coverage by Type of	Number of	-	Percentage of		
Program	Programs	Expenditures	Expenditures		
Type A major programs	12	\$ 5,936,993,834			
Type B major programs	3	68,982,936			
Total major programs	15	\$ 6,005,976,770	64%		
Type A non-major programs	16	2,801,497,558			
Type B non-major programs	259	604,133,319			
Total non-major programs	275	3,405,630,877	36%		
Total all programs	290	\$ 9,411,607,647	100%		

STATE OF MISSOURI SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30,2008

CFDA				Federal Awards
Number	Federal Program Name	Federal Grantor Agency		Expended
10.551	Food Stamp Cluster:		Φ.	5 0.5.0 22 .044
10.551	Supplemental Nutrition Assistance Program	Agriculture	\$	786,822,841
10.561	State Administrative Matching Grants for the Supplemental	A . * . #.		40.052.065
	Nutrition Assistance Program	Agriculture	_	48,053,965
	Total Food Stamp Cluster		_	834,876,806
	Child Nutrition Cluster:			
10.553	School Breakfast Program	Agriculture		44,271,291
10.555	National School Lunch Program	Agriculture		142,705,492
10.556	Special Milk Program for Children	Agriculture		494,520
10.559	Summer Food Service Program for Children	Agriculture	_	7,227,163
	Total Child Nutrition Cluster		_	194,698,466
10.557	Special Supplemental Nutrition Program for Women, Infants,			
	and Children	Agriculture		83,891,193
10.558	Child and Adult Care Food Program	Agriculture		40,443,825
12.401	National Guard Military Operations and Maintenance (O&M)			
17.005	Projects	Defense		31,919,209
17.225	Unemployment Insurance	Labor		529,654,095
	Workforce Investment Act Cluster:			
17.258	Workforce Investment Act - Adult Program	Labor		18,703,774
17.259	Workforce Investment Act - Youth Activities	Labor		20,311,074
17.260	Workforce Investment Act - Dislocated Workers	Labor	_	26,364,104
	Total Workforce Investment Act Cluster		_	65,378,952
20.205	Highway Planning and Construction	Transportation		905,845,563
64.015	Veterans State Nursing Home Care	Veterans Affairs		32,964,590
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency		42,341,072
84.010	Title I Grants to Local Educational Agencies	Education		193,726,970
	Special Education Cluster:			
84.027	Special Education - Grants to States	Education		222,627,677
84.173	Special Education - Preschool Grants	Education		6,013,301
	Total Special Education Cluster		_	228,640,978
84.032	Federal Family Education Loans	Education		125,847,139
84.126	Rehabilitation Services - Vocational Rehabilitation Grants			
	to States	Education		58,733,523
84.367	Improving Teacher Quality State Grants	Education		47,579,970
93.268	Immunization Grants	Health and Human Services		48,708,015
93.558	Temporary Assistance for Needy Families	Health and Human Services		188,457,393
93.563	Child Support Enforcement	Health and Human Services		33,443,236
93.568	Low-Income Home Energy Assistance	Health and Human Services		69,376,776
	Child Care and Development Fund Cluster:			
93.575	Child Care and Development Block Grant	Health and Human Services		61,697,376
93.596	Child Care Mandatory and Matching Funds of the Child Care	** ** *** ***		72 12 5 00 1
	and Development Fund	Health and Human Services	_	52,426,081
	Total Child Care and Development Fund Cluster		_	114,123,457
93.658	Foster Care - Title IV-E	Health and Human Services		61,031,819
93.659	Adoption Assistance	Health and Human Services		33,327,828
93.667	Social Services Block Grant	Health and Human Services		54,717,956
93.767	State's Children's Insurance Program	Health and Human Services		77,734,327
	Medicaid Cluster:			

STATE OF MISSOURI SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30,2008

CFDA			Federal Awards
Number	Federal Program Name	Federal Grantor Agency	Expended
93.775	State Medicaid Fraud Control Units	Health and Human Services	1,385,534
93.777	State Survey and Certification of Health Care Providers and		
	Suppliers	Health and Human Services	14,436,682
93.778	Medical Assistance Program	Health and Human Services	4,465,917,980
	Total Medicaid Cluster		4,481,740,196
96.001	Social Security - Disability Insurance	Social Security Administration	28,756,859
	Homeland Security Cluster:		
16.007	Homeland Security Grant Program	Department of Justice	131,453
97.004	State Domestic Preparedness Equipment Support Program	Department of Homeland Security	2,019,998
97.067	Homeland Security Grant Program	Department of Homeland Security	28,383,605
	Total Homeland Security Cluster		30,535,056
97.036	Disaster Grants - Public Assistance (Presidentially Declared		
	Disasters)	Department of Homeland Security	99,996,123
	Total Type A Programs (expenditures greater than \$28,234,823)	•	8,738,491,392
	Total Type B Programs (expenditures less than \$28,234,823)		673,116,255
	Total Expenditures of Federal Awards		\$ 9,411,607,647

STATE AUDITOR'S REPORTS



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Matt Blunt, Governor and Members of the General Assembly

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, 2008, which collectively comprise the state's basic financial statements, and have issued our report thereon dated January 9, 2009. Our report was modified to include a reference to other auditors. Our report also expressed a qualified opinion on the basic financial statements because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As described in our report on the state of Missouri's financial statements, other auditors audited the financial statements of:

- 1. The Missouri Department of Transportation and blended transportation corporations, the Missouri Consolidated Health Care Plan, the Missouri State Employees' Insurance Plan, the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan, the Transportation Self-Insurance Plan, and the Conservation Employees' Insurance Plan, which represent 77 percent and 13 percent of the assets and revenues, respectively, of the governmental activities.
- 2. The State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 32 percent and 58 percent of the assets and revenues, respectively, of the business-type activities.

- 3. The component units.
- 4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represent 95 percent and 95 percent of the assets and additions, respectively, of the fiduciary funds.

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

The financial statements of the Fulton 54 Transportation Corporation, the Missouri Highway 63 Transportation Corporation, the Highway 179 Transportation Corporation, and the Wentzville Parkway Transportation Corporation, blended component units; the Missouri Consolidated Health Care Plan, the Missouri State Employees' Insurance Plan, and the Conservation Employees' Insurance Plan, internal service funds; the Missouri Development Finance Board and Northwest Missouri State University, discretely presented component units; and the pension (and other employee benefit) trust funds, were not audited in accordance with *Government Auditing Standards*.

As described in Note 2 to the financial statements presented in the *Missouri Comprehensive Annual Financial Report*, the state of Missouri implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions;* Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues;* and Statement No. 50, *Pension Disclosures*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the state of Missouri's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the state's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the state's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the state's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the state's financial statements that is more than inconsequential will not be prevented or detected by the state's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the state's internal control.

Our consideration of internal control over financial reporting was for the limited purpose

described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the state of Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State Auditor's office regularly issues management reports on the various programs, agencies, divisions, and departments of the state of Missouri. The conditions mentioned in those management reports were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the basic financial statements. Our reports of these conditions do not modify our report dated January 9, 2009, on the basic financial statements.

This report is intended for the information and use of the management of the state of Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

Susan Montee, CPA State Auditor

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January 9, 2009



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Jeremiah W. (Jay) Nixon, Governor and Members of the General Assembly

Compliance

We have audited the compliance of the state of Missouri with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The state's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the state's management. Our responsibility is to express an opinion on the state's compliance based on our audit.

Our compliance audit, described below, did not include the operations of the component units and related organizations that expended federal financial assistance during the year ended June 30, 2008, because they engaged other auditors to perform audits in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the state's compliance with those requirements.

As described in finding numbers 2008-3 and 2008-9 in the accompanying Schedule of Findings and Questioned Costs, the state of Missouri did not comply with reporting requirements that are applicable to the National Guard Military Operations and Maintenance Projects Program or with requirements regarding activities allowed or allowable costs and cost principles that are applicable to the Rehabilitation Services – Vocational Rehabilitation Grants to States Program. Compliance with such requirements is necessary, in our opinion, for the state of Missouri to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the state of Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2008-6 through 2008-8 and 2008-10.

Internal Control Over Compliance

The management of the state of Missouri is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the state's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the state's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and material weaknesses.

A control deficiency in the state's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the state's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the state's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2008-2 and 2008-9 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the state's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider finding numbers 2008-2 and 2008-9 to be material weaknesses.

The responses of the state of Missouri to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the state's responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of the management of the state of Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, pursuant to Section 29.270, RSMo, this report is a matter of public record and its distribution is not limited.

Susan Montee, CPA State Auditor

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February 25, 2009



INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Matt Blunt, Governor and Members of the General Assembly

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, 2008, which collectively comprise the state's basic financial statements, and have issued our report thereon dated January 9, 2009. Our report was modified to include a reference to other auditors. Our report also expressed a qualified opinion on the basic financial statements because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As described in our report on the state of Missouri's financial statements, other auditors audited the financial statements of:

- 1. The Missouri Department of Transportation and blended transportation corporations, the Missouri Consolidated Health Care Plan, the Missouri State Employees' Insurance Plan, the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan, the Transportation Self-Insurance Plan, and the Conservation Employees' Insurance Plan, which represent 77 percent and 13 percent of the assets and revenues, respectively, of the governmental activities.
- 2. The State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 32 percent and 58 percent of the assets and revenues, respectively, of the business-type activities.

- 3. The component units.
- 4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represent 95 percent and 95 percent of the assets and additions, respectively, of the fiduciary funds.

This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

The financial statements of the Fulton 54 Transportation Corporation, the Missouri Highway 63 Transportation Corporation, the Highway 179 Transportation Corporation, and the Wentzville Parkway Transportation Corporation, blended component units; the Missouri Consolidated Health Care Plan, the Missouri State Employees' Insurance Plan, and the Conservation Employees' Insurance Plan, internal service funds; the Missouri Development Finance Board and Northwest Missouri State University, discretely presented component units; and the pension (and other employee benefit) trust funds, were not audited in accordance with *Government Auditing Standards*.

Our audit was conducted for the purpose of forming our 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 OMB Circular A-133 and is not a required part of the basic financial statements. The state of Missouri has excluded federal award expenditures of public universities and other component units from the accompanying Schedule of Expenditures of Federal Awards. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, except for the exclusion of federal award expenditures of public universities and other component units, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Susan Montee, CPA State Auditor

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January 9, 2009

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

		Federal Awards	Amount Provided
CFDA Nun	<u> </u>	Expended	to Subrecipients
Office of N	Iational Drug Control Policy		
07.	HIDTA	\$ 2,931,446	2,103,260
Total O	ffice of National Drug Control Policy	2,931,446	2,103,260
	t of Agriculture		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	1,096,341	39,299
10.066	Livestock Assistance Program	40,351	0
10.069	Conservation Reserve Program	19,714	0
10.072	Wetlands Reserve Program	778,787	0
10.153	Market News	13,078	0
10.156	Federal-State Marketing Improvement Program	26,121	0
10.163	Market Protection and Promotion	12,867	0
10.169	Specialty Crop Block Grant Program	135,662	131,375
10.435	State Mediation Grants	22,996	0
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	585,492	0
10.477	Meat, Poultry, and Egg Products Inspection	3,319	0
10.550	Food Donation	19,545,520	19,462,294
	Food Stamp Cluster:		
10.551	Supplemental Nutrition Assistance Program	786,822,841	0
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance	48,053,965	2,764,819
	Program		
	Total Food Stamp Cluster	834,876,806	2,764,819
	Child Nutrition Cluster:		
10.553	School Breakfast Program	44,271,291	44,271,291
10.555	National School Lunch Program	142,705,492	141,497,191
10.556	Special Milk Program for Children	494,520	494,520
10.559	Summer Food Service Program for Children	7,227,163	6,918,173
	Total Child Nutrition Cluster	194,698,466	193,181,175
			· · · · · · · · · · · · · · · · · · ·
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	83,891,193	16,846,433
10.558	Child and Adult Care Food Program	40,443,825	39,947,932
10.560	State Administrative Expenses for Child Nutrition	2,772,702	1,021,259
10.565	Commodity Supplemental Food Program	601,996	546,722
	Emergency Food Assistance Cluster:		
10.568	Emergency Food Assistance Program (Administrative Costs)	1,136,998	1,081,569
10.569	Emergency Food Assistance Program (Food Commodities)	4,191,402	4,191,402
	Total Emergency Food Assistance Cluster	5,328,400	5,272,971
			
10.572	WIC Farmers' Market Nutrition Program (FMNP)	85,562	75,694
10.574	Team Nutrition Grants	165,983	90,792
10.664	Cooperative Forestry Assistance	1,603,547	281,073
	Schools and Roads Cluster:		
10.665	Schools and Roads - Grants to States	7,782,224	7,782,224
	Total Schools and Roads Cluster	7,782,224	7,782,224
		.,,-2.	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
10.769	Rural Business Enterprise Grants	3,588	3,588
10.912	Environmental Quality Incentives Program	75,688	0
	epartment of Agriculture	1,194,610,228	287,447,650

CFDA Nun	nber Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
	t of Defense	Ехрениеи	to Buorecipients
12.AAG	Drug Interdiction and Counter Drug Activities	164,184	164,184
12.	Troops to Teachers	65,292	56,738
12.112	Payments to States in Lieu of Real Estate Taxes	1,382,309	1,382,309
12.112	State Memorandum of Agreement Program for the Reimbursement of Technical	950,674	43,042
12.113	Services	750,074	73,072
12.401	National Guard Military Operations and Maintenance (O&M) Projects	31,919,209	0
		34,481,668	1,646,273
Total D	epartment of Defense	34,461,006	1,040,273
Danartman	t of Housing and Urban Development		
14.228	Community Development Block Grants/State's Program and Non-Entitlement	24,772,591	23,420,885
14.226	Grants in Hawaii	24,772,391	23,420,663
14.231		1 170 490	1 170 490
	Emergency Shelter Grants Program	1,179,480	1,179,480
14.238	Shelter Plus Care	7,204,195	7,204,195
14.241	Housing Opportunities for Persons with AIDS	488,012	488,012
14.401	Fair Housing Assistance Program - State and Local	513,049	0
Total D	epartment of Housing and Urban Development	34,157,327	32,292,572
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•	t of the Interior		_
15.FFB	Webless Migratory Game Bird Research Program	61,370	0
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	240,431	0
15.252	Abandoned Mine Land Reclamation (AMLR) Program	1,584,061	836,849
	Fish and Wildlife Cluster:		
15.605	Sport Fish Restoration Program	6,428,952	0
15.611	Wildlife Restoration	7,413,543	0
	Total Fish and Wildlife Cluster	13,842,495	0
15.615	Cooperative Endangered Species Conservation Fund	498,692	0
15.616	Clean Vessel Act	22,614	22,614
15.622	Sportfishing and Boating Safety Act	74,309	74,309
15.623	North American Wetlands Conservation Fund	229,050	0
15.633	Landowner Incentive Program	357,844	0
15.634	State Wildlife Grants	1,282,480	0
15.807	Earthquake Hazards Reduction Program	49,139	0
15.808	U.S. Geological Survey - Research and Data Collection	18,139	0
15.810	National Cooperative Geologic Mapping Program	129,629	0
15.904	Historic Preservation Fund Grants-In-Aid	747,733	41,468
15.916	Outdoor Recreation - Acquisition, Development and Planning	1,071,358	539,248
15.921	Rivers, Trails and Conservation Assistance	8,092	0
15.922	Native American Graves Protection and Repatriation Act	17,082	0
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	424,439	0
	epartment of the Interior	20,658,957	1,514,488
	1		
Departmen	t of Justice		
16.	Domestic Cannabis Eradication	86,505	0
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	469,812	0
16.203	Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	955	0
16.307	Combined DNA Index System	250,941	0
16.523	Juvenile Accountability Block Grants	335,087	301,931
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	692,260	521,140
16.542	Part D - Research, Evaluation, Technical Assistance and Training	171,404	0
	-	75,704	
16.548	Title V - Delinquency Prevention Program State Justice Statistics Program for Statistical Analysis Contars	*	75,704
16.550	State Justice Statistics Program for Statistical Analysis Centers	71,764	0
16.554	National Criminal History Improvement Program (NCHIP)	591,513	417.251
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	417,351	417,351

CEDA Num	ber Federal Grantor Agency - Program	Federal Awards	Amount Provided
CFDA Numl	Crime Victim Assistance	Expended 7,344,824	to Subrecipients
16.576	Crime Victim Assistance Crime Victim Compensation	3,361,457	7,205,499 0
16.579	Edward Byrne Memorial Formula Grant Program	498,157	368,212
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary	412,637	0
10.560	Grants Program	412,037	U
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	15,343,993	0
16.588	Violence Against Women Formula Grants	2,320,697	2,207,184
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	648,015	314,061
16.593	Residential Substance Abuse Treatment for State Prisoners	104,946	104,946
16.601	Corrections - Training and Staff Development	11,862	0
16.606	State Criminal Alien Assistance Program	151,531	0
16.607	Bulletproof Vest Partnership Program	8,500	0
16.610	Regional Information Sharing Systems	5,478,585	5,478,585
16.710	Public Safety Partnership and Community Policing Grants	2,063,033	931
16.726	Juvenile Mentoring Program	226,499	218,708
16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant Program	117,785	0
16.738	Edward Byrne Memorial Justice Assistance Grant Program	4,749,552	4,355,077
16.740	Statewide Automated Victim Information Notification (SAVIN) Program	181,814	4,555,677
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	27,611	0
	partment of Justice	46,214,794	21,569,329
Total DC	partition of susuce	+0,214,774	21,307,327
Department			_
17.002	Labor Force Statistics	1,774,207	0
17.005	Compensation and Working Conditions	188,071	0
	Employment Service Cluster:		
17.207	Employment Service/Wagner-Peyser Funded Activities	13,607,807	1,210,325
17.801	Disabled Veterans' Outreach Program (DVOP)	1,008,548	0
17.804	Local Veterans' Employment Representative Program	2,218,989	0
	Total Employment Service Cluster	16,835,344	1,210,325
17.225	Unemployment Insurance	529,654,095	0
17.235	Senior Community Service Employment Program	2,215,021	2,176,949
17.245	Trade Adjustment Assistance	20,382,903	0
	Workforce Investment Act Cluster:	,,-	
17.258	Workforce Investment Act - Adult Program	18,703,774	16,616,952
17.259	Workforce Investment Act - Youth Activities	20,311,074	17,643,930
17.260	Workforce Investment Act - Dislocated Workers	26,364,104	22,352,982
	Total Workforce Investment Act Cluster	65,378,952	56,613,864
17.261	Workforce Investment Act. Dilete Demonstrations and Descorch Desicate	38	0
	Workforce Investment Act - Pilots, Demonstrations, and Research Projects		
17.266	Work Incentive Grants	844,440	776,669
17.267	Incentive Grants - WIA Section 503	677,861	677,861
17.268	H-1B Job Training Grants	2,194,416	2,166,796
17.271	Work Opportunity Tax Credit Program (WOTC)	468,947	0
17.273	Temporary Labor Certification for Foreign Workers	96,102	0
17.504	Consultation Agreements	1,001,468	0
17.505	OSHA Data Initiative	46,319	0
17.600	Mine Health and Safety Grants partment of Labor	339,326 642,097,510	63,622,464
		6/12 007 510	62 627 161

	DED JOINE 30, 2000	Federal Awards	Amount Provided
CFDA Num	<u> </u>	Expended	to Subrecipients
_	t of Transportation	11.101	0
20.	Federal Highway Administration	11,191	0
20.106	Airport Improvement Program	21,183,572	21,075,638
20.205	Highway Planning and Construction Cluster:	005 945 562	105 100 405
20.205	Highway Planning and Construction	905,845,563	105,198,485
	Total Highway Planning and Construction Cluster	905,845,563	105,198,485
20.217	Motor Carrier Safety	3,789,516	695,553
20.218	National Motor Carrier Safety	3,309,907	1,336,911
20.219	Recreational Trails Program	578,058	456,761
20.500	Federal Transit Cluster:	< 1 < T 220	< 1<7.000
20.500	Federal Transit - Capital Investment Grants	6,167,220	6,167,220
	Total Federal Transit Cluster	6,167,220	6,167,220
20.505	Federal Transit - Metropolitan Planning Grants	5,322,022	5,127,677
20.509	Formula Grants for Other Than Urbanized Areas	12,308,486	11,511,643
	Transit Services Programs Cluster:		
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	781,354	642,939
20.516	Job Access - Reverse Commute	565,763	565,763
20.521	New Freedom Program	111,961	111,961
	Total Transit Services Programs Cluster	1,459,078	1,320,663
	Highway Safety Cluster:		
20.600	State and Community Highway Safety	9,665,348	3,911,541
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	2,233,692	2,021,309
20.602	Occupant Protection	357	0
20.604	Safety Incentive Grants for Use of Seatbelts	276,005	276,005
20.610	State Traffic Safety Information System Improvement Grants	707,509	651,916
20.611	Incentive Grant Program to Prohibit Racial Profiling	444,643	444,643
20.612	Incentive Grant Program to Increase Motorcyclist Safety	78,416	0
20.613	Child Safety and Child Booster Seats Incentive Grants	352,258	15,501
	Total Highway Safety Cluster	13,758,228	7,320,915
20.607	Alcohol Open Container Requirements	5,217,306	4,098,787
20.700	Pipeline Safety Program Base Grants	295,704	0
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	269,345	250,489
Total De	epartment of Transportation	979,515,196	164,560,742
Equal Emp	loyment Opportunity Commission		
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency	682,735	0
	Contracts	,,,,,,	
Total Ed	qual Employment Opportunity Commission	682,735	0
General Se	rvices Administration		
39.003	Donation of Federal Surplus Personal Property	2,862,105	2,209,363
39.011	Election Reform Payments	6,666	2,181
	eneral Services Administration	2,868,771	2,211,544
		<u> </u>	
	oundation on the Arts and the Humanities	0.624	0.624
45.024 45.025	Promotion of the Arts - Grants to Organizations and Individuals	9,624 601,800	9,624 283 058
45.025 45.149	Promotion of the Arts - Partnership Agreements Promotion of the Humanities - Division of Preservation and Access	601,800 166,854	283,958 0
45.149 45.310	Grants to States	3,177,282	1,718,323
	ational Foundation on the Arts and the Humanities	3,955,560	2,011,905
10tai N	ational Foundation on the First and the Humanities	3,233,300	2,011,303

		Federal Awards	Amount Provided
CFDA Num	per Federal Grantor Agency - Program	Expended	to Subrecipients
Department	of Veterans Affairs		
64.005	Grants to States for Construction of State Home Facilities	127,907	0
64.015	Veterans State Nursing Home Care	32,964,590	0
64.123	Vocational Training for Certain Veterans Receiving VA Pension	560,392	0
Total De	partment of Veterans Affairs	33,652,889	0
Environmen	tal Protection Agency		
66.032	State Indoor Radon Grants	118,949	848
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	666,534	142,552
66.040	State Clean Diesel Grant Program	6,978	0
66.202	Congressionally Mandated Projects	587,114	444,213
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	33,178	0
66.433	State Underground Water Source Protection	127,062	0
66.454	Water Quality Management Planning	555,416	414,429
66.458	Capitalization Grants for Clean Water State Revolving Funds	42,341,072	42,341,072
66.460	Nonpoint Source Implementation Grants	3,715,622	1,158,294
66.461	Regional Wetland Program Development Grants	132,059	68,837
66.463	Water Quality Cooperative Agreements	5,114	0
66.468	Capitalization Grants for Drinking Water State Revolving Funds	11,685,819	8,053,470
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and	302,181	234,989
	Certification Costs		
66.474	Water Protection Grants to the States	108,402	0
66.605	Performance Partnership Grants	12,373,795	704,257
66.606	Survey, Studies, Investigations and Special Purpose Grants	14,454	0
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	420,227	0
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	357,899	79
66.709	Multi-Media Capacity Building Grants for States and Tribes	163,606	0
66.714	Pesticide Environmental Stewardship Regional Grants	26,616	24,992
66.802	Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements	1,427,402	136,503
66.805	Leaking Underground Storage Tank Trust Fund Program	1,164,670	267
66.817	State and Tribal Response Program Grants	1,198,366	157,350
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	131,733	127,905
	vironmental Protection Agency	77,664,268	54,010,057
Department			
81.039	National Energy Information Center	5,413	0
81.041	State Energy Program	769,974	53,220
81.042	Weatherization Assistance for Low-Income Persons	5,823,384	5,444,250
81.079	Regional Biomass Energy Programs	43,973	34,245
81.089	Fossil Energy Research and Development	12,384	0
81.092	Weldon Springs Site Remedial Action Project	331,727	6,202
81.104	Office of Environmental Waste Processing	119,485	3,010
81.119	State Energy Program Special Projects	127,987	43,094
81.902	State Environmental Oversite and Monitoring	64,043	235
	partment of Energy	7,298,370	5,584,256
- 5 till 20	,	.,2,0,0.0	3,20.,200

CFDA Nun	aber Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
	t of Education		
84.002	Adult Education - Basic Grants to States	6,374,434	5,904,045
84.010	Title I Grants to Local Educational Agencies	193,726,970	191,128,405
84.011	Migrant Education - State Grant Program	1,432,991	1,430,863
84.013	Title I Program for Neglected and Delinquent Children	1,481,038	1,467,401
	Special Education Cluster:		
84.027	Special Education - Grants to States	222,627,677	219,179,005
84.173	Special Education - Preschool Grants	6,013,301	6,013,301
	Total Special Education Cluster	228,640,978	225,192,306
84.032	Federal Family Education Loans	125,847,139	575,589
84.048	Career and Technical Education - Basic Grants to States	23,852,096	22,421,360
84.069	Leveraging Educational Assistance Partnership	1,285,103	1,285,103
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	58,733,523	62,056
84.169	Independent Living - State Grants	316,824	275,420
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who Are Blind	516,692	0
04 101		6 915 714	6 915 714
84.181	Special Education - Grants for Infants and Families	6,815,714	6,815,714
84.185	Byrd Honors Scholarships	740,250	5 961 727
84.186	Safe and Drug-Free Schools and Communities - State Grants	5,954,885	5,861,737
84.187	Supported Employment Services for Individuals with Significant Disabilities	430,866	0
84.196	Education for Homeless Children and Youth	806,549	804,478
84.213	Even Start - State Educational Agencies	1,145,959	1,109,703
84.215	Fund for the Improvement of Education	114,796	114,796
84.224	Assistive Technology	655,402	476,387
84.243	Tech-Prep Education	2,148,158	2,146,824
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	124,514	0
84.287	Twenty-First Century Community Learning Centers	13,852,718	13,570,765
84.298	State Grants for Innovative Programs	1,887,567	1,421,472
84.318	Education Technology State Grants	3,927,709	3,927,299
84.323	Special Education - State Personnel Development	1,367,831	1,367,831
84.326	Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	217,517	0
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	31,880	31,880
84.331	Grants to States for Incarcerated Youth Offenders	524,461	0
84.332	Comprehensive School Reform Demonstration	174,248	174,248
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	522,174	489,075
84.357	Reading First State Grants	21,090,098	20,806,428
84.358	Rural Education	2,633,202	2,483,472
84.365	English Language Acquisition Grants	3,713,883	3,713,883
84.366	Mathematics and Science Partnerships	2,361,191	2,358,304
84.367	Improving Teacher Quality State Grants	47,579,970	46,528,669
84.369	Grants for State Assessments and Related Activities	10,311,460	753,607
84.902	National Assessment of Educational Programs	88,089	0
84.938	Hurricane Education Recovery	22,799	0
	epartment of Education	771,451,678	564,699,120
		771,731,070	304,077,120
	ssistance Commission		
90.401	Help America Vote Act Requirements Payments	2,496,073	891,159
Total El	ections Assistance Commission	2,496,073	891,159

CFDA Number Federal Grantor Agency - Program		Federal Awards Expended	Amount Provided to Subrecipients
Department	of Health and Human Services		
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	86,609	0
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	90,597	90,597
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	278,525	37,900
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services Aging Cluster:	191,641	191,641
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	7,926,562	7,040,019
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	11,032,427	11,032,427
93.053	Nutrition Services Incentive Program	4,312,279	4,312,279
	Total Aging Cluster	23,271,268	22,384,725
93.048	Special Programs for the Aging - Title IV - and Title II - Discretionary Projects	4,888	4,888
93.051	Alzheimer's Disease Demonstration Grants to States	304,401	283,817
93.052	National Family Caregiver Support, Title III, Part E	3,052,255	3,052,255
93.103	Food and Drug Administration - Research	221,008	0
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	3,928,567	3,788,814
93.110	Maternal and Child Health Federal Consolidated Programs	353,271	93,838
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	542,621	168,414
93.127	Emergency Medical Services for Children	88,424	0
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	215,214	30,000
93.134	Grants to Increase Organ Donations	2,307	0
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention	64,140	0
93.136	Injury Prevention and Control Research and State and Community Based Programs	921,615	737,052
93.150	Projects for Assistance in Transition from Homelessness (PATH)	765,166	737,794
93.165	Grants to States for Loan Repayment Program	142,800	142,800
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	503,371	245,464
93.230	Consolidated Knowledge Development and Application (KD&A) Program	146,430	80,215
93.234	Traumatic Brain Injury State Demonstration Grant Program	79,204	0
93.235	Abstinence Education Program	704,170	307,013
93.240	State Capacity Building	355,453	38,549
93.241	State Rural Hospital Flexibility Program	439,433	218,991
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	13,095,084	11,433,142
93.251	Universal Newborn Hearing Screening	140,270	0
93.256	State Planning Grants Health Care Access for the Uninsured	83,727	11,912
93.260	Family Planning - Personnel Training	7,308	0
93.268	Immunization Grants	48,708,015	45,794,238
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	27,037,839	13,689,520
93.301	Small Rural Hospital Improvement Grant Program	8,498	8,498
93.556	Promoting Safe and Stable Families	12,353,753	0
93.558	Temporary Assistance for Needy Families	188,457,393	0
93.563	Child Support Enforcement	33,443,236	20,475,507
93.566	Refugee and Entrant Assistance - State Administered Programs	2,212,931	0
93.568	Low-Income Home Energy Assistance	69,376,776	33,587,265

CFDA Number Federal Grantor Agency - Program 93.569 Community Services Block Grant	Expended	Amount Provided to Subrecipients
93 569 Community Services Block Grant	19,313,144	19,082,913
Child Care and Development Fund Cluster:	19,313,111	17,002,713
93.575 Child Care and Development Block Grant	61,697,376	0
93.596 Child Care Mandatory and Matching Funds of the Child Care and Develo		0
Total Child Care and Development Fund Cluster	114,123,457	0
93.576 Refugee and Entrant Assistance - Discretionary Grants	449,141	254,615
93.584 Refugee and Entrant Assistance - Targeted Assistance Grants	937,791	0
93.586 State Court Improvement Program	690,010	0
93.590 Community-Based Child Abuse Prevention Grants	387,855	386,107
93.597 Grants to States for Access and Visitation Programs	344,092	0
93.599 Chafee Education and Training Vouchers Program (ETV)	1,073,653	0
93.600 Head Start	549,035	193,856
93.617 Voting Access for Individuals with Disabilities - Grants to States	86,294	86,294
93.630 Developmental Disabilities Basic Support and Advocacy Grants	1,382,880	569,202
93.643 Children's Justice Grants to States	415,026	0
93.645 Child Welfare Services - State Grants	5,677,368	0
93.658 Foster Care - Title IV-E	61,031,819	0
93.659 Adoption Assistance	33,327,828	0
93.667 Social Services Block Grant	54,717,956	0
93.669 Child Abuse and Neglect State Grants	515,488	0
93.671 Family Violence Prevention and Services/Grants for Battered Women's Sh		0
to States and Indian Tribes	in 1,002,432	U
93.674 Chafee Foster Care Independence Program	2,810,479	0
93.767 State Children's Insurance Program	77,734,327	0
Medicaid Cluster:	1 205 524	0
93.775 State Medicaid Fraud Control Units	1,385,534	0
93.777 State Survey and Certification of Health Care Providers and Suppliers	14,436,682	48
93.778 Medical Assistance Program	4,465,917,980	48
Total Medicaid Cluster	4,481,740,196	48
93.779 Centers for Medicare and Medicaid Services (CMS) Research, Demonstrat Evaluations	tions and 1,812,098	179,714
93.889 National Bioterrorism Hospital Preparedness Program	9,164,405	8,350,129
93.913 Grants to States for Operation of Offices of Rural Health	140,887	0
93.917 HIV Care Formula Grants	13,715,889	13,207,273
93.938 Cooperative Agreements to Support Comprehensive School Health Progra Prevent the Spread of HIV and Other Important Health Problems	ms to 207,474	133,181
93.940 HIV Prevention Activities - Health Department Based	3,769,589	2,160,565
93.944 Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus		719,935
(AIDS) Surveillance 93.945 Assistance Programs for Chronic Disease Prevention and Control	276 125	212,836
<u> </u>	276,135	
93.946 Cooperative Agreements to Support State-Based Safe Motherhood and Infi Initiative Programs	ant Health 153,488	18,878
93.958 Block Grants for Community Mental Health Services	6,782,257	6,486,363
93.959 Block Grants for Prevention and Treatment of Substance Abuse	24,897,201	22,245,586
93.977 Preventive Health Services - Sexually Transmitted Diseases Control Grant	s 2,074,332	289,878
93.988 Cooperative Agreements for State-Based Diabetes Control Programs and E of Surveillance Systems	Evaluation 376,206	41,792
93.991 Preventive Health and Health Services Block Grant	2,786,970	598,117
93.994 Maternal and Child Health Services Block Grant to the States	12,899,864	6,808,262
Total Department of Health and Human Services	5,371,025,377	239,660,393

			Federal Awards	Amount Provided
CFDA Numb	<u> </u>		Expended	to Subrecipients
Corporation	for National and Community Service			
94.003	State Commissions		229,724	0
94.004	Learn and Serve America - School and Community Based Programs		290,700	212,817
94.006	AmeriCorps		2,181,358	2,181,358
94.007	Planning and Program Development Grants		47,639	47,639
94.009	Training and Technical Assistance	_	98,029	30,813
Total Co	rporation for National and Community Service	-	2,847,450	2,472,627
Social Secur	ity Administration			
96.001	Social Security - Disability Insurance		28,756,859	0
Total Soc	cial Security Administration	=	28,756,859	0
Department	of Homeland Security			
•	Homeland Security Cluster:			
16.007	Homeland Security Grant Program		131,453	0
97.004	State Domestic Preparedness Equipment Support Program		2,019,998	741,845
97.067	Homeland Security Grant Program		28,383,605	23,776,327
	Total Homeland Security Cluster	=	30,535,056	24,518,172
97.008	Urban Areas Security Initiative		1,769,951	1,769,951
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants		12,947,793	12,308,490
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)		170,198	0
97.029	Flood Mitigation Assistance		29,506	29,506
97.034	Disaster Unemployment Assistance		50,820	0
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)		99,996,123	99,691,049
97.039	Hazard Mitigation Grant		223,117	213,082
97.041	National Dam Safety Program		46,511	0
97.042	Emergency Management Performance Grants		3,304,573	3,304,593
97.045	Cooperating Technical Partners		2,856,864	0
97.070	Map Modernization Management Support		121,204	0
97.074	Law Enforcement Terrorism Prevention Program (LETPP)		37,371	0
97.075	Rail and Transit Security Program		615,502	576,262
97.078	Buffer Zone Protection Program (BZPP)		1,228,563	747,297
97.091	Homeland Security Biowatch Program	_	307,339	234,221
Total De	partment of Homeland Security	=	154,240,491	143,392,623
Total	Expenditures of Federal Awards	\$	9,411,607,647	1,589,690,462
		_		

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

STATE OF MISSOURI NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards of the state of Missouri has been prepared to comply with U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The circular requires a schedule that shows total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The accompanying schedule includes all federal financial assistance administered by the state of Missouri, except for those programs administered by public universities and other component units and related organizations which are legally separate from the state of Missouri. Federal financial assistance provided to public universities and other component units and related organizations has been excluded from this audit. They were audited by other auditors under OMB Circular A-133.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with OMB Circular A-133, which defines federal financial assistance as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

The schedule presents both Type A and B federal assistance programs administered by the state of Missouri. OMB Circular A-133 establishes the formula for determining the level of expenditures or disbursements to be used in defining Type A and B federal financial assistance programs. For the state of Missouri during the year ended June 30, 2008, Type A programs are those which exceed \$28,234,823 in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in OMB Circular A-133.

C. Basis of Accounting

The expenditures for each of the federal financial assistance programs are presented on the accounting basis as required by the federal agency which awarded the assistance. Most programs are presented on a cash basis, which recognizes expenditures of federal awards when disbursed in cash. However, some are presented on a modified accrual basis, which recognizes expenditures of federal awards when the related liability is incurred.

2. <u>Special Supplemental Nutrition Program for Women, Infants and Children Program Rebates</u>

The state received cash rebates from an infant formula manufacturer, totaling \$36,503,060, on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants and Children Program (CFDA No. 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) 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.

3. <u>Unemployment Insurance Expenditures</u>

Expenditures of federal awards reported for the Unemployment Insurance program (CFDA No. 17.225) include unemployment benefit payments from the State Unemployment Compensation Fund totaling \$489,905,677. Reimbursements to other states from the State Unemployment Fund for benefits paid by those states, totaling \$25,942,133, have been included in the Unemployment Insurance program expenditures. Reimbursements to the State Unemployment Compensation Fund from other states for benefits paid by the State of Missouri, totaling \$6,806,063, have been excluded from total expenditures.

4. <u>Nonmonetary Assistance</u>

The Department of Health and Senior Services distributes vaccines to local health agencies and other health care professionals under the Immunization Grants program (CFDA No. 93.268). Distributions are valued at the cost of the vaccines paid by the federal government and totaled \$45,371,075.

The State Agency for Surplus Property distributes federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property program (CFDA No. 39.003). Property distributions totaled \$12,283,712 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost (\$2,862,105), which approximates the fair market value of the property at the time of distribution as determined by the General Services Administration.

The Department of Public Safety distributes excess Department of Defense equipment to state and local law enforcement agencies under the Department of Defense Surplus Property program (CFDA No. 12.AAG). Property distributions totaled \$704,650 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost (\$164,184), which approximates the fair market value of the property at the time of distribution.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF MISSOURI SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2008

Section I - Summary of Auditor's Results

Financial Statements Type of auditor's report issued: Qualified Internal control over financial reporting: Material weaknesses identified? ____ yes <u>x</u> no Significant deficiencies identified that are not considered to be material weaknesses? x none reported yes Noncompliance material to the financial statements noted? __ yes <u>x</u> no Federal Awards Internal control over major programs: Material weaknesses identified? x yes no Significant deficiencies identified that are not considered to be material weaknesses? x none reported yes Type of auditor's report issued on compliance for major program(s): Qualified Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133? x yes The following programs were audited as major programs: **CFDA** Number Name of Federal Program or Cluster Food Stamp Cluster: 10.551 Supplemental Nutrition Assistance Program 10.561 State Administrative Matching Grants for the Supplemental Nutrition **Assistance Program** 10.558 Child and Adult Care Food Program

14.228	Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii
	Workforce Investment Act Cluster:
17.258	Workforce Investment Act – Adult Program
17.259	Workforce investment Act – Youth Activities
17.260	Workforce Investment Act – Dislocated Workers
84.032	Federal Family Education Loans
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States
93.569	Community Services Block Grant
93.658	Foster Care – Title IV-E
93.767	State's Children's Insurance Program
	Medicaid Cluster:
93.775	State Medicaid Fraud Control Units
93.777	State Survey and Certification of Health Care Providers and Suppliers
93.778	Medical Assistance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
96.001	Social Security – Disability Insurance
	Homeland Security Cluster:
16.007	Homeland Security Grant Program
97.004	State Domestic Preparedness Equipment Support Program
97.067	Homeland Security Grant Program
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Dollar throak	and used to distinguish between Type A
and Type B	oold used to distinguish between Type A programs: \$28,234,823
	4-01-0 110-0
Auditee qual	ified as a low-risk auditee? yesx no

National Guard Military Operations and Maintenance (O&M) Projects

Section II - Financial Statement Findings

12.401

This section includes no audit findings that *Government Auditing Standards* require to be reported for an audit of financial statements.

Section III - Federal Award Findings and Questioned Costs

2008-1.	Untimely Reinsurance Payment Requests

Federal Agency: Department of Education

Federal Program: 84.032 Federal Family Education Loans – Guaranty Agencies

State Agency: Department of Higher Education

The Missouri Department of Higher Education (MDHE) did not appear to request payment for reinsurance of some claims within the 30 day limit as required by the program regulations.

The MDHE is the guarantor agency in the state of Missouri for student loans generated under the requirements of the Federal Family Education Loan Program (FFEL). As a guarantor agency, MDHE receives applications from lenders to guaranty student loans against borrower default. If borrowers subsequently default on guaranteed student loans, lenders submit claims to MDHE in the amount of the borrowers' loan balances. After verifying the loans have been maintained in accordance with FFEL requirements, MDHE pays the lender for the claim in amounts specified by program requirements. The MDHE then submits information for the claims paid to the U.S. Department of Education (USDE) and requests a reinsurance payment. The USDE reinsures claims at the reinsurance percentage applicable to the characteristics of each loan (the average reinsurance percentage during the year ending June 30, 2008, was 96 percent). The MDHE paid claims totaling \$109,131,763 during the fiscal year ended June 30, 2008, and received reinsurance payments from the USDE related to those claims.

FFEL program regulation 34 CFR 682 requires that various conditions be met before the federal agency will allow reinsurance payments. One of those conditions, established in 34 CFR 682.406(a)(9), requires a guaranty agency to submit a request for reinsurance payment no later than 30 days following payment of a default claim to the lender.

The MDHE did not appear to request payment for reinsurance of some claims within the 30 day limit. We reviewed the timeliness of reinsurance payment requests for three months during the fiscal year ended June 30, 2008 (September 2007, December 2007, and March 2008), and determined that \$2,561,020 of \$26,292,102 in total reinsurance payment requests during those three months were not filed timely. The untimely payment requests were filed between 32 and 33 days after the claim payments. For purposes of our analysis, we considered the issuance (mailing) date of the check as the payment date to the lender. It is likely we would have found similar problems if we had reviewed payment requests made during the other nine months of fiscal year 2008.

This apparent noncompliance occurred because the MDHE used an "estimated" claim payment date recorded in its loan servicer's data base to monitor the 30 day requirement. The estimated claim payment date represents the date MDHE expects lenders to receive the payments by mail. Program regulations provide no clear definition of the claim payment date; however, it appears the date the MDHE mails the checks to the lenders (approximately three days before the estimated claim payment date) is the most reasonable date to determine compliance with the 30 day requirement because that is the date MDHE relinquishes control of the payments.

<u>WE RECOMMEND</u> the MDHE communicate with the USDE for clarification of which date constitutes the payment date of default claims to lenders. Depending on the information received from the federal agency, the MDHE should make appropriate

changes to its procedures to ensure reinsurance payment requests are filed with the USDE within the 30 day filing deadline.

AUDITEE'S RESPONSE

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

2008-2. Capital Assets

Federal Agency: Department of Defense

Federal Program: 12.401 National Guard Military Operations and Maintenance

Projects

2007 - DAHA23-07-2-1000 and 2008 - DAHA23-08-2-

1000

State Agency: Department of Public Safety – Adjutant General (AG)

The AG did not maintain proper records for equipment acquired through the above referenced program or adequately perform periodic inventories to ensure this equipment is accounted for properly. The cooperative agreement between the AG and the Department of Defense, National Guard Bureau requires the state to account for and manage equipment acquired under this program. According to the Statewide Advantage for Missouri (SAM II) System, of the approximately \$32,000,000 of program expenditures in fiscal year 2008, about \$650,000 related to capital assets (excluding land and improvements) for various facilities statewide.

A. Some assets purchased during fiscal year 2008 have not been properly accounted for in the AG's capital asset tracking system and have not been assigned a property tag or capital asset number. The staff position responsible for entering assets into the internal capital asset tracking system and assigning property tag numbers was vacated in July 2007. This responsibility was reassigned to another staff person, but AG personnel indicated this employee has not been able to keep up with the high workload. We noted numerous assets had not been entered in the internal capital asset tracking system. At least 1 of these assets was purchased a year before our review. In addition, the AG has not performed adequate periodic inventories to ensure capital assets are retained and used appropriately. Yearly physical inventories of assets are performed; however, these inventories are performed by the individuals with physical control of the assets. There is no independent review to ensure the accuracy of these inventories.

To ensure capital assets are accounted for properly, the AG should develop procedures to ensure assets are entered into the capital asset tracking system timely and property tags are properly assigned. In addition, the yearly physical inventories should be completed by a person independent of the custodial function

- of the assets. If this not feasible, the results of the inventories should be reviewed by an independent person.
- B. AG personnel have not completed a reconciliation between the expenditure and capital asset records in the SAM II system. This reconciliation ensures all acquisitions of capital assets have been identified and properly recorded. While a reconciliation is in progress, as of January 2009, approximately \$600,000 of the \$3,300,000 capital asset expenditures from fiscal year 2002 through fiscal year 2008 have not been reconciled. Without completing this reconciliation, the AG has less assurance all capital assets are included in the capital asset records.

WE RECOMMEND the AG:

- A. Ensure all equipment is properly entered into the capital asset tracking system and assigned a property tag number. In addition, develop and implement a process to ensure capital assets are appropriately accounted for on the annual physical inventories. The inventories should be completed by someone without physical custody of the assets, or at a minimum, reviewed by someone independent.
- B. Ensure the capital asset reconciliation is completed to identify all capital assets and ensure the capital asset records are accurate.

<u>AUDITEE'S RESPONSE</u>

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

2008-3.	Reporting

Federal Agency: Department of Defense

Federal Program: 12.401 National Guard Military Operations and Maintenance

Projects

2007 – DAHA23-07-2-1000 and 2008 – DAHA23-08-2-

1000

State Agency: Department of Public Safety – Adjutant General (AG)

While the AG has a system in place to track fiscal year closeout reports related to the above referenced program, AG personnel are not using it to ensure the reports are submitted to the federal government by the dates due. As a result, a number of closeout reports were not submitted timely. This program works through a cooperative agreement in which the awarding federal agency has ongoing direct involvement in the program. The cooperative agreement does not change from year to year; however, new appendixes to this agreement, which fund various operations and maintenance projects, are approved each year.

Article III, Section 306 of the cooperative agreement between the AG and the Department of Defense, National Guard Bureau requires the state to submit a closeout report for each appendix within 90 days after the end of the federal fiscal year. If obligations related to the agreement still exist, the cooperative agreement indicates the state must request an extension for the closeout due date and the National Guard Bureau's United States Property and Fiscal Officer may set a new deadline for submission of the reports.

We reviewed all 12 appendixes for which closeout reports were submitted during fiscal year 2008 and found 7 closeout reports were submitted after the date due. The closeout reports ranged from approximately 1 month to 20 months late. One appendix had an extension due date of August 31, 2006, but the closeout report was not submitted until April 23, 2008. While the appendixes may need extensions past the original due date as a result of outstanding obligations, AG personnel stated report submission is also delayed due to high staff workloads. However, extensions should be requested for all closeout reports that cannot be submitted by the dates due.

WE RECOMMEND the AG ensure closeout reports are submitted by the date due or when necessary, deadline extensions are obtained and complied with.

<u>AUDITEE'S RESPONSE</u>

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

2008-4.	Subrecipient Monitoring

Federal Agency: Department of Homeland Security

Federal Program: 16.007 State Homeland Security Grant Program

2003 - MU-T3-0003

97.004 State Domestic Preparedness Equipment Support Grant

Program

2004 - GE-T4-0049

97.067 State Homeland Security Grant Program

2007 - GE-T7-0034, 2006 - GE-T6-0067, and

2005 - GE-T5-0022

State Agency: Department of Public Safety (DPS) – State Emergency

Management Agency (SEMA)

The SEMA has not adequately monitored subrecipients related to the above referenced programs to ensure an audit in accordance with Office of Management and Budget (OMB) Circular A-133 has been performed and submitted to the SEMA on a timely basis, as required. During our prior audit (year ended June 30, 2007), the SEMA had a tracking system to help identify which subrecipients were required to submit an A-133 audit (based on information provided to the SEMA from the subrecipients). This tracking

system also identified the audits that had been received from subrecipients and which audits had been reviewed by SEMA personnel. However, the SEMA now only uses this tracking system to identify which audits have been received and reviewed and no longer maintains information in the system related to which subrecipients are required to submit an audit. Therefore, currently, the SEMA does not know which of its approximately 350 subrecipients are required to have an audit and which ones have not submitted their required audits.

We reviewed the files of 34 subrecipients with grant expenditures exceeding \$500,000, including the 25 subrecipients with the largest grant payments from SEMA, and noted that 1 subrecipient had not submitted an A-133 audit to the SEMA, as required. According to SEMA personnel, the SEMA is in the process of developing a better way to track which subrecipients need A-133 audits. However, currently, the SEMA is not tracking which subrecipients are required to submit these audits and/or subrecipients who have not submitted their required audits.

OMB Circular A-133 requires grant recipients to ensure that subrecipients obtain an A-133 audit when grant expenditures exceed \$500,000 in a fiscal year. That audit report is required to be filed with the recipient agency within nine months of the end of the subrecipient's fiscal year. In addition, the recipient agency is required to make a management decision on audit findings within six months after receipt of a subrecipient's audit report and ensure the subrecipient takes appropriate and timely corrective action.

<u>WE RECOMMEND</u> the SEMA ensure it performs adequate subrecipient monitoring procedures related to this program. This would include, but not be limited to, ensuring all subrecipients submit an A-133 audit on a timely basis, as required.

AUDITEE'S RESPONSE

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

2008-5.	Subrecipients	

Federal Agency: Department of Agriculture

Department of Health and Human Services

Federal Program: 10.561 State Administrative Matching Grants for the Supplemental

Nutrition Assistance Program

2007 – IS251443, IE251843, and IS252043 2008 – IS251443, IS802643, and IS803643

93.556 Promoting Safe and Stable Families

2007 - G0701MO00FP and 2008 - G0801MOFPSS

93.558 Temporary Assistance for Needy Families

2007 - G0701MOTANF and 2008 - G0802MOTANF

93.566 Refugee and Entrant Assistance – State Administered Programs 2007 – G07AAMO7100 and G07AAMO7110 2008 – G08AAMO7100 and G08AAMO7110 93.568 Low-Income Home Energy Assistance

2007 – G07B1MOLIEA and 2008 – G08B1MOLIEA

93.575 Child Care and Development Block Grant 2007 – G0701MOCCDF and 2008 – G0801MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

2007 - G0701MOCCDF and 2008 - G0801MOCCDF

93.658 Foster Care – Title IV-E

2007 - G0701MO1401 and 2008 - G0801MO1401

93.659 Adoption Assistance

2007 - G0701MO1407 and 2008 - G0801MO1407

93.667 Social Services Block Grant 2007 – G0701MOSOSR and 2008 – G0801MOSOSR

93.674 Chafee Foster Care Independence Program 2007 – G0701MO1420 and 2008 – G0801MO1420

93.778 Medical Assistance Program 2007 – 0705MO5028 and 0705MO5048 2008 – 0805MO5028 and 0805MO5048

State Agency:

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

As noted in previous reports, the DSS does not consider certain entities to be subrecipients. Our review of expenditures from the above referenced programs noted payments to several entities which appear to be subrecipients. However, the Schedule of Expenditures of Federal Awards (SEFA) prepared by the DFAS reported the payments to these entities for these programs as payments to vendors, rather than "amounts provided to subrecipients;" and these entities were not furnished applicable federal regulations and were not required to obtain A-133 audits, when needed.

For example, the DSS does not identify local community partnerships receiving funding from various federal programs (listed above) as subrecipients. The DSS provides funding to local community partnerships, for the state's Caring Communities Program, through various federal grants in coordination with other state agencies. The DSS paid these partnerships approximately \$24.6 million during the year ended June 30, 2008. The partnership contracts explicitly state the partnerships are not considered subrecipients within the meaning of the Office of Management and Budget (OMB) Circular A-133. The DSS believes the partnerships do not meet the definition of a subrecipient under OMB Circular A-133.

However, we believe, based upon the substance of the arrangements, the arrangements with the partnerships represent a subrecipient relationship. OMB Circular A-133, section .210 provides guidance in determining whether an entity is a subrecipient or a vendor.

We believe the partnerships should be considered subrecipients because: 1) the partnerships have their performance (core results) measured against contract objectives, and some of these objectives directly relate to the federal program objectives, 2) the partnerships make programmatic decisions related to their core results, 3) the allowable costs under the contracts are evaluated by the DSS based upon allowable costs under the federal grants, 4) the partnerships administer a large portion of some of the state's various federal grants, and 5) the DSS establishes the expectations, terms, and conditions of the arrangement with the partnerships.

In addition, it appears the DSS monitors these partnerships as if they were subrecipients. The DSS has developed a written monitoring program to evaluate the partnerships' activities and requires financial statement audits of the partnerships be submitted to the DSS, for review. However, the DSS does not require audits of federal funds under OMB Circular A-133. Section .210 also states that when evaluating whether a subrecipient relationship exits, the "substance of the relationship is more important than the form of the agreement."

To meet the DSS's responsibilities under OMB Circular A-133, section .400, the DSS should identify and classify appropriate entities as subrecipients and provide all required information to the entities including the requirement that subrecipients obtain A-133 audits, when applicable.

A similar condition was also noted in prior reports. The DSS communicated with the Department of Health and Human Services regarding this finding; however, there has been no formal resolution.

WE RECOMMEND the DSS through the DFAS, classify appropriate entities as subrecipients and report funds provided to subrecipients correctly on the SEFA. The subrecipients should be appropriately notified of grant funding sources and regulations and should be required to obtain A-133 audits, where applicable.

AUDITEE'S RESPONSE

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

2008-6.	Foster Care – Court Contracts

Federal Agency: Department of Health and Human Services (DHHS)

Federal Program: 93.658 Foster Care – Title IV-E

2007 - G0701MO1401 and 2008 - G0801MO1401

State Agency: Department of Social Services (DSS) – Children's Division (CD)

Questioned Costs: \$216,178

The DSS received federal reimbursement for administrative costs associated with services provided by juvenile officers and guardians ad litem, although such costs do not appear allowable in the Foster Care program.

Various public agencies assist the DSS in carrying out the Foster Care program. Federal Foster Care program regulations provide for reimbursement of the costs of these other agencies only if the agency is responsible for the placement and care of children. The DSS claimed federal reimbursement for a portion of payments totaling approximately \$652,000 to 11 courts for services of juvenile officers and guardians ad litem; however, the courts do not have the responsibility for the placement and care of children. In addition, the DSS did not maintain sufficient documentation supporting that these reimbursements are allowable.

The courts provide juvenile officers and guardians ad litem to serve the Family Centered Out of Home Care Pilot Project (FCOOHC) in partnership with the CD. The desired project outcomes are to prevent placements in out-of-home care, reduce the time in out-of-home care, and reduce re-entry into out-of-home care. Under the contracts, the court is responsible for providing immediate involvement in all potential and actual out-of-home placements. The contracts also require that juvenile officers and guardians ad litem be familiar with children in care, take part in home visits with case managers, be involved with court proceedings, and attend various meetings and trainings. According to DSS personnel, the juvenile officers' primary involvement includes removal of children from their homes, termination of parental rights procedures, and other actions filed with the court. Additionally, the guardians ad litem are to provide legal representation to support the best interest of each child in out-of-home care and expedite permanency.

The FCOOHC juvenile officers are employed by Missouri's courts and the guardians ad litem are appointed by the courts, and both serve under the direction of the courts. DSS personnel stated caseloads of the FCOOHC juvenile officers and guardians ad litem are comprised only of children in CD custody. However, neither the contracts nor other related documentation support that these personnel worked solely with Foster Care children, or specific services provided by the juvenile officers and guardians ad litem were allowable Foster Care activities.

The courts are reimbursed for salary, benefits, and expenses of the juvenile officers; and are either reimbursed for the guardians ad litem salary expenses or a set rate per hearing or meeting attended. While these costs could have been claimed under other DSS grants, the costs do not appear allowable in the Foster Care program. During fiscal year 2008, the DSS claimed reimbursement of such costs totaling \$432,356. We question the federal share of \$216.178.

According to 42 USC 672(a)(2)(B), to be eligible for federal funding for Title IV-E expenditures, the foster child's placement and care are the responsibility of the state agency administering the state plan, or any other public agency with which the state administering agency has made an agreement. Federal regulation 45 CFR 1356.60 provides that funds may only be expended for costs directly related to the administration

of the program, including referral to services, preparation for and participation in judicial determinations, and placement of the child. The costs of counseling or treatment are specifically prohibited.

Section 8.1B of the Administration for Children and Families' (ACF) Child Welfare Policy Manual provides that referral costs are limited to the activities of the caseworker and the caseworker's supervisor and the costs of services related to the prevention of placement are not reimbursable. Additionally, the manual provides the preparation for and participation in judicial determinations involves the state agency's representation, but not the provision of legal services to a child or parent.

In November 2003, a DHHS Departmental Appeals Board decision sustained disallowed Foster Care program costs associated with similar services provided by all Missouri juvenile officers. The DSS previously contracted with the Office of State Courts Administrator (OSCA) to reimburse the costs (allocated based on a time study) of services provided by juvenile officers across the state. The Departmental Appeals Board concluded that Missouri was not entitled to claim the costs of the activities of the juvenile officers "because the juvenile officers were not engaged in the placement and care of children, and their activities were not under the supervision of DSS, Missouri's state IV-E agency." The DSS discontinued claiming the previously questioned contract.

DSS officials indicated the FCOOHC juvenile officer contracts are different from the disallowed contract because these juvenile officers work solely with children in the CD's custody, rather than the general population of juvenile officers covered by the disallowed contract. However, the Departmental Appeals Board did not address the issue of the method the DSS used to allocate the juvenile officers' time to the Foster Care program because the primary reason the costs were unallowable was, "Missouri failed to establish that either OSCA or the juvenile officers in fact had the responsibility for the placement and care of IV-E children in Missouri in lieu of DSS, and the evidence instead indicated that IV-E children in Missouri are placed by the courts into the care and custody of DSS." Because the FCOOHC contracts appear very similar in nature to the disallowed contract and some of the services provided by the juvenile officers and guardians ad litem do not appear to be allowable Foster Care activities per the criteria above, we have questioned the associated costs.

The failure to clearly define the relationship of contracted services to federal requirements increases the risk that federal reimbursements are claimed for unallowable expenditures.

<u>WE RECOMMEND</u> the DSS through the CD, ensure Foster Care costs claimed for federal reimbursement are allowable Foster Care expenses. In addition, the DSS should resolve the questioned costs with the grantor agency.

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.

2008-7. Foster Care – Residential Facilities

Federal Agency: Department of Health and Human Services (DHHS)

Federal Program: 93.658 Foster Care – Title IV-E

2007 - G0701MO1401 and 2008 - G0801MO1401

State Agency: Department of Social Services (DSS) – Children's Division (CD)

Questioned Costs: \$9,511

Reimbursements to residential facilities for training expenses were not always supported by sufficient documentation that the expenditures were allowable, and some training costs reimbursed appeared unallowable. In addition, non-accredited residential facility licensing files lacked sufficient documentation supporting compliance with licensing requirements.

Residential facilities provide specialized care for children that need more structure and intervention than a foster home can provide. As of October 2008, there were 135 residential facilities located throughout the state.

A. The DSS has contracts with 24 residential facilities to reimburse part of the costs of training facility staff. Contracts with these facilities outline specific allowable and unallowable training activities as provided by federal regulations and guidelines. The DSS reimbursed the residential facilities a percentage of their training costs claimed, based on an allocation methodology outlined in the contracts. For fiscal year 2008, this percentage was approximately 47 percent. During fiscal year 2008, the DSS paid the 24 facilities approximately \$509,000 for training. Our review of training reimbursements to the facilities noted reimbursements were not always supported by sufficient documentation to show the training costs were allowable, and some training costs reimbursed appeared unallowable.

Facilities are required to submit a training report for each training activity performed. Beginning in fiscal year 2009, facilities are required to submit invoices or other documentation supporting the training costs. DSS personnel review the training reports and supporting documentation for compliance with the contracts prior to payment processing. Prior to fiscal year 2009, the DSS did not require documentation supporting the training reports, and did not review the training activities for compliance with the contracts. According to DSS personnel, changes to the review process were prompted by a 2005 DHHS review which questioned some residential facility training costs claimed.

We reviewed selected training reports and supporting documentation for reimbursements made to 9 residential facilities during fiscal year 2008, totaling \$34,100. Numerous training reports and supporting documentation were not sufficient to show the training and related costs were for allowable Foster Care administrative activities and some training activities reimbursed appeared unallowable.

Examples of costs claimed for training activities that were not adequately supported include:

- The full cost (i.e. registration and travel costs) of conferences that covered various social services topics in addition to Foster Care.
- Food, equipment, and supplies.
- A claim for outside training costs totaling \$660.

Examples of costs claimed for training activities that appear unallowable include:

- Costs of training on employment policies and procedures and personal enrichment (i.e. weight loss and stress management), and trainee salaries were reimbursed; all of which are prohibited by the residential facility training contracts.
- Costs of training on treatment and medical certifications were reimbursed, which are prohibited by federal policy and regulation. Section 8.1h of the ACF Child Welfare Policy Manual indicates training topics must be closely related to one of the examples cited in 45 CFR 1356.60. That regulation prohibits reimbursement for treatment.
- Supervisor salaries for day-to-day supervision were reimbursed. Federal regulation 45 CFR 235.65(a) prohibits the reimbursement of salaries of supervisors, including day-to-day supervision of staff.

DSS personnel indicated these expenditures were not identified or questioned by the DSS because they occurred prior to implementation of the new documentation and reimbursement review procedures. DSS personnel indicated through their current review procedures, they would have questioned and/or requested additional supporting documentation for certain training activities questioned above prior to making payment.

Of the \$34,100 in reimbursements reviewed, payments totaling \$12,875 were unallowable and/or unsupported, of which we question \$9,511 claimed as the federal share.

Without requiring adequate documentation supporting training costs, and reviewing that documentation, the CD cannot ensure federal costs claimed are for allowable Foster Care activities. The CD should ensure training topics are closely related to allowable activities outlined in this guidance and supported by sufficient documentation.

B. The CD Residential Program Unit (RPU) is responsible for issuing biennial licenses to residential facilities. Non-accredited facilities must submit an application and various documentation to support compliance with licensing requirements as part of the initial approval and subsequent renewal processes. The RPU reviews the application documents and performs an on-site licensing visit to ensure compliance with licensing requirements. Any deficiencies in the application documents are to be resolved prior to license issuance. In addition to the licensing visit, the RPU conducts on-site reviews of non-accredited facilities biannually. During these visits, a random sample of employee files is reviewed for evidence of Family Care Safety Registry (FCSR) background checks.

Our review of 14 non-accredited residential facility licensing files found that 13 lacked sufficient documentation to support compliance with licensing requirements.

For 13 of 14 non-accredited residential facilities reviewed, the licensing files lacked documentation that annual FCSR checks had been performed for all staff. Facilities are required to submit personnel reports to the DSS listing each employee's name, title, salary, education and experience; date of their last FCSR check; date of their last physical exam; and number of hours of staff training. However, some personnel reports did not list the date of the last FCSR check for some or all employees and some personnel reports indicated that FCSR checks had been performed more than 12 months prior to the application date for some or all employees. Also, while state regulations require facilities report the actual results of FCSR checks, the RPU only requires facilities report the date of the last check.

DSS personnel acknowledged that personnel reports submitted by the facilities often lack sufficient documentation of current FCSR checks. They stated that, as a result, during the licensing visit RPU supervisors are expected to ensure facilities have current FCSR checks when application documentation submitted by the facility is unclear, outdated, or incomplete. However, the licensing files did not contain sufficient documentation that these procedures were performed. Documentation of reviews of FCSR checks was generally limited to the number of employee files sampled and overall conclusions regarding the facility's compliance. As a result, it was unclear whether annual FCSR checks had been conducted for each employee as required.

The DSS does not require RPU supervisors to update the licensing documentation when deficiencies are resolved, nor does it require residential facilities to revise incomplete or inaccurate licensing reports submitted. DSS personnel also stated RPU supervisors do not document individual employee files reviewed to avoid listing specific employee names and personal information in the licensing files. For each of the 13 licensing files, the licensing review report concluded the facility was in compliance.

2) One non-accredited residential facility file lacked documentation of a current approved fire inspection. Both fire inspections conducted in January 2008 indicated the facility did not receive approval and a reinspection was required. A subsequent inspection had not been provided as of January 2009.

Federal regulation 45 CFR 1355.20(a)(2) provides that all Foster Care providers must meet all state licensing regulations and be fully licensed by the state Foster Care licensing authority to meet federal Foster Care eligibility requirements. State regulation 13 CSR 35-71.020 requires residential facilities to submit to the DSS documentation supporting compliance with state licensing requirements as part of the initial and renewal processes. Two of the required documents are 1) the annual results of a check of the FCSR for all staff, students, volunteers, and contractors who have direct contact with children, and 2) evidence of current compliance with fire and safety requirements of the state Fire Marshal. In addition, 45 CFR 1356.30(f) provides that the licensing file for the child-care institution must contain documentation that verifies safety considerations with respect to the staff of the institution have been addressed.

Without ensuring complete application documentation is received, requiring necessary corrections to the application files, and documenting complete follow-up actions taken in licensing review files, the DSS cannot demonstrate compliance with state and federal licensing requirements.

WE RECOMMEND the DSS through the CD:

- A. Continue to ensure training activities reimbursed are for allowable activities outlined in federal regulations. In addition, the DSS should resolve the questioned costs with the grantor agency.
- B. Ensure non-accredited residential facilities submit complete documentation of compliance with licensing requirements. In addition, sufficient documentation of the licensing review process, including deficiencies identified, follow-up procedures performed, and subsequent corrective action taken, should be maintained in the licensing files.

AUDITEE'S RESPONSE

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

2008-8. Foster Care – Eligibility and Assistance Payments

Federal Agency: Department of Health and Human Services

Federal Program: 93.658 Foster Care – Title IV-E

2007 – G0701MO1401 and 2008 – G0801MO1401

State Agency: Department of Social Services (DSS) – Children's Division (CD)

Questioned Costs: \$4,877

Eligibility and payment documentation could not be located and/or was insufficient for some cases reviewed, and payments were made on behalf of ineligible children for some cases. During fiscal year 2008, the CD claimed Foster Care benefits totaling over \$20.7 million to children in CD custody. Benefits were provided to an average of 3,489 children each month. Benefits can include subsidies for items such as maintenance, professional foster parents, transportation, and clothing.

The Foster Care Program provides safe 24-hour substitute care for children under the jurisdiction of the state that need temporary placement and care outside their homes. To be eligible for benefits under the program, eligibility requirements outlined in 42 USC 672 must be met. The child must be removed from his or her home by means of a judicial determination or pursuant to a voluntary placement agreement, as required by 45 CFR 1356.21 and 45 CFR 1356.22(b), respectively. Federal regulation 45 CFR 1356.21 provides the first court order removing the child from the home as a result of a judicial determination must contain an explicit statement that removal would be in the child's best interest or that continuation in the home would be contrary to the child's welfare. In addition, 45 CFR 1356.21(i) provides the state must either join or file a petition for termination of parental rights (TPR) of parents whose child has been in Foster Care under the state's responsibility for 15 of the most recent 22 months, unless the child is being cared for by a relative or the state has documented a compelling reason that terminating parental rights would not be in the child's best interest. When the state joins or files a petition for TPR, it must concurrently begin to identify, recruit, process, and approve a qualified adoptive family for the child.

To test compliance with these requirements, we sampled eligibility and expenditure documentation for 60 Foster Care children. While payments made on behalf of 3 of the children were later recouped or re-coded as ineligible, assistance payments totaling \$179,870 were made on behalf of the other 57 children during fiscal year 2008. Our review noted the following:

A. The DSS did not maintain sufficient documentation to support eligibility or did not comply with federal requirements for 4 cases. For 1 of 57 (2 percent) cases, the DSS could not locate a court order indicating that removal from the home was in the child's best interest. The earliest court order in the case file did not contain this language. Payments relating to this case, totaling \$4,484, were charged to the Foster Care program from November 2007 to June 2008. We question the federal share of \$2,790 (62.22 percent).

In addition, for 3 of 43 (7 percent) cases reviewed where TPR was required, the DSS either did not file or join a petition for TPR or document compelling reasons for not pursing termination; or TPR was not initiated within the required timeframe.

B. Sufficient documentation, such as invoices or other supporting documentation, could not be located for some payments on 8 of 49 (16 percent) cases where payment documentation was required. Invoices or other supporting documentation are required for certain payments, such as clothing and transportation. For some cases, documentation was not received to support payments and/or documentation received was incomplete, inadequate, or unclear how the costs were allowable Foster Care expenses.

In addition, for 2 more cases the benefit payments exceeded the annual clothing allowance, and for another case the maintenance payments were incorrectly calculated. In these 11 cases, payments totaling \$2,807 were unallowable and/or unsupported by adequate documentation. We question the federal share of \$1,747 (62.22 percent).

C. For 3 of 57 (5 percent) cases sampled, payments were made on behalf of children ineligible for reimbursement of Foster Care benefits. For these cases, the DSS had performed an eligibility re-determination, determined the child was not eligible for benefits during specified months, and re-coded the related payments to another program. However, the DSS failed to re-code some payments for these cases. According to DSS personnel, when the eligibility status changes, all payments made during the period of ineligibility are to be recouped or re-coded to another program or funding source; however, the DSS failed to make the necessary adjustments for these payments.

In these 3 cases, payments totaling \$546 were made on behalf of ineligible children. We question the federal share of \$340 (62.22 percent).

The failure to ensure Foster Care judicial determinations include required language, petitions for TPR are filed or reasons a petition was not filed are documented, payments are allowable and adequately supported, and proper adjustments are made as a result of eligibility re-determinations can result in federal reimbursements for ineligible children and/or unallowable costs. Payments associated with known questioned costs represented

approximately 4 percent of payments reviewed. If similar errors were made on the remaining population of assistance payments, questioned costs could be significant.

WE RECOMMEND the DSS through the CD resolve the questioned costs with the grantor agency, and:

- A. Ensure Foster Care judicial determinations contain specific language required by federal regulations, and that petitions to terminate parental rights are filed for parents whose children are in custody for 15 of the most recent 22 months or compelling reasons for not filing the petition are documented.
- B. Ensure Foster Care payments are allowable and supported by adequate documentation.
- C. Strengthen controls over eligibility re-determination to ensure all applicable payments are recouped or re-coded, and payments are made on behalf of children eligible for reimbursement.

<u>AUDITEE'S RESPONSE</u>

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

2008-9.	Vocational Rehabilitation Program
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Federal Agency: Department of Education

Federal Program: 84.126 Rehabilitation Services – Vocational Rehabilitation Grants

to States

2007 – H126A0700372 and 2008 – H126A080037B

State Agency: Department of Social Services (DSS) – Family Support Division

(FSD) – Rehabilitation Services for the Blind (RSB)

Questioned Costs: \$3,444,779

The FSD has not established procedures to ensure adequate supporting documentation is prepared for personnel costs charged to the Vocational Rehabilitation (VR) grant. The FSD-RSB also does not adequately document annual reviews of Individualized Plans for Employment (IPE).

A. Adequate supporting documentation is not prepared for personnel costs, which consists of salaries and related fringe benefits and indirect costs, charged to the VR grant for approximately 150 employees. Certifications are not prepared for many RSB employees whose personnel costs are charged solely to the VR grant, certifications prepared are not specific to the VR grant, and personnel costs are

charged solely to the VR grant for many employees who perform duties related to other programs.

Personnel costs charged to the VR grant during state fiscal year 2008 for which the supporting documentation was inadequate or not prepared totaled \$4,377,102 of which we question the federal share of costs totaling \$3,444,779 (78.7 percent).

The established FSD procedures, though not written, are to use certifications to support personnel costs for employees charged solely to the grant and personnel activity reports to support personnel costs of employees who work on multiple programs.

- The FSD did not prepare certifications or personnel activity reports for approximately 45 RSB employees whose personnel costs were charged 100 percent to the VR grant. Personnel costs for these employees were charged as if certifications would be prepared but the FSD did not reconcile the lists of employees charged 100 percent to the VR grant to the lists of certified employees. As a result, the lack of certifications was not identified. In addition, RSB officials indicated that many of these employees actually worked on multiple programs but personnel activity reports were not prepared. During the year ended June 30, 2008, personnel costs for these employees totaled \$2,360,352 of which we question the federal share of \$1,857,597.
- While certifications for approximately 35 employees were prepared semiannually, the certifications were signed by an FSD official rather than the employee and/or supervisor that had first hand knowledge of the employee's duties and responsibilities during the period. certifications were not specific to the VR grant; instead the certification indicated the listed employees worked solely on RSB programs which include activities related to two other federal grant programs and at least two state-only programs. RSB officials indicated that many employees whose personnel costs were charged 100 percent to the VR grant were also performing duties for the other programs. For example, RSB officials indicated that teachers charged 100 percent to the VR grant primarily worked in the independent living program and supervisory and clerical staff charged 100 percent to the VR grant also performed duties related to the other federal and state-only programs. For employees who work on multiple programs, personnel activity reports should have been prepared and used to allocate related costs to the various programs. The use of certifications as support for many of these employees did not comply with established FSD procedures or federal requirements. The FSD did not have written policies and procedures for certification of employees and established procedures were not adequate to ensure the federal requirements were met.

Because certifications were not specific to the VR program and management indicated many certified employees worked on multiple programs, it is unclear which employees, if any, worked solely on the VR grant. Therefore, we question all of the personnel costs for these employees. During the year ended June 30, 2008, personnel costs for this employee group totaled \$1,635,146 of which we question the federal share of \$1,286,860.

• From July 2007 to March 2008, personnel costs for approximately 70 full and part time employees were appropriately charged to the VR and other grants based on personnel activity reports. Beginning in April 2008, these employees were charged 100 percent to the VR program although there was no significant change in these employees' duties. The FSD also began charging personnel costs of 3 employees to the VR grant that had previously been charged to another federal grant; however, there was no significant change in their duties. By no longer preparing payroll activity reports or certifications, the FSD did not follow established procedures for substantiating personnel costs. During the quarter ended June 30, 2008, personnel costs for these employees totaled \$381,604 of which we question the federal share of \$300,322.

The Office of Management and Budget (OMB) Circular A-87, Attachment B, Section 8 requires certifications or personnel activity reports to support personnel costs charged to federal grants. If certifications are used, they must be prepared semi-annually for employees who worked solely on a single federal program and are to be signed by the employee or a supervisor with first hand knowledge of the work performed by the employee. When employees work on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation.

B. The FSD-RSB does not adequately document annual reviews of Individualized Plans for Employment (IPE). Without adequate documentation, it is unclear whether the reviews were performed as required. During the year ended June 30, 2008, purchased services and products for VR clients totaled approximately \$4.3 million.

An IPE is developed for each individual determined to be eligible for vocational rehabilitation services. The IPE is designed to achieve a specific employment outcome for each individual based on their strengths, resources, priorities, and capabilities. The IPE generally outlines the services authorized to achieve the set goals and employment outcome. An annual review of the IPE is required by federal regulation to assess the progress of each individual and to determine the continued need for services outlined in the IPE.

We noted documentation of the annual review was not included on the IPE form in the individual's case file for 11 of 49 (22 percent) cases tested. According to

FSD-RSB policy, the annual review is to be documented on the IPE form. RSB officials consider communications between the counselors and recipients documented in the case narratives as being acceptable evidence that the annual reviews took place. However, when no review was documented on the IPE form for the above mentioned cases, we found the case narratives were not clear about whether the annual review was completed or whether any modifications were needed based on the recipients' current status in meeting their program goals. The files we reviewed included documentation indicating that cases were being actively managed and case counselors were regularly approving payments for VR services authorized in the individual's IPE.

Federal regulation 34 CFR 361.45(d)(5) requires the IPE to be reviewed at least annually by a qualified vocational rehabilitation counselor to assess the eligible individual's progress in achieving the identified employment outcome. Additionally, Chapter 12, Section A.9 of the RSB manual requires the annual review to be documented on the IPE form.

Without adequate documentation of the annual reviews, the FSD cannot ensure the reviews took place as required by federal regulation and clients receiving services are making adequate progress toward stated goals and employment outcomes.

WE RECOMMEND the FSD:

- A. Resolve the questioned costs with the grantor agency. In addition, the FSD should develop written policies and procedures to ensure salary certifications are prepared for all employees who work solely on a single program and personnel activity reports are prepared for employees who work on multiple federal awards or cost objectives in accordance with OMB Circular A-87.
- B. Document annual reviews of IPE for VR recipients on the IPE forms as required by RSB policy.

AUDITEE'S RESPONSE

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

2008-10. Medical Assistance Program

Federal Agency: Department of Health and Human Services

Federal Program: 93.778 Medical Assistance Program

2007 – 0705MO5028 and 0705MO5048 2008 – 0805MO5028 and 0805MO5048 State Agency: Department of Social Services – Family Support Division (FSD)

and MO HealthNet Division (MHD)

Questioned Costs: \$2,048

Various documentation detailing eligibility of recipients, payments to providers, and payment overrides could not be located related to the above referenced program.

The Medical Assistance Program, also known as Medicaid, is administered by the MHD, while the FSD is charged with determining the eligibility of Medicaid recipients. During the year ended June 30, 2008, Medicaid payments totaled approximately \$7.2 billion, of which approximately \$4.4 billion was claimed as federal expenditures.

When reviewing various compliance areas associated with the Medicaid program, the following documentation issues were found:

A. Eligibility documentation could not be located by FSD for 1 of 60 Medicaid case files reviewed (2 percent). As a result, eligibility requirements could not be tested for that case. The 60 case files tested were randomly chosen from a total of 1,031,814 Medicaid cases active for part or all of the year ended June 30, 2008.

Federal regulations 42 USC 1320b-7(d) and 42 CFR sections 435.907 and 435.913 require a written application signed under penalty of perjury to ensure individuals meet the financial and categorical requirements for Medicaid. The application must also include facts to support the agency's decision when determining an individual's eligibility.

Because the FSD did not maintain required case file documentation, it could not ensure or demonstrate compliance with federal requirements related to eligibility for the Medicaid program. The payments related to the above mentioned error, which were medical payments made on behalf of the client during the year ended June 30, 2008, totaled \$3,297. We question the federal share of the total payments or \$2,048 (62.12 percent). For the other 59 cases tested, the FSD's determination of eligibility appeared proper.

B. Medicaid Eligibility Quality Control System (MEQC) documentation could not be located and/or was not adequate for some cases reviewed.

States are required to operate a MEQC system in accordance with requirements established by the Centers for Medicare and Medicaid Services, to re-determine beneficiary eligibility for individual sampled cases. Most states, including Missouri, have been given a waiver from the traditional MEQC program in order to perform special studies, targeted reviews, or other activities that are designed to ensure program integrity or improve program administration. This system is discussed in Federal regulations 42 USC 1396b and 42 CFR sections 43 1.800 through 43 1.865.

Missouri has chosen to perform targeted reviews, which allow the FSD to review specific sections of the Medicaid population in order to more specifically target problem areas. Of the populations chosen each year, the FSD does two reviews on active cases and one review on cases which have been closed by the agency. Examples of the types of reviews performed include determining if FSD Eligibility Specialists were properly applying policies regarding Medicaid program requirements; clients were reporting all accountable income, resources, and property in regard to the programs for which they applied; and the annual reinvestigation performed by FSD Eligibility Specialists was performed in accordance with current policy and procedures

To test compliance with these regulations, we analyzed the most recent three targeted reviews performed by the FSD. We selected 25 cases from each targeted review, for a total of 75 cases. The FSD could not locate 2 of 75 case files selected (3 percent), and documentation could not be located and/or was not adequate for 5 of 75 cases selected (7 percent). Missing and/or inadequate documentation included support of eligibility determination, documentation of citizenship, and adequate notice and basis given for discontinuing assistance, if applicable. For the other 68 cases tested, we noted no problems with FSD's MEQC reviews.

C. Medicaid payment override documentation could not be located by the MHD for 1 of 13 case files reviewed (8 percent).

Federal regulations 42 CFR sections 435.10, 440.210, 440.220, and 440.180 state that funds can only be used for Medicaid benefit payments, expenditures for administration and training, expenditures for the State Survey and Certification Program, and expenditures for State Medicaid Fraud Control Units. Funds specific to Medicaid are processed through the Medicaid Management Information System (MMIS), which is the benefit claims processing and information retrieval system used by the MHD. There are numerous edit checks set up in this system to flag and/or refuse payment on suspicious or unusual claims. A formally approved override, with specific documentation to explain the override, is required to authorize the payment of claims that have been flagged by the system.

To ensure Medicaid benefits payments were limited to authorized allowable Medicaid expenditures, authorizations of claim payment overrides were reviewed. However, override documentation could not be located for 1 of the cases reviewed. The documentation of overrides appeared adequate for the other 12 case files reviewed.

D. Medicaid payment documentation could not be located by MHD for 1 of 60 case files reviewed (2 percent).

Federal regulations 42 CFR parts 455, 456, and 1002 require the agency to have procedures for the ongoing post-payment review, on a sample basis, of the need for

and the quality and timeliness of Medicaid services. In Missouri, the MHD Program Integrity Unit performs this post-payment review by using a State Audit Sample (SAS), which includes paid claims for MO HealthNet Managed Care capitation payments. For the most recent review performed by the MHD, 217 cases were included in the SAS sample for post-payment review, of which we systematically selected 60 to review.

For 1 case included in our sample, the MHD did not maintain the review file. The information contained in these files is payment information provided to the MHD from the providers, and not originals. However, this information should be maintained in order to document the post-payment review. As a result, not all cases the MHD sampled for the post-payment review could be evaluated to ensure the MHD had properly performed the required review. Our review of the other 59 case files noted no problems.

Because the FSD and MHD did not maintain proper documentation and/or documentation was not adequate, the FSD and MHD could not fully document they were in compliance with applicable federal requirements related to the Medicaid program.

<u>WE RECOMMEND</u> the DSS through the FSD and MHD ensure complete case files are maintained and/or documentation is adequate to ensure compliance with applicable federal requirements related to the Medicaid program. In addition, the FSD should resolve questioned costs with the grantor agency.

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.

Additional State Auditor's Reports:

The State Auditor's Office regularly issues management reports on various programs, agencies, divisions, and departments of the state of Missouri. Some of these management reports include issues relating to the administration of federal programs. The following reports relate to federal programs and were analyzed to determine if any issues noted in these reports were required to be reported in this Schedule of Findings and Questioned Costs in accordance with Section .510(a) of OMB Circular A-133.

Report Number	Report Name
2008-14	SAM II Vendor File and Related Processes
2008-25	Analysis of State Energy Assistance Programs
2008-36	Analysis of School Bus Driver Compliance Requirements
2008-52	Safe Schools Initiatives
2008-69	School Children Immunization Compliance Requirements
2008-70	Influenza Vaccine Compliance Requirements
2008-88	Timeliness of Child Support Administrative Hearings
2008-94	Food Safety Inspection Program
2008-100	Medicaid Fraud Control Unit

All reports are available on the Missouri State Auditor's Office website: www.auditor.mo.gov.

FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

STATE OF MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Our prior audit report issued for the year ended June 30, 2007, included no audit findings that *Government Auditing Standards* require to be reported for an audit of financial statements.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS IN ACCORDANCE WITH OMB CIRCULAR A-133

STATE OF MISSOURI SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS IN ACCORDANCE WITH OMB CIRCULAR A-133

Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings in the prior audit for the year ended June 30, 2007, and the findings from the prior audits for the years ended June 30, 2006 and 2005, except those that were listed as corrected, no longer valid, or not warranting further action. This section includes the Summary Schedule of Prior Audit Findings, which is prepared by the state's management.

Circular A-133 requires the auditor to follow-up on these prior audit findings, perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings, and report, as a current year finding, when the auditor concludes that the Summary Schedule of Prior Audit Findings materially misrepresents the status of any prior audit findings.

The disposition of the findings from the year ended June 30, 2006 is as follows:

Findings numbered 1, 2, 3, 4, 6B, 9D, 10, 11, and 12A were corrected.

Findings numbered 5, 6A, 7, 8, 9A, 9B, 9C, 9E, 12B, 13, and 14 are included in the Summary Schedule of Prior Audit Findings.

For the year ended June 30, 2005, all of the findings were corrected, no longer valid, or did not warrant further action.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2006-5. <u>Earmarking – Social Services Block Grant</u>

Federal Agency: Department of Health and Human Services

Federal Program: 93.667 Social Services Block Grant

2005 - G0501MOSOSR and 2006 - G0601MOSOSR

State Agency: Department of Social Services (DSS)

Questioned Costs: \$21,705,174

The DSS had not established procedures to ensure Temporary Assistance for Needy Families (TANF) funds transferred to the Social Services Block Grant (SSBG) were being used for programs and services to eligible individuals. As a result, TANF transferred to the SSBG could be used for programs and services that are not allowed. We questioned the amount transferred, totaling \$21,705,174.

Recommendation:

The DSS resolve the questioned costs with the grantor agency and implement procedures to ensure that TANF funds transferred to the SSBG are used for programs and services to children or their families whose income meets program guidelines.

Status of Finding:

The DSS disagreed with the finding because the audit failed to consider the Department's analysis of the income resources for populations served with SSBG funding. The Department has resolved this finding with the grantor agency by agreeing to amend reporting on an ongoing basis.

Status of Questioned Costs:

The grantor agency has not sustained the questioned costs.

Contact Person: Roger Backes
Phone Number: (573) 751-2170

2006-6A. Child Care Payments

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

2005 – G0501MOCCDF and 2006 – G0601MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

State Agency: Department of Social Services (DSS) – Children's Division (CD), Family

Support Division (FSD), and Division of Budget and Finance (DBF)

Questioned Costs: \$31,683

Eligibility payment documentation could not be located for some child care cases reviewed. The total child care payments made on behalf of these children during the year ended June 30, 2006, totaled \$33,868. We questioned the federal share of \$27,189 (80.28 percent). In addition, some child care payments were not supported by adequate documentation. Attendance records were not always signed, some provider invoices did not agree to corresponding attendance records, some provider invoices could not be located, some attendance records did not include all applicable children and service dates, and a provider agreement could not be located. Also, overpayments were made because DSS sometimes authorized incorrect child care services and was inconsistent in the maximum number of monthly child care days authorized. The payments related to the inadequate documentation and overpayments totaled \$5,598. We questioned the federal share of \$4,494 (80.28 percent).

Recommendation:

The DSS through the CD, FSD, and DBF resolve the questioned costs with the grantor agency, and review and strengthen the policies and procedures regarding child care case record documentation and retention of records. The DSS should ensure child care payments are made on behalf of eligible children, invoices agree to the corresponding attendance records, and appropriate child care services are authorized.

Status of Finding:

As referenced in the Corrective Action Plan previously submitted to the State Auditor's Office, the DSS continues to disagree with the finding that the FSD and CD should "review and strengthen policies and procedures regarding child care case record documentation and retention of records". Because the Family Assistance Management Information System (FAMIS) is designed to replace paper records, the DSS maintains paper documentation is not necessary as long as documentation is noted in the FAMIS automated record.

The DSS is developing formal processes to expand case record reviews by independent reviewers based on recommendations and mandates set forth by the federal government to address program integrity. Procedures will include a process to randomly sample eligibility records for formal review. Processes are still under development with a target date of June 2009 to begin the formal sampling for case reviews. The first report to the grantor agency is to be completed by July 2010.

The DSS continues to train Eligibility Specialists and Children Service Workers on the policy of maintaining adequate documentation and record keeping. Supervisory reviews include proper documentation was obtained at the point in which eligibility was established. Any deficiencies are documented at the worker's annual performance review.

The DSS is pursuing the development of a system that will eliminate the current attendance and invoicing system. Through the use of a biometric method of electronically recording children's attendance in child care, children's attendance will be automatically time stamped each day as they enter and leave care. This time stamp will be transmitted to the FAMIS eligibility system to validate attendance and produce an

electronic payment at the end of the month of services. Based on the child's finger image capture each day, this system will provide a more secure, accurate, and accountable process to record daily attendance.

The DSS anticipates this system to be developed and implemented by 2010.

Status of Questioned Costs:

The DSS has not received a response from the grantor agency on the questioned costs. The DSS will defer to the recommendations of the grantor agency when they are received.

Contact Person: Becky Houf
Phone Number: (573) 522-1267

2006-7. Procurement and Suspension and Debarment

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement

2005 - G0504MO4004 and 2006 - G0604MO4004

93.575 Child Care and Development Block Grant

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.667 Social Services Block Grant

2005 - G0501MOSOSR and 2006 - G0601MOSOSR

State Agency: Department of Social Services (DSS)

The DSS did not ensure all entities paid more than \$25,000 were not suspended or debarred, or otherwise excluded from receiving federal funds as required by federal regulation.

Recommendation:

The DSS implement procedures to ensure all vendors/subrecipients paid more than \$25,000 are not suspended or debarred from participation in federal government programs.

Status of Finding:

The Division of Finance and Administrative Services (formerly Division of Budget and Finance) has implemented procedures to ensure all contractors receiving over \$25,000 are not suspended or debarred. DSS has changed its procedures to notify the Office of Administration to include suspension and debarment language in all contracts exceeding \$25,000, regardless of the fund source.

Contact Person: Theresa McDonald
Phone Number: (573) 751-7533

2006-8. Salary Certifications

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement

2005 - G0504MO4004 and 2006 - G0604MO4004

93.658 Foster Care – Title IV-E

2005 - G0501MO1401 and 2006 - G0601MO1401

93.674 Chafee Foster Care Independent Living

2004 - G0401MO1420 and 2005 - G0501MO1420

State Agency: Department of Social Services (DSS) – Family Support Division (FSD)

and Children's Division (CD)

Questioned Costs: \$63,887

Salary certifications were only prepared for those employees working solely on a single program in the last pay period of the reporting period. As a result, employees who worked on a single program for periods other than the last payroll of the reporting period were not certified. We questioned the federal share of the salaries and fringe benefits, totaling \$56,673, for employees working during the period April to June 2006. In addition, certifications were not always prepared for two FSD employees working on the Child Support Enforcement program. We questioned the federal share of their salaries and fringe benefits, totaling \$7,214, for these employees during the period July to September 2005.

Recommendation:

The DSS resolve the questioned costs with the grantor agency and ensure salary certifications are prepared for all employees who work solely on a single program in accordance with OMB Circular A-87.

Status of Finding:

Our Corrective Action Plan remains unchanged. DSS disagrees with this finding. The DSS prepares periodic salary certifications in compliance with OMB Circular A-87 for employees that are expected to work solely on a single federal award. The periodic certifications are completed at least semiannually and signed by a supervisory staff having first hand knowledge of the work performed by the employee. The periodic certification does not require a certification statement for an employee that has terminated or moved to a position where the more stringent after-the-fact personnel activity reports are required. The DSS received notice in August 2007 from the grantor agency that if DSS has other means of documenting time for those terminated/transferred employees, the questioned costs will not be sustained. An official audit resolution letter has not been received.

Status of Questioned Costs:

The questioned costs have not been officially resolved with the grantor agency.

Contact Person: Roger Backes **Phone Number:** (573) 751-2170

2006-9A. Children's Services Integrated Payment System

Federal Agency: Department of Health and Human Services **Federal Program:** 93.556 Promoting Safe and Stable Families

2005 - G0501MO00FP and 2006 - G0601MO00FP

93.558 Temporary Assistance for Needy Families

2005 - G0501MOTANF and 2006 - G0601MOTANF

93.575 Child Care and Development Block Grant

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.658 Foster Care – Title IV-E

2005 - G0501MO1401 and 2006 - G0601MO1401

93.667 Social Services Block Grant

2005 - G0501MOSOSR and 2006 - G0601MOSOSR

93.778 Medical Assistance Program

2005 – 05-0505MO5028 and 2006 – 05-0605MO5028

State Agency: Department of Social Services (DSS) and Office of Administration –

Information Technology Services Division (ITSD)

The Children's Services Integrated Payment System (CSIPS) did not record or track the exact calendar days services were provided. In fiscal year 2005, the DSS overpaid vendors at least \$31,898 due to exact service dates not being recorded on the payment transactions. In addition, other potential overpayments were identified.

Recommendation:

The DSS recoup the overpayments identified in this report and investigate the potential overpayments to determine if amounts need to be recouped.

The DSS through the ITSD include the capability to document exact service dates instead of only the service month and year for children services payment transactions in the CSIPS and/or include this functionality in the design and development of the new system.

Status of Finding:

1. The State Auditor identified \$31,898 in overpayments for children that potentially received multiple services concurrently. The DSS agrees that \$23,502 should be recouped. As of May 2008, all \$23,502 has been recouped. The DSS is not seeking recoupment of \$8,396. Youth in the Independent Living Arrangement program receive payments to help them transition from foster care to self-sufficiency. The \$8,396 referenced above was caused when the system was not updated timely and payments

were generated to youth while in residential care. Recouping these overpayments made to the youth in Children's Division (CD) custody would likely cause a hardship for them and adversely affect any efforts to help make them self sufficient. Therefore, collecting the money back would not be in line with the CD's mission. Over the past two years, the CD's Quality Assurance Unit has worked extensively with staff emphasizing the importance of timely and accurate data entry.

2. The DSS is including this functionality in the new payment system, which is estimated to be operational in the summer of 2010. To avoid delays, most available resources are being used to develop the new system so limited revisions are being judiciously incorporated into the existing system.

Contact Person: Stacy Wright
Phone Number: (573) 751-3714

2006-9B. Children's Services Integrated Payment System

Federal Agency: Department of Health and Human Services **Federal Program:** 93.556 Promoting Safe and Stable Families

2005 - G0501MO00FP and 2006 - G0601MO00FP

93.558 Temporary Assistance for Needy Families

2005 - G0501MOTANF and 2006 - G0601MOTANF

93.575 Child Care and Development Block Grant

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.658 Foster Care – Title IV-E

2005 - G0501MO1401 and 2006 - G0601MO1401

93.667 Social Services Block Grant

2005 – G0501MOSOSR and 2006 – G0601MOSOSR

93.778 Medical Assistance Program

2005 - 05-0505MO5028 and 2006 - 05-0605MO5028

State Agency: Department of Social Services (DSS) and Office of Administration –

Information Technology Services Division (ITSD)

Established data validation and edit controls were not working effectively and some edit controls had not been included in the Children's Services Integrated Payment System (CSIPS). In fiscal year 2005, the DSS overpaid vendors \$19,730 due to weaknesses in controls over payments. Other potential overpayments were also identified.

Recommendation:

The DSS recoup the overpayments identified in this report and investigate the potential overpayments to determine if amounts need to be recouped.

The DSS through the ITSD establish procedures to ensure all payment data is checked for accuracy, propriety, and completeness by proper data validation and edit controls before and during processing. Specifically, the DSS should review the following edits to consider adding them to the CSIPS and/or to the design and development of the new system:

- a. Require service units and service rates on all payment transactions with the appropriate minimum and maximum units and rates.
- b. Place data validation rules on service codes to ensure payment data is compliant with the service code restrictions and to ensure the appropriate rate is used.
- c. Limit the payments for clothing to ensure compliance with the Child Welfare Manual.
- d. Revise the duplicate payment edit to review the entire payment history instead of just the pending payment file.
- e. Revise the child care edit to review payment history to ensure only 23 days are allowed in a month.
- f. Establish edits limiting absences and holidays for child care payments.
- g. Differentiate between weekend and evening child care payments and establish appropriate edits limiting the days allowed

Status of Finding:

The DSS is currently in the final phase of development of a new child welfare system, the Family and Children Electronic System (FACES). Resources are being used to develop the new system so limited revisions are being judiciously incorporated into the existing system. Recommendations a, b, e, f and g will be addressed in the new payment system which is scheduled to be in operation in the summer of 2010. The DSS has updated the existing system for recommendation c. For recommendation d, the DSS has reviewed the existing system logic and has determined the duplicate payment edit is working appropriately, per policy. The following summarizes the status of overpayments identified in this recommendation, plus additional overpayments identified by the DSS:

- The DSS is not seeking recoupment for the \$8,651 clothing allowance overpayments. Payments were made to vendors such as Wal-Mart and Target. The clothing cannot be returned so recoupment would not be appropriate. The DSS has instituted an edit in the system in accordance with policy. Edit overrides are now controlled by the Children's Division Central Office.
- The DSS agrees the \$14,706 in duplicate payments should be recouped. The DSS has recouped all \$14,706.
- The DSS is seeking recoupment of \$2,950 of the \$5,024 identified in overpayments for child care issues. As of September 2008, \$1,795 has been recouped. Direct repayment from the vendors is being sought for the remaining \$1,155 because the DSS no longer does business with these vendors. The remaining \$2,074 of the \$5,024 is not an overpayment. It represents agreed-upon payments to a child care facility for the special needs of a child.

Contact Person: Stacy Wright
Phone Number: (573) 751-3714

2006-9C. Children's Services Integrated Payment System

Federal Agency: Department of Health and Human Services **Federal Program:** 93.556 Promoting Safe and Stable Families

2005 - G0501MO00FP and 2006 - G0601MO00FP

93.558 Temporary Assistance for Needy Families

2005 - G0501MOTANF and 2006 - G0601MOTANF

93.575 Child Care and Development Block Grant

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.658 Foster Care – Title IV-E

2005 – G0501MO1401 and 2006 – G0601MO1401

93.667 Social Services Block Grant

2005 – G0501MOSOSR and 2006 – G0601MOSOSR

93.778 Medical Assistance Program

2005 – 05-0505MO5028 and 2006 – 05-0605MO5028

State Agency: Department of Social Services (DSS) and Office of Administration –

Information Technology Services Division (ITSD)

The DSS did not perform post-payment reviews or authorize payment source documents electronically after input into the Children's Services Integrated Payment System to ensure the amount approved on the source document equaled the amount input on the payment transaction.

Recommendation:

The DSS through the ITSD establish procedures for reviewing payments to ensure the amount input agrees to the amount approved. The DSS should consider adding a workflow requirement to apply electronic signatures to authorize or approve source documents before the system will allow payments to process and/or include this functionality in the design and development of the new system.

Status of Finding:

The DSS is currently in the final phase of development of a new child welfare system, the Family and Children Electronic System. Resources are being used to develop the new system so limited revisions are being judiciously incorporated into the existing system. The DSS is including this functionality in the new payment system which is scheduled to be operational in the summer of 2010.

Contact Person: Stacy Wright
Phone Number: (573) 751-3714

2006-9E. Children's Services Integrated Payment System

Federal Agency: Department of Health and Human Services **Federal Program:** 93.556 Promoting Safe and Stable Families

2005 - G0501MO00FP and 2006 - G0601MO00FP

93.558 Temporary Assistance for Needy Families

2005 - G0501MOTANF and 2006 - G0601MOTANF

93.575 Child Care and Development Block Grant

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.658 Foster Care – Title IV-E

2005 - G0501MO1401 and 2006 - G0601MO1401

93.667 Social Services Block Grant

2005 - G0501MOSOSR and 2006 - G0601MOSOSR

93.778 Medical Assistance Program

2005 - 05-0505MO5028 and 2006 - 05-0605MO5028

State Agency: Department of Social Services (DSS) and Office of Administration –

Information Technology Services Division (ITSD)

The DSS had not formally documented procedures for tracking overpayments and processing deductions, processing transaction errors, or for the retention of payment source documents for transactions processed on the Children's Services Integrated Payment System (CSIPS).

Recommendation:

The DSS through the ITSD:

- 1. Develop procedures for tracking child service overpayments to ensure monies are recouped from future vendor payments or are repaid by the vendors. DSS and ITSD officials should evaluate the cost of modifying the current child welfare payment system or including specifications in the future system to adequately track vendor overpayments and deductions with automated procedures.
- 2. Establish documented policies and procedures for handling source document errors and the resubmission of corrected data. In addition, develop error logs so officials can monitor and follow-up on the correction and resubmission of payment transaction errors.
- 3. Revise the source documentation retention policy to include how documents are retained and stored for all CSIPS payments.

Status of Finding:

The DSS is currently in the final phase of development of a new child welfare system, the Family and Children Electronic System. Resources are being used to develop the new

system so limited revisions are being judiciously incorporated into the existing system. The new system is scheduled to be operational in the summer of 2010.

- 1. The Children's Division (CD) is including this functionality in the new payment system. The \$13,017 in overpayments identified in this recommendation is part of the \$23,502 recoupment identified in audit finding 2006-9A. The \$13,017 has been recouped.
- 2. CD's Payment Unit staff has developed policies and procedures in the CSIPS Payment Handbook for handling source document errors and the resubmission of corrected data.
- 3. CD's Payment Unit staff has developed policies and procedures in the CSIPS Payment Handbook for source documentation retention.

Contact Person: Stacy Wright
Phone Number: (573) 751-3714

2006-12B. Schedule of Expenditures of Federal Awards

Federal Agency: Department of Agriculture, Department of Education, Department of

Health and Human Services

Federal Program: 10.561 State Administrative Matching Grants for Food Stamp Program

2005 and 2006 – IE251843, IS251443, and IS252043

84.126 Rehabilitation Services – Vocational Rehabilitation Grants to

States

2005 and 2006 – H126A040037

93.556 Promoting Safe and Stable Families

2005 - G0501MO00FP and 2006 - G0601MO00FP

93.558 Temporary Assistance for Needy Families 2005 – G0501MOTANF and 2006 – G0601MOTANF

93.566 Refugee and Entrant Assistance – State Administered Programs 2003 – G03AAMO7110, 2004 – G03AAMO7110, 2005 – G05AAMO7100, and 2006 – G06AAMO7100

93.568 Low-Income Energy Assistance 2005 – G05B1MOLIEA and 2006 – G0561MOLIEA

93.575 Child Care and Development Block Grant 2005 – G0501MOCCDF and 2006 – G0601MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

2005 – G0501MOCCDF and 2006 – G0601MOCCDF 93.658 Foster Care – Title IV-E

2005 – G0501MO1401 and 2006 – G0601MO1401

93.659 Adoption Assistance

2005 – G0501MO1407 and 2006 – G0601MO1407

93.667 Social Services Block Grant

2005 - G0501MOSOSR and 2006 - G0601MOSOSR

93.778 Medical Assistance Program

2005 - 05-0505MO5028 and 2006 - 05-0605MO5028

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

(DBF), Family Support Division, and Children's Division

The DSS made payments to several entities which appeared to be subrecipients; however, the SEFA prepared by the DBF did not report any amounts provided to subrecipients for these programs. As a result, these entities were not furnished applicable federal regulations and were not required to obtain A-133 audits, when needed. While DSS maintained these entities were not subrecipients, the DSS had developed a written monitoring program and monitored these partnerships as if they were subrecipients.

Recommendation:

The DSS-DBF classify appropriate entities as subrecipients and report funds provided to subrecipients correctly on the SEFA. The subrecipients should be appropriately notified of grant funding sources and regulations and should be required to obtain A-133 audits, when applicable.

Status of Finding:

Our Corrective Action Plan remains unchanged. The DSS disagrees with this finding because we believe we have properly classified entities as subrecipients on the SEFA. Substantial documentation has been provided to the federal government regarding the substance of the agreements and basis for classification as vendors providing a specific set of services. No resolution has been received from the federal agency.

Contact Person: Roger Backes
Phone Number: (573) 751-2170

2006-13. <u>Temporary Assistance For Needy Families Compliance</u>

Federal Agency: Department of Health and Human Services

Federal Program: 93.558 Temporary Assistance for Needy Families

2005 - G0501MOTANF and 2006 - G0601MOTANF

State Agency: Department of Social Services (DSS) – Family Support Division (FSD)

Questioned Costs: \$13,451

Eligibility documentation could not be located for some Temporary Assistance for Needy Families (TANF) cases reviewed. Because the DSS did not maintain the required case file documentation, it could not ensure or demonstrate compliance with federal requirements related to eligibility for the TANF program. The payments related to specific errors and client payments totaled \$2,757 and \$24,075, respectively. We questioned the federal share of the total payments, or \$13,451 (55.87 percent).

Recommendation:

The FSD improve internal controls to ensure complete case files are maintained to adequately support applications, eligibility determinations, case decisions, and expenditures. In addition, the FSD should resolve questioned costs with the grantor agency.

Status of Finding:

FSD supervisory staff continues to read TANF cases as a regular practice of case reading. Supervisors note when signed applications are missing from the record and require eligibility specialists file the signed applications in the record. FSD continues to request wage and unemployment compensation information through the Income Eligibility Verification System (IEVS). FSD continues to require case-maintaining staff to verify income for TANF cases and document the verification used in the Family Assistance Management Information System (FAMIS) record.

Status of Questioned Costs:

The Department of Health & Human Services (HHS) completed an initial review of the audit report. FSD has not been notified that a final determination has been made by HHS.

Contact Person: Sharon Denney
Phone Number: (573) 751-3216

2006-14. Child Support Allowable Costs

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement

2005 - G0504MO4004 and 2006 - G0604MO4004

State Agency: Department of Social Services – Family Support Division (FSD)

Questioned Costs: \$12,811

We identified various expenditures totaling \$12,811 (federal share) charged to the child support grant that were either unallowable or unnecessary. These costs included attorney fees, judgments, interest claimed for reimbursement, a charitable donation, retirement plaques, state sales tax, and overpayments.

Recommendation:

The FSD resolve the questioned costs with the grantor agency. In addition, the division should establish procedures to ensure costs charged to the grant are allowable and necessary to administer the child support program.

Status of Finding:

As an enhancement to our prior response, to ensure that (retirement plaques) are not charged to the IV-D program, the FSD notes that coding was changed July 2007.

Also, coding sheets were updated in July 2007 so that attorney fees paid for lawsuit settlements will not, in the future, be charged against the IV-D program, pending a federal decision. It is to be noted the FSD has not yet received a federal decision on whether this is an allowable practice.

Status of Questioned Costs:

The FSD/CSE has not received a disposition from the granting agency and, subsequently, the matter of questioned costs has not yet been resolved.

Contact Person: D. Wayne Osgoode
Phone Number: (573) 526-0967

2007-1. State Mediation Grant

Federal Agency: Department of Agriculture
Federal Program: 10.435 State Mediation Grants

2007 - 300120753029020

State Agency: Department of Agriculture

Questioned Costs: \$14,046

The Missouri Department of Agriculture (MDA) did not have a cost identification and allocation methodology in place to track allowable costs chargeable to the state mediation grant. We questioned \$13,494 in salary and benefit costs charged to the grant and another \$552 incorrectly charged to the grant for a total of \$14,046 in questioned costs.

Recommendation:

The MDA implement the use of labor distribution profile records for the direct personnel costs of the state mediation grant and develop a cost allocation methodology for other allowable costs of this program. In addition, the MDA should resolve the questioned costs with the grantor agency.

Status of Finding:

Corrective action has been taken. MDA has implemented labor profile distribution records for direct personnel costs and developed allocation methodology for other costs charged to the mediation grant.

Status of Questioned Costs:

As noted in the Corrective Action Plan, the MDA disagrees with the amount of costs questioned by the audit.

USDA has not followed up with MDA about the audit finding and amount of questioned costs.

The \$552 incorrect charge noted in the audit was corrected.

Contact Person: Richard Kaiser **Phone Number:** (573) 751-5515

2007-2. <u>Procurement and Suspension and Debarment</u>

Federal Agency: Department of Education

Federal Program: 84.126 Vocational Rehabilitation – Basic Grants to States

2007 - H126A070036, 2006 - H126A060036, 2005 -

H126A050036, and 2004 – H126A040036

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

Division of Vocational Rehabilitation (DVR)

The DVR did not ensure all entities paid more than \$25,000 were not suspended or debarred, or otherwise excluded from receiving federal funds. The DVR had not established procedures to ensure certifications were obtained from the vendor and/or that contracts contained a clause regarding suspension and debarment. Further, the DVR had not established procedures to check vendors and subrecipients on the Excluded Parties List System maintained by the General Services Administration for suspension or debarment before payments were approved.

Recommendation:

The DVR implement procedures to ensure all vendors/subrecipients paid more than \$25,000 are not suspended or debarred from participation in federal government programs.

Status of Finding:

Implemented

Contact Person: Andrea Beck
Phone Number: (573) 751-4681

2007-3A. Bioterrorism Program

Federal Agency: Department of Health and Human Services

Federal Program: 93.283 Centers for Disease Control and Prevention Investigations and

Technical Assistance 2007 – 07PANFLU 2006 – 06PANFLU 2007 – CCU716971-07 2006 – CCU716971-06

93.889 National Bioterrorism Hospital Preparedness Program

2007 – 1U3R07584-01 2006 – 3RHS05937-01

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

The department had not established adequate tracking procedures to monitor improvements made by local health entities to address problems/weaknesses identified during bioterrorism exercises. As a result, there was less assurance the benefits of the exercises were fully realized or improvements were made on a timely basis.

Recommendation:

The DHSS establish and maintain tracking procedures to actively monitor the status of problems/weaknesses identified during exercises to help ensure corrective action is taken on a timely basis.

Status of Finding:

DHSS has worked to develop a system to monitor post exercise improvements. During contract monitoring of 26 Local Public Health Agencies during the 2007-2008 contract monitoring process, DHSS requested information from Local Public Health Agencies on the progress of their improvement actions based on observations and recommendations in exercise After Action Reports. DHSS also developed a new monitoring tool to ensure follow-up. This process was developed to coincide with the annual DHSS effort to monitor at least 25 percent of the contracted jurisdictions in the state. These requests were also made in accordance with the Homeland Security Exercise Evaluation Program process. Beginning December 1, 2008 DHSS will monitor 100 percent of the local public health agencies in the state using this monitoring tool to track post-exercise improvement actions.

Contact Person: Paula Woodsmall **Phone Number:** (573) 526-4256

2007-3B. Bioterrorism Program

Federal Agency: Department of Health and Human Services

Federal Program: 93.283 Centers for Disease Control and Prevention Investigations and

Technical Assistance 2007 – 07PANFLU 2006 – 06PANFLU 2007 – CCU716971-07 2006 – CCU716971-06

93.889 National Bioterrorism Hospital Preparedness Program

2007 – 1U3R07584-01 2006 – 3RHS05937-01

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

The annual assessments of Missouri's Strategic National Stockpile (SNS) Program, as conducted by the federal Centers for Disease Control and Prevention (CDC), reflected the current status and identification of additional improvements needed related to its plan to stockpile and distribute medical material and other supplies in case of a terrorist attack.

Missouri's latest assessment rating for its SNS Program was a Green minus, indicating the plan was in relatively good shape with some improvement needed.

Recommendation:

The DHSS continue to work to ensure the implementation of the various CDC recommendations related to Missouri's SNS Program.

Status of Finding:

CDC utilizes a numeric system (Total Points 100) rather than the color-coded indicator for assessments previously used. The SNS Program assessment conducted by the CDC during 2006 scored 85. As a result of developing an Action Improvement Plan for areas identified, the score for the CDC assessment during October 2007 was 96 points, showing improvements in major categories. The SNS Program Manager has shared feedback and written narrative from the October 2007 assessment with all areas included in SNS planning and maintains updates on an ongoing basis.

Contact Person: Sue Heisler
Phone Number: (573) 526-0232

2007-3C. Bioterrorism Program

Federal Agency: Department of Health and Human Services

Federal Program: 93.283 Centers for Disease Control and Prevention Investigations and

Technical Assistance 2007 – 07PANFLU 2006 – 06PANFLU 2007 – CCU716971-07 2006 – CCU716971-06

93.889 National Bioterrorism Hospital Preparedness Program

2007 – 1U3R07584-01 2006 – 3RHS05937-01

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

The DHSS had some responsibility for conducting annual assessments of the local Cities Readiness Initiative (CRI) programs in Missouri and working with local CRI staff to aid and help direct their efforts. Assessments conducted of the plans of local entities in the state's two largest metropolitan areas reflected some progress, but much improvement was still needed.

Recommendation:

The DHSS continue to work with the applicable local entities to improve the CRI plans in those metropolitan areas.

Status of Finding:

Together with the CDC, the Missouri SNS Program performed full assessments of the 19 CRI local jurisdictions, using the standardized assessment tool recommended by CDC, "Local Technical Assistance Review" tool. Not only did each jurisdiction receive a summary score from the tool, but they were also provided with a written narrative that outlined strengths and areas/opportunities for improvement. Overall assessment showed improvement in most critical planning elements. The SNS Program has created a trend analysis of scoring areas to identify elements that scored the lowest so that additional focus can be given. An example of using this data was that DHSS sponsored a workshop/training on Mass Antibiotic Dispensing for all local public health planners. The CRI areas continue to work on regional planning, and during 2008-2009 will perform an exercise on a regional level that includes all local jurisdictions.

Contact Person: Sue Heisler
Phone Number: (573) 526-0232

2007-4A.1. Protecting Children at Child Care Providers

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

2006 – G0601MOCCDF and 2007 – G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

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

The DHSS, Division of Regulation and Licensure, Section of Child Care Regulation (SCCR) did not count related children in the number of children cared for in family day care or group day care homes because state regulations exempt related children from licensing rules when cared for by licensed providers.

Recommendation:

The DHSS change state regulations to include related children when counting the number of children receiving care by a licensed provider, and include related children in all provider licensing rules.

Status of Finding:

The SCCR is in the process of revising the Licensing Rules for Group Child Care Homes and Child Care Centers (last promulgation of rules was in 1991). In June 2007, the SCCR conducted public focus group meetings in five areas of the state. The purpose of these meetings was to obtain public input on the existing rules and the upcoming rule revision process. The SCCR formed a workgroup of thirty key stakeholders and licensed child care providers. This group met from September 2008 through December 2008 to develop recommendations for a revised set of rules. The SCCR will review the recommendations of the workgroup and develop a final draft of the proposed rules. The

SCCR anticipates filing the proposed rules in late 2009. The Group Homes and Child Care Centers rules will address including related children in care in the total count of children cared for in these settings. Please note that related children are generally not as significant an issue in these settings as they are in a licensed family home setting.

The SCCR will address the family child care home rules after completion of the promulgation of the licensing rules for group child care homes and child care centers. In the family child care home rules, the issue of related children will also be addressed and will result in more of an impact on these providers.

Contact Person: Cindy Schmutzler **Phone Number:** (573) 526-9747

2007-4A.2. <u>Protecting Children at Child Care Providers</u>

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

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

Periodic follow-up visits of day care centers by the DHSS, Division of Regulation and Licensure, Section of Child Care Regulation (SCCR) did not occur to ensure illegally operating providers had become compliant, or remained compliant with regulations.

Recommendation:

The DHSS conduct periodic reviews of illegally operating, unlicensed providers who claim to have reduced the number of children in care, or who state they will become licensed, to ensure these providers become compliant, and/or remain compliant with regulations. Noncompliant providers should be referred to the prosecuting attorney.

Status of Finding:

The SCCR reviewed data collected from May 2007 to August 2008 that included the number of complaints made to SCCR for unlicensed child care. SCCR has made modifications in procedures for handling unlicensed care. Currently, SCCR investigates a complaint for unlicensed care within ten days of receipt of the complaint. If the complaint is substantiated, the parents and local law enforcement are notified about the complaint. If the providers claim they will reduce capacity to four or fewer unrelated children, SCCR makes a follow-up inspection within 14 days of the previous inspection. If illegal care is being provided at the time of the follow-up inspection, then SCCR makes a referral to the local prosecuting attorney for violation of Section 210.211, RSMo. If SCCR determines the provider is not providing care in violation of the law, SCCR closes the investigation. Subsequent inspections are typically not conducted unless a new

complaint or additional information warrants ongoing inspections. Additionally, without a new complaint made to SCCR, the authority of SCCR to continue to inspect the premises is questionable. If the provider begins the process to become licensed, SCCR offers to assist the facility in this process. If the applicant withdraws his/her application or the application expires, SCCR conducts a return, unannounced inspection. If a subsequent complaint is received and substantiated, SCCR makes a referral to the prosecuting attorney immediately.

In April 2007, SCCR began completing inspections using laptops. Within the next year, SCCR will post these inspections to the SCCR website. The child care supervisors in the district offices will have the ability to track all providers that are in pending status. Providers that are in pending status have received at least one inspection from SCCR but have not yet received an active license. Once a license becomes active, the supervisors will move their inspections into the active state and will post them on the website. This tracking mechanism for pending inspections will assist SCCR with monitoring those providers who do not follow through and obtain an active license. SCCR will use this information to enact policies and procedures to address the recommendation made in the audit. SCCR will continue to review and refine procedures related to unlicensed care.

Contact Person: Cindy Schmutzler **Phone Number:** (573) 526-9747

2007-4A.3. Protecting Children at Child Care Providers

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

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

The DHSS, Division of Regulation and Licensure, Section of Child Care Regulation (SCCR) had not established criteria or a specific plan or timetable for evaluating the effectiveness of the complaint follow-up procedures modified in May 2007.

Recommendation:

The DHSS establish specific procedures, criteria, and timing for evaluating the effectiveness of modified unlicensed caregiver investigation procedures.

Status of Finding:

SCCR engaged in a quality review of its modified unlicensed caregiver investigation procedures as data related to unlicensed caregivers became available from May 2007 to August 2008. SCCR made two separate modifications to its procedures for handling unlicensed care based on the review findings and feedback from front line staff,

managers, law enforcement and prosecutors. Those changes include the manner in which law enforcement is contacted, the type of information provided to law enforcement, organization of information provided to prosecutors, and routine follow-up contact with county prosecutors. SCCR will continue to review and refine procedures related to unlicensed care as new data become available and through continuous feedback from key stakeholders.

Contact Person: <u>Cindy Schmutzler</u> **Phone Number:** (573) 526-9747

2007-4A.4. Protecting Children at Child Care Providers

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

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

Penalties imposed on providers had not been adequate to deter providers from operating illegally. The General Assembly had not made any changes to increase statutory monetary penalties and the DHSS, Division of Regulation and Licensure, Section of Child Care Regulation had no authority to assess administrative penalties.

Recommendation:

The DHSS work with the General Assembly to develop law that increases penalties for illegally operating day cares and/or provides the department with the authority to assess administrative penalties on illegal providers.

Status of Finding:

DHSS will ensure that the new administration is briefed on this issue as legislative proposals are considered.

Contact Person: Cindy Schmutzler
Phone Number: (573) 526-9747

2007-4A.5. Protecting Children at Child Care Providers

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

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

For a number of cases referred to a prosecuting attorney, the prosecutor chose not to prosecute. In January 2007, the DHSS, Division of Regulation and Licensure, Section of Child Care Regulation staff initiated enhanced efforts to determine why prosecutors decline to prosecute referred cases.

Recommendation:

The DHSS work with prosecutors to determine improved methods to facilitate prosecutors pursuing legal action against unlicensed providers.

Status of Finding:

DHSS is sending local prosecutors a referral letter pursuant to section 210.245 RSMo, and it is the department's intent to coordinate with the Missouri Office of Prosecution Services to resolve the issue.

Contact Person: Cindy Schmutzler
Phone Number: (573) 526-9747

2007-4B.1. Protecting Children at Child Care Providers

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

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

The DHSS had not ensured complete and accurate information had been maintained in its complaint tracking system.

Recommendation:

The DHSS establish procedures to monitor completeness and accuracy of complaint data entered on the department's complaint system.

Status of Finding:

In April 2008, the Section for Child Care Regulation implemented a new procedure requiring supervisors to review the reports of all complaint data entered on the department's complaint system. Supervisors review these reports by the tenth of each month. Each supervisor submits a report to his/her Central Office supervisor advising of any complaint that has not been completed within 45 days by the 15th of each month.

The report includes the reason for any delay in resolving the complaint. The Central Office supervisor reviews the report and works with district staff to address any delays in complaint resolution. The Central Office supervisor submits a report by the last day of the month to the Section Administrator noting complaints that have been in progress more than 45 days. This process has greatly increased the completeness and accuracy of complaint data that are entered in the department's complaint system. The new procedure requires a more timely resolution of complaints, which has resulted in an increase in the accuracy of the complaint data.

Contact Person: Cindy Schmutzler

Phone Number: (573) 526-9747

2007-4B.2. Protecting Children at Child Care Providers

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 – G0601MOCCDF and 2007 – G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

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

Periodic management reports using complaint system data were limited. Such reports are needed to identify trends and address other management issues related to complaint processing.

Recommendation:

The DHSS monitor complaint investigations and other complaint data by developing and preparing periodic management reports.

Status of Finding:

In April 2008, the Section for Child Care Regulation implemented a new procedure requiring supervisors to review the reports of all complaint data entered on the department's complaint system. Supervisors review these reports by the tenth of each month. Each supervisor submits a report to his/her Central Office supervisor advising of any complaint that has not been completed within 45 days by the 15th of each month. The report includes the reason for any delay in resolving the complaint. The Central Office supervisor reviews the report and works with district staff to address any delays in complaint resolution. The Central Office supervisor submits a report by the last day of the month to the Section Administrator noting complaints that have been in progress more than 45 days. This process has greatly reduced the length of time a complaint is in pending status. In addition, it allows all levels of supervisors to identify complaints that are not completed according to policy and procedure, address this concern, and ensure the complaint is completed and not left in pending status for an extended period of time.

Contact Person: Cindy Schmutzler
Phone Number: (573) 526-9747

2007-4B.3. Protecting Children at Child Care Providers

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

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

Complaint investigations were not completed in a timely manner as required by department procedures.

Recommendation:

The DHSS ensure enhanced timeliness of complaint resolutions by ensuring complaint monitoring procedures are followed.

Status of Finding:

In April 2008, the Section for Child Care Regulation implemented a new procedure requiring supervisors to review the reports of all complaint data entered on the department's complaint system. Supervisors review these reports by the tenth of each month. Each supervisor submits a report to his/her Central Office supervisor advising of any complaint that has not been completed within 45 days by the 15th of each month. The report includes the reason for any delay in resolving the complaint. The Central Office supervisor reviews the report and works with district staff to address any delays in complaint resolution. The Central Office supervisor submits a report by the last day of the month to the Section Administrator noting complaints that have been in progress more than 45 days.

The procedure described in the previous paragraph has greatly reduced the number of complaints in pending status more than 45 days. The Eastern District, the largest district, receives the greatest number of complaints. It also has had the largest number of complaints in pending status for more than 45 days. In May 2008, there were 15 complaints in pending status for more than 45 days. With the implementation of the new procedure, that number has dropped dramatically. In November, the Eastern District did not have any complaints that had remained in pending status for more than 45 days. Similar results have been realized throughout the state. Over the past three months, a review of the Independence office, Macon office, and Columbia office demonstrated that complaints are typically being resolved within 30 days.

Contact Person: Cindy Schmutzler
Phone Number: (573) 526-9747

2007-4B.4. Protecting Children at Child Care Providers

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

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

The department's legal office did not resolve some cases referred to it in a timely manner, in part because goals were not established in the procedures manual for the timeliness of each step of the administrative penalty process.

Recommendation:

The DHSS establish guidance for timeliness of penalty assessment cases and ensure that these cases are completed in a timely manner.

Status of Finding:

DHSS trained Section for Child Care Regulation (SCCR) management staff on a continuous quality improvement process in April 2008. The goals were to review the current disciplinary process, make enhancements to improve timeliness of penalty assessments, and ensure that legal referrals are processed in a timely manner. DHSS formed a continuous quality improvement team, consisting of staff at all levels of the SCCR. The team reviewed the current process and developed recommendations for improvements that will be presented to division staff in December 2008. DHSS will review those recommendations and plans to implement new procedures for the legal referral process in early 2009. The continuous quality improvement team will continue to meet to review the newly implemented procedures and make adjustments as necessary to ensure the SCCR's method for administering discipline is fair, expeditious and consistent.

Contact Person: Cindy Schmutzler
Phone Number: (573) 526-9747

2007-5. Personal Service Costs

Federal Agency: Department of Health and Human Services

Federal Program: 93.959 Block Grants for Prevention and Treatment of Substance

Abuse (SAPT)

2006 – 06B1 MO SAPT and 2007 – 07B1 MO SAPT

State Agency: Department of Mental Health (DMH) – Division of Alcohol and Drug

Abuse (ADA)

The DMH did not maintain adequate documentation to support the employee salary and fringe benefit costs charged to the SAPT Program for administration or program services. Similarly, there was not adequate documentation maintained to support how personal service costs were allocated between the SAPT Program and other categorical grants for those employees whose personal service costs were charged to more than one grant program.

Recommendation:

The DMH and ADA Division ensure adequate documentation is maintained to support the allocation of employee personal service costs to the SAPT Program and other funding sources.

Status of Finding:

The Division of ADA has completed the Corrective Action Plan. Effective March 1, 2008, the Division of ADA requires all staff to maintain timesheets for all categorical grants. In addition, a database has been developed to maintain the time charged and report development for analysis purposes is in progress. Personal service costs for the SAPT Block Grant continues to be allocated based on reasonableness of federal administration cost to total cost.

The Substance Abuse and Mental Health Services Administration/Center for Substance Abuse Treatment (SAMHSA/CSAT) Technical Review team recently provided a draft report on their completed review. Regarding this SAO finding, the draft report states, "The Technical Review team and the CSAT State Project Officer concurred that it is the State's responsibility to develop the needed allocation process. The CSAT SPO will monitor the State's resolution of this issue."

Contact Person: Janet Gordon
Phone Number: (573) 751-8067

2007-6A.1. Subrecipient Monitoring

Federal Agency: Department of Energy

Federal Program: 81.042 Weatherization Assistance Program for Low-Income

Persons (WAP)

2006 – DE-FG-45-04R530683 2007 – DE-FG-26-04R530683

State Agency: Department of Natural Resources (DNR)

Energy Center personnel did not have a tracking process to ensure subrecipient audit reports were received timely.

Recommendation:

The DNR establish procedures to ensure audit reports are received within federal compliance requirements.

Status of Finding:

Recommendation has been implemented – December 2007.

The Energy Center has developed new procedures and created an electronic A-133 Single Audit Report Tracking system for subgrantees. Specific staff members have been assigned the responsibility of maintaining the tracking system for each subgrantee, and, in accord with the new procedures, the grant manager notifies the subgrantee agency shortly after the audit due date if the Energy Center has not received the subgrantee's audit. In addition, internal procedures have been adopted that require the grant manager to ensure that the audit includes a detailed review of the required financial schedules. Internal procedures require the grant manager to perform an independent reconciliation of the audit's financial and reconciliation schedules with the monthly, quarterly and annual reports submitted by the subgrantee.

Contact Person: Marcy Oerly
Phone Number: (573) 751-8386

2007-6A.2. <u>Subrecipient Monitoring</u>

Federal Agency: Department of Energy

Federal Program: 81.042 Weatherization Assistance Program for Low-Income

Persons (WAP)

2006 - DE-FG-45-04R530683 2007 - DE-FG-26-04R530683

State Agency: Department of Natural Resources (DNR)

The DNR did not adequately ensure that subrecipients took corrective action on findings that reported non-compliance or weaknesses.

Recommendation:

The DNR request and obtain timely corrective action for audit findings related to the WAP and overall subrecipient internal control and billing weaknesses.

Status of Finding:

Recommendation has been implemented – December 2007.

A thorough review of the fiscal year 2006 and fiscal year 2007 (depending upon the subgrantee's fiscal year) A-133 single audits has been completed. Corrected audits, reconciliations, and corrective action plans for audit findings and weaknesses have been received. Internal procedures have been adopted that ensure that Energy Center staff is tracking due dates for subgrantee submission of annual audits, fully evaluating audits for findings and weaknesses, requesting corrective action plans in a timely manner, and reviewing the plans for compliance and completeness once received.

Contact Person: Marcy Oerly
Phone Number: (573) 751-8386

2007-6A.3. Subrecipient Monitoring

Federal Agency: Department of Energy

Federal Program: 81.042 Weatherization Assistance Program for Low-Income

Persons (WAP)

2006 – DE-FG-45-04R530683 2007 – DE-FG-26-04R530683

State Agency: Department of Natural Resources (DNR)

Energy Center (EC) personnel did not follow-up with subrecipients when audit report WAP financial information differed from DNR records. In addition, EC personnel limited their review to only comparing expenditure amounts reported to DNR expenditure records and did not report differences in revenues shown, or beginning and ending fund balances.

Recommendation:

The DNR improve analysis of the audit reports by:

- Ensuring differences between audited WAP financial information and DNR records are reconciled by the auditor or subrecipient staff, and those reconciliations are reviewed by EC personnel.
- Evaluating other financial information besides expenditures, such as revenues, and beginning and ending fund balances.

Status of Finding:

Recommendation has been implemented – December 2007.

Energy Center staff has completed a thorough review of the annual audits most recently due to the department from subgrantees. Staff has communicated in writing with 15 subgrantees for the fiscal year 2006 auditing cycle and 12 subgrantees for the fiscal year 2007 auditing cycle to inform them that the audits have not been accepted and to require that differences between audited Weatherization Assistance Program financial information and DNR records be reconciled, that the required schedules be supplied to the department or that corrective action plans be submitted to the department for audit-identified findings and weaknesses, as appropriate.

Contact Person: Marcy Oerly
Phone Number: (573) 751-8386

2007-6A.4. <u>Subrecipient Monitoring</u>

Federal Agency: Department of Energy

Federal Program: 81.042 Weatherization Assistance Program for Low-Income

Persons (WAP)

2006 – DE-FG-45-04R530683 2007 – DE-FG-26-04R530683

State Agency: Department of Natural Resources (DNR)

Subrecipient audit reports did not always include the required WAP financial schedule, and Energy Center personnel did not send reports back for correction. No sanctions or penalties were imposed for non-compliant agencies.

Recommendation:

The DNR improve subrecipient compliance by:

- Ensuring financial information is submitted on the required schedule and sending audits back that do not meet reporting requirements.
- Enforcing penalties for subrecipients that are non-compliant with grant reporting requirements.

Status of Finding:

Recommendation has been implemented – December 2007/January 2008.

Energy Center staff has completed a thorough review of the annual audits most recently due to the department from subgrantees. Staff has communicated in writing with 15 subgrantees for the fiscal year 2006 auditing cycle and 12 subgrantees for the fiscal year 2007 auditing cycle to inform them that the audits have not been accepted and to require that differences between audited Weatherization Assistance Program financial information and DNR records be reconciled, that the required schedules be supplied to the department or that corrective action plans be submitted to the department for audit-identified findings and weaknesses, as appropriate.

In January 2008, Energy Center staff met with Weatherization Program subgrantees, as well as corresponded by letter to all subgrantee agency executive directors, to inform them of new Energy Center policies and procedures. One of the policies discussed concerned timely submittal of financial reports. If reports are not received in a timely manner, Energy Center staff notifies subgrantee agency directors, in writing, of any reports not received. The department has existing remedies for subgrantee noncompliance with the terms of the sub-award. The Energy Center will enforce these remedies.

Contact Person: Marcy Oerly
Phone Number: (573) 751-8386

2007-6B.1. Subrecipient Monitoring

Federal Agency: Department of Energy

Federal Program: 81.042 Weatherization Assistance Program for Low-Income

Persons (WAP)

2006 – DE-FG-45-04R530683 2007 – DE-FG-26-04R530683

State Agency: Department of Natural Resources (DNR)

Questioned Costs: \$49,247

The DNR did not adequately monitor subrecipient activities to ensure expenditures by subrecipients were allowable. Energy Center (EC) personnel limited on-site reviews to only a few client files and housing inspections and gave advance notice to subrecipients of files to be reviewed. In addition, two on-site visits failed to find problems at one subrecipient, including overbillings and missing documentation. After the subrecipient reported billing problems to EC personnel, DNR internal audit staff identified \$49,247 in improper billings. Also, housing inspection procedures did not ensure deficiencies were corrected and on-site monitoring did not include analysis of bidding requirements.

Recommendation:

The DNR resolve the questioned costs with the grantor agency and establish on-site monitoring procedures that include:

- Reviewing a sample of weatherization client files and homes to inspect annually based on a risk assessment of each subrecipient.
- Selecting at least some client files for review while on-site.
- Performing follow-up procedures on projects requiring repairs or corrections, including requesting additional information or performing additional inspection work on a sample of projects.
- Evaluating bidding compliance.

Status of Finding:

Recommendation has been implemented – January 2008.

A risk assessment of all subgrantees for fiscal years 2006 and 2007 was completed based on numerous factors including the existence of findings or fiscal discrepancies in the annual audit, variances in budgeted versus actual expenditures, carry-over amounts, timeliness of monthly reporting, production rates, and technical monitoring findings. Based on a ranking system of these items, subgrantees were placed in low, medium, and high risk categories. The number of files to be reviewed at each agency is dictated by the risk category in which the subgrantee fell. The risk assessment will be updated every fiscal year. Subgrantees are unaware of the files that are to be reviewed until Energy Center staff arrives at their office for the monitoring visit. Energy Center technical staff

conducts a monitoring review consisting of 10 percent of homes completed by the subgrantee for the fiscal years being monitored. Technical staff also inspects all homes that previously required re-work or corrections. Bid compliance is evaluated during the monitoring visit.

Status of Questioned Costs:

Recovery of funds has been implemented – December 2007.

The recovery of funds from the agency in question has been implemented and will be complete during the current fiscal year. One-half of the funds were recovered during fiscal year 2008 and the remaining half will be recovered during the current fiscal year. The fiscal year 2008 subgrant agreement for the agency was reduced by half of the amount of questioned costs and the fiscal year 2009 subgrant was reduced by the remainder of the amount of questioned costs. In order to ensure recovery of the funds, the agency's production goals (number of homes weatherized) for fiscal years 2008 and 2009 remained unchanged from the original number of homes, even though the subgrant amount was reduced. The Energy Center has implemented additional monitoring of the agency to ensure that the agency uses other sources of funds (not to include federal or utility company funds) to maintain its fiscal year 2008 and fiscal year 2009 production goals.

Contact Person: Marcy Oerly

Phone Number: (573) 751-8386

2007-6B.2. Subrecipient Monitoring

Federal Agency: Department of Energy

Federal Program: 81.042 Weatherization Assistance Program for Low-Income

Persons (WAP)

2006 – DE-FG-45-04R530683 2007 – DE-FG-26-04R530683

State Agency: Department of Natural Resources (DNR)

Energy Center (EC) personnel did not request or receive supporting documentation for expenditures billed to the program or review a sample of the documentation during onsite visits. EC personnel also occasionally changed monthly billing amounts reported by subrecipients when entering data into the WAP database without documenting the reason. In addition, EC personnel did not use training and technical assistance reports to evaluate claimed expenditures.

Recommendation:

The DNR improve the review of expenditure documentation by:

- Developing procedures to review on a sample basis supporting documentation for subrecipient expenditures. This review can be done as part of on-site monitoring visits.
- Obtaining documentation from subrecipients supporting changes made to submitted financial data.
- Requiring agencies to include dates of and dollar amounts charged for training, meetings, and conferences on training and technical assistance quarterly reports.
 This information should be used to verify training and technical assistance expenditures claimed by the subrecipient.

Status of Finding:

Recommendations have been implemented beginning November 2007

Input from senior management, review of the risk assessment, and assessment of the subgrantee's internal controls, aid in determining the appropriate number of client files to be monitored. At a minimum, one month from each fiscal year being monitored or a percentage of total homes completed, based on risk assessment and whichever is greater, determine the number of subgrantee files that are to be reviewed. For the months being tested, payments made to the agency from the Energy Center are traced to the agency's general ledger. Administrative, training and technical assistance, leveraging, and other special-item expenditures appearing on the monthly reports for the months being tested are traced to agency invoices.

The Energy Center has adopted a policy in which revised financial information, without backup documentation from the subgrantees, will not be accepted. All documentation for revised and corrected financial data is included and kept with the subgrantee's reports.

The Energy Center has revised the Training and Technical Assistance Quarterly Report form that provides greater detail concerning the dates of training-related events, who attended the events, dollar amounts expended, and information about the content of the training. Energy Center staff reviews and verifies the expenses reported on the quarterly report form to the expenses reported on the monthly reports.

Contact Person: Marcy Oerly
Phone Number: (573) 751-8386

2007-6C. <u>Subrecipient Monitoring</u>

Federal Agency: Department of Energy

Federal Program: 81.042 Weatherization Assistance Program for Low-Income

Persons (WAP)

2006 – DE-FG-45-04R530683 2007 – DE-FG-26-04R530683

State Agency: Department of Natural Resources (DNR)

The DNR did not adequately monitor subrecipients to ensure compliance with cash management requirements relating to interest earned on advanced funding. In addition, the Energy Center personnel advanced WAP funding to some subrecipients without considering funding needs or whether they met requirements for advances, and did not determine whether subrecipients had policies and procedures in place to properly manage advance payments and ensure they minimized time elapsing between receipt and disbursement.

Recommendation:

The DNR develop procedures to ensure compliance with federal cash management rules that include:

- Ensuring the subrecipients have established policies and procedures to manage advanced funding in compliance with federal regulations, including distribution of interest earned.
- Limiting advance funding to subgrantees.

Status of Finding:

Recommendation has been implemented – September 2007.

In September 2007, the Energy Center revised its procedure regarding advance funding for subgrantees. Advance funding was limited to one month's funding. In addition, before any advance funding was approved, subgrantees were required to submit detailed justification for a request for advance funding, including the names and addresses of homes the agency planned to weatherize in the period for which advance funding was requested, the date upon which weatherization was scheduled to begin, the estimated cost of completing the weatherization work on each home, and the terms of payment if subcontractors were to be used to accomplish weatherization work. The new policy also stated that any cash balance will be deducted from the amount of advance funding approved. As part of the procedural monitoring protocol Energy Center staff obtains the subgrantee's end of calendar year bank statement. These statements will typically report the interest earnings for the account for the entire calendar year. If the subgrantee has not performed an analysis of interest earned on advanced funding, this is included as a finding during the Energy Center subgrantee monitoring visit and corrective action is requested.

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Phone Number: (573) 751-8386

2007-7. Subrecipient Monitoring

Federal Agency: Department of Homeland Security

Federal Program: 16.007 State Homeland Security Grant Program

2004 - GE-T4-0049, 2003 - TE-TX-0159, and

2003 - MU-T3-0003

16.011 Urban Areas Security Initiative

2003 - EU-T3-0030

97.004 State Domestic Preparedness Equipment Support Grant

Program

2004 - GE-T4-0049

97.008 Urban Areas Security Initiative

2004 - TU-T4-0007

97.067 State Homeland Security Grant Programs

2006 - GE-T6-0067 and 2005 - GE-T5-0022

State Agency: Department of Public Safety – State Emergency Management

Agency (SEMA)

The SEMA did not adequately monitor all subrecipients to ensure an audit in accordance with OMB Circular A-133 had been performed and submitted to the SEMA on a timely basis or that problems reported in previous audits had been addressed.

Recommendation:

The SEMA ensures it performs adequate subrecipient monitoring procedures related to this program. This would include, but not be limited to, ensuring that all subrecipients submit an OMB Circular A-133 audit on a timely basis, as required, issuing a management decision on audit findings within six months after receipt of a subrecipient audit report, and ensuring subrecipients take appropriate and timely corrective action related to any problems reported.

Status of Finding:

The SEMA continues to implement the corrective action plan to implement this recommendation. The SEMA has included this audit requirement in all applicant briefing material, has maintained a log of audits received, and created written procedures for monitoring visits to verify compliance of grant guidance. We continue to identify missing audits and mechanisms to identify subrecipients receiving more than \$500,000 in federal funds from SEMA. However, SEMA has not identified any audit issues recently; therefore, our plan is to receive corrective actions plans on any future subrecipient audit findings within six months. We anticipate completion of our procedures by December 31, 2008. The review of subrecipients' audits will be an ongoing project.

Contact Person: Tom Mohr/Tracy Farris

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2007-8. <u>Procurement and Suspension and Debarment</u>

Federal Agency: Department of Homeland Security

Federal Program: 97.036 Disaster Grants - Public Assistance (Presidentially

Declared Disasters)

2007 - FEMA-DR-1673-MO

FEMA-DR-1676-MO

2006 - DR-MO-1631-60

FEMA-EM-3267-MO

DR-MO-1635

FEMA-DR-1667-MO

2005 – FEMA-3232-EM-MO

2003 - DR-MO-1463-60

2002 - DR-MO-1412-60

DR-MO-1403-60

State Agency: Department of Public Safety – State Emergency Management

Agency (SEMA)

The SEMA did not adequately monitor all subrecipients to ensure compliance with federal procurement and suspension and debarment requirements. The SEMA did not adequately ensure subrecipients performed and documented proper procurement procedures or verified that vendors paid more than \$25,000 were not suspended or debarred.

Recommendation:

The SEMA ensure prior to authorizing payments to subrecipients that adequate documentation exists to support compliance with procurement and suspension and debarment requirements.

Status of Finding:

The SEMA has completed implementation of this recommendation by including in the Subrecipient (Applicant) Close-Out Certification Form a checklist statement that the subrecipient must certify that they have not contracted with any entity identified on the General Services Administration Excluded Parties List (Debarred List) or the Missouri State Attorney General's Know MO web link. Additionally, SEMA has adopted procedures for subrecipient procurement to follow the Federal Emergency Management Agency's (FEMA) guidelines and approval. Therefore, if FEMA approves a subrecipient's project worksheet, which includes non-standard procurement methods, SEMA concludes that FEMA's approval authorizes the subrecipient's procurement procedures as acceptable – as outlined in FEMA's Public Assistance Guide, page 52. SEMA also accepts FEMA's approval as a substitute form of cost analysis. However, for

large public assistance projects, SEMA will continue to perform final reviews to identify any errors or unreasonable costs.

Contact Person: Chuck May
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2007-9. Adoption Assistance Compliance

Federal Agency: Department of Health and Human Services

Federal Program: 93.659 Adoption Assistance

2006 - G0601MO1407 and 2007 - G0701MO1407

State Agency: Department of Social Services (DSS) – Children's Division (CD)

Questioned Costs: \$10,267

Adoption decrees and eligibility and payment documentation could not be located and/or were not adequate for some cases reviewed, and payments were made on behalf of ineligible children in one case. As a result of our review, we questioned \$10,267, the federal share of payments that were unallowed and/or unsupported.

Recommendation:

The DSS through the CD resolve the questioned costs with the grantor agency. Also, the CD should ensure all adoption decrees are retained, subsidy agreements are signed prior to the adoption, and all payments are supported by adequate documentation. In addition, the CD should pursue reimbursement for the overpayment.

Status of Finding:

The CD partially agrees with the recommendation. The CD does not agree with the finding' statement "The DSS needs to review and strengthen its policies and procedures regarding case record documentation and retention of records." The CD's policies and procedures appropriately address documentation and records retention. In some instances, consistent application of the policies and procedures was the issue.

To address this, a notice was issued (electronically) to CD staff on March 4, 2008, to reiterate two practice requirements in adoption subsidy cases: 1) adoption decrees must be kept in the adoption subsidy record (as required by the Child Welfare Policy Manual section 5.1.1.14) and 2) adoption subsidy agreements must be signed by the adoptive parents, approved by the Division Director and entered into the contracting system prior to an adoption finalization (section 4.30.4 of the Child Welfare Policy Manual). Staff was reminded that attention to these two points is important in determining eligibility for crucial federal funding in adoption subsidy cases.

Status of Questioned Costs:

The CD has not received final determination from the granting agency on questioned costs. However, the CD has adjusted federal claims to report questioned costs as state only expenditures.

Contact Person: D. Wayne Osgoode
Phone Number: (573) 526-0967

2007-10. Child Care Payments

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

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

Family Support Division (FSD)

Questioned Costs: \$25,621

Eligibility and payment documentation could not be located for some child care cases reviewed, and some payments to providers were not in accordance with authorizations and/or DSS policy. In addition, management of the case records was poor. We questioned \$25,621, the federal share of payments related to inadequate documentation and noncompliance with DSS policies.

Recommendation:

The DSS through the CD and FSD, resolve the questioned costs with the grantor agency, and review and strengthen the policies and procedures regarding child care case record documentation and retention of records. The DSS should ensure child care payments are made on behalf of eligible children, invoices agree to the corresponding attendance records, attendance sheets are complete and signed by the parent/caregiver, payments are in accordance with authorizations and department policy, appropriate child care services are authorized, and that payments are only made to licensed or registered providers. Finally, the DSS should require providers use the standard attendance forms or ensure all required information is documented on the provider generated forms.

Status of Finding:

As referenced in the Corrective Action Plan previously submitted to the State Auditor's Office, the DSS continues to disagree with the finding that the FSD and CD should "review and strengthen policies and procedures regarding child care case record documentation and retention of records". Because the Family Assistance Management Information System (FAMIS) is designed to replace paper records, the agency maintains paper documentation is not necessary as long as documentation is noted in the FAMIS automated record.

The DSS is developing formal processes to expand case record reviews by independent reviewers based on recommendations and mandates set forth by the federal government to address program integrity. Procedures will include a process to randomly sample eligibility records for formal review. Processes are still under development with a target

date of June 2009 to begin the formal sampling for case reviews. The first report to the grantor agency is to be completed by July 2010.

The DSS continues to train Eligibility Specialists and Children Service Workers on the policy of maintaining adequate documentation and record keeping. Supervisory reviews include a check that proper documentation was obtained. Any deficiencies are documented at the worker's annual performance review.

The DSS continues to conduct random reviews of child care providers' records through the DSS Contract Compliance Review Team. These reviews examine attendance records and payment agreement documentation. The findings of these reviews are forwarded to the CD for appropriate remedial action, including additional training or technical assistance, intense monitoring, or recommendation to close the provider's payment agreement with the agency.

The DSS is pursuing the development of a system that will eliminate the current attendance and invoicing system. Through the use of a biometric method of electronically recording children's attendance in child care, children's attendance will be automatically time stamped each day as they enter and leave care. This time stamp will be transmitted to the FAMIS eligibility system to validate attendance and produce an electronic payment at the end of the month of services. Based on the child's finger image capture each day, this system will provide a more secure, accurate, and accountable process to record daily attendance.

The DSS anticipates this system to be developed and implemented by 2010.

Status of Questioned Costs:

The DSS has not received a response from the grantor agency on the questioned costs. The DSS will defer to the recommendations of the grantor agency when they are received.

Contact Person: Becky Houf
Phone Number: (573) 522-1267

2007-11. Earmarking - Child Care Development Fund

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care

and Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

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

Division of Budget and Finance (DBF)

The DSS had not established procedures to ensure the Child Care Development Fund federal earmarking requirements were met. While our review found the department spent at least the minimum requirement for each earmark during federal fiscal year 2007, the DSS did not have a suitable internal control system to properly track and account for expenditures applicable to each of the specific earmarks.

Recommendation:

The DSS, through the CD and DBF, implement procedures to adequately track and document actual expenditures for applicable federal earmark requirements.

Status of Finding:

A spreadsheet of programs and program codes was developed and shared with the Division of Finance and Administrative Services (DFAS - formerly the DBF) to ensure that actual expenditures are applied to the applicable federal earmarks. DFAS is responsible for ensuring that actual expenditures are reported to the appropriate earmark.

Contact Person: Becky Houf
Phone Number: (573) 522-1267

2007-12. Subrecipients

Federal Agency: Department of Agriculture

Department of Health and Human Services

Federal Program: 10.561 State Administrative Matching Grants for Food Stamp Program

2005, 2006, and 2007 – IS251443

2006 and 2007 - IE251843 and IS252043

93.556 Promoting Safe and Stable Families

2006 - G0601MO00FP and 2007 - G0701MO00FP

93.558 Temporary Assistance for Needy Families

2006 - G0601MOTANF and 2007 - G0701MOTANF

93.566 Refugee and Entrant Assistance – State Administered Programs

2006 - G06AAMO7100, 2007 - G07AAMO7100, 2006 -

G06AAMO7110, and 2007 – G07AAMO7110

93.568 Low-Income Home Energy Assistance

2006 - G06B1MOLIEA and 2007 - G07B1MOLIEA

93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.658 Foster Care – Title IV-E

2006 - G0601MO1401 and 2007 - G0701MO1401

93.659 Adoption Assistance

2006 – G0601MO1407 and 2007 – G0701MO1407

93.667 Social Services Block Grant

2006 - G0601MOSOSR and 2007 - G0701MOSOSR

93.674 Chafee Foster Care Independent Living

2006 – G0601MO1420 and 2007 – G0701MO1420

93.778 Medical Assistance Program

2006 – 06-05MO5028 and 2007 – 07-05MO5028 2006 – 06-05MO5048 and 2007 – 07-05MO5048

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

(DBF)

The DSS did not consider certain entities, such as local community partnerships, to be subrecipients. Our review of expenditures noted payments to several entities which appeared to be subrecipients; however, the SEFA prepared by the DBF did not report any amounts provided to subrecipients for these programs, and these entities were not furnished applicable federal regulations and required to obtain an audit in accordance with OMB Circular A-133, when needed. Based upon the substance of the arrangements, it appeared the arrangements with the partnerships represented a subrecipient relationship as defined by OMB Circular A-133. In addition, it appeared the DSS monitored the partnerships as if they were subrecipients.

Recommendation:

The DSS-DBF classify appropriate entities as subrecipients and report funds provided to subrecipients correctly on the SEFA. The subrecipients should be appropriately notified of grant funding sources and regulations and should be required to obtain A-133 audits, where applicable.

Status of Finding:

Our Corrective Action Plan remains unchanged. The DSS disagrees with this finding because we believe we have properly classified entities as subrecipients on the SEFA. Substantial documentation has been provided to the federal government regarding the substance of the agreements and basis for classification as vendors providing a specific set of services. No resolution has been received from the federal agency.

Contact Person: Roger Backes **Phone Number:** (573) 751-2170

2007-13. <u>Procurement and Suspension and Debarment</u>

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement

2006 - G0604MO4004 and 2007 - G0704MO4004

93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.667 Social Services Block Grant

2006 – G0601MOSOSR and 2007 – G0701MOSOSR

State Agency: Department of Social Services (DSS) – Division of Budget and

Finance (DBF)

The DBF did not ensure all entities paid more than \$25,000 were not suspended or debarred, or otherwise excluded from receiving federal funds. In addition, for contracts the Office of Administration (OA) negotiated on behalf of the DSS, the DBF did not always notify the OA when contracts were funded with federal funds and of the need to ensure that the vendor/subrecipient was not suspended or debarred.

Recommendation:

The DBF implement procedures to ensure all vendors/subrecipients paid more than \$25,000 are not suspended or debarred from participation in federal government programs.

Status of Finding:

The Division of Finance and Administrative Services (formerly DBF) has implemented procedures to ensure all contractors receiving over \$25,000 are not suspended or debarred. DSS has changed its procedures to notify OA to include suspension and debarment language in all contracts exceeding \$25,000, regardless of the fund source.

Contact Person: Theresa McDonald
Phone Number: (573) 751-7533

2007-14A. Early Childhood Development, Education, and Care Fund

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

State Agency: Department of Social Services (DSS) – Children's Division

The DSS's failure to adhere to established controls, poorly written contracts with child care facilities, and a lack of adequate communication between the Department of Elementary and Secondary Education (DESE) and DSS resulted in overpayments to child care facilities totaling at least \$969,305.

Recommendation:

The DSS determine the extent and seek reimbursement of overpayments made to noncompliant early childhood contractors.

Status of Finding:

Fiscal errors were identified in only the Start Up/Expansion program of Early Childhood Development, Education, and Care Fund (ECDECF) funding. While this makes up 100% of DESE funding, it amounts to slightly over one quarter of DSS funding. It should be noted there were no fiscal errors noted in the other three DSS ECDECF funded programs which amount to almost three quarters of DSS ECDECF funding. These programs are:

- Early Head Start
- Accreditation
- Stay at Home Parent

Five Start Up/Expansion Child Care programs were identified as noncompliant with the recommendation that DSS seek reimbursement. DSS disagrees with the finding on two of the providers. Two of the providers were in their final contract year and via a corrective action plan have now added the necessary number of children. They are now compliant. Two of the providers added the additional slots, but did not maintain them. The contract language for fiscal year 2009 was strengthened to include language requiring programs to maintain slots added. Because the contract language previously did not specify that these slots must be maintained, no reimbursement is required. One provider did not add the number of proposed slots. A recoupment formula and consistent penalties for failure to meet contract requirements have been incorporated into policy. This formula was applied to this last provider and a request for repayment was made.

Contact Person: Becky Houf
Phone Number: (573) 522-1267

2007-14B. Early Childhood Development, Education, and Care Fund

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006-G0601MOCCDF and 2007-G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

State Agency: Department of Social Services (DSS) – Children's Division

The DSS did not communicate with the Department of Elementary and Secondary Education (DESE) regarding contractual requirements with child care facilities. In addition, the two agencies did not develop a method to share information regarding noncompliant contractors.

Recommendation:

The DSS increase awareness of DESE's contractual requirements with child care facilities when determining contractor compliance regarding increased capacity. In addition, we recommend these agencies share information regarding noncompliant facilities.

Status of Finding:

DSS, DESE, and the Department of Health and Senior Services met and agreed on a formal communication plan. Written policy has been developed. Language regarding these communication plans was included in the 2009 DESE Interagency Agreement.

Contact Person: Becky Houf
Phone Number: (573) 522-1267

2007-14C. Early Childhood Development, Education, and Care Fund

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

State Agency: Department of Social Services (DSS) – Children's Division

The DSS did not adequately monitor the Early Childhood Development, Education, and Care Fund contractors to ensure monies were spent in accordance with contractual requirements. In addition, DSS on-site monitoring visits did not include adequate procedures to determine whether child care facilities complied with contractual requirements regarding increased capacity.

Recommendation:

The DSS determine the optimal frequency to perform and develop a written policy for on-site monitoring. This policy should specify how often visits are to occur, procedures to be performed including specific procedures to verify increased capacity, and require written documentation of monitoring visits to be maintained.

Status of Finding:

Written policies and procedures are now in place for quality on-site monitoring, including time frames for monitoring with frequency based on the amount of funding received. In 2005, DSS contracted with the University of Missouri – Columbia (UMC) to provide technical assistance to all Start Up/Expansion (SUE) contractors. Staff from UMC visits each contractor monthly giving DSS the ability to now identify problems early and correct them before they manifest in noncompliance.

Funding was provided in the 2006-2007 legislative session to create a DSS Contract and Compliance Review Team (CCRT). This unit is now visiting SUE contactors to verify

compliance. All providers identified with problems either by the CCRT or the Early Childhood and Prevention Services (ECPS) staff have been placed in corrective action plans and are being closely monitored. In addition to ECPS staff that will now be doing regular monitoring visits to all contractors, the CCRT has added questions specific to SUE contractors to their monitoring tool which they use to monitor DSS subsidy providers. The CCRT completed visits for all 2006 (first year) SUE contractors in May 2008. Visits to 30 SUE contractors were completed of which 22 (74%) were fully compliant. The remaining contractors have submitted corrective action plans and are working towards full compliance. The CCRT is currently visiting 2007 and 2008 contractors.

DSS Contract Management Unit now has two auditors that will be monitoring early childhood contracts on an ongoing basis. The ECPS Section is working with these new auditors to develop an audit schedule and continue to strengthen our processes and coordination.

Contact Person: Becky Houf
Phone Number: (573) 522-1267

Early Childhood Development, Education, and Care Fund

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

State Agency: Department of Social Services (DSS) – Children's Division

The DSS's contracts with some facilities contained conflicting and inconsistent information regarding the additional licensed slots to be created.

Recommendation:

The DSS amend future contract language to include specific language requiring increased capacity to be maintained during contract renewal periods and new contracts.

Status of Finding:

Fiscal year 2009 contracts include language requiring contracted providers to maintain the additional child care slots created during the three-year contract period and a fourth year.

Contact Person: Becky Houf
Phone Number: (573) 522-1267

2007-14E. Early Childhood Development, Education, and Care Fund

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

State Agency: Department of Social Services (DSS) – Children's Division

The DSS did not ensure the child care facilities created or expanded early childhood programs by the contractually required slots by comparing licensed capacity prior and subsequent to receiving grant monies.

Recommendation:

The DSS ensure licensure information is properly verified when determining contractor compliance with increased child care capacity.

Status of Finding:

DSS' written monitoring policy now assures that a copy of the license showing the increased capacity will be maintained in the file, and the licensed capacity on the license will be compared to the number indicated on the proposal and at any subsequent reviews.

Contact Person: Becky Houf
Phone Number: (573) 522-1267

2007-14F. Early Childhood Development, Education, and Care Fund

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

State Agency: Department of Social Services (DSS) – Children's Division

The DSS did not have an adequate system in place to ensure the information submitted on the grant applications was accurate and complete.

Recommendation:

The DSS ensure grant applications contain accurate information and contracts do not include conflicting information.

Status of Finding:

Early Childhood and Contract Management staff have established procedures to ensure grant applications and contracts contain accurate and consistent information. language specifically noted by the auditor as causing confusion was corrected in the 2009 application.

Contact Person: Becky Houf **Phone Number:** (573) 522-1267

2007-14G. Early Childhood Development, Education, and Care Fund

Department of Health and Human Services Federal Agency: Federal Program:

93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

Department of Social Services (DSS) – Children's Division **State Agency**:

The DSS did not adequately document contract extensions.

Recommendation:

The DSS ensure adequate documentation of contract extensions and amendments is maintained.

Status of Finding:

Written policies and procedures are now in place to ensure that all documentation and contract amendments are on file.

Contact Person: Becky Houf **Phone Number:** (573) 522-1267

2007-14H. Early Childhood Development, Education, and Care Fund

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

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

Department of Social Services (DSS) – Children's Division **State Agency**:

The DSS did not have an adequate system in place to track program data and produce management reports that would allow DSS to assess the effectiveness of the Early

Childhood Development, Education, and Care (ECDEC) Fund programs and ensure program goals were met.

Recommendation:

The DSS develop a system to track program data and produce management reports to allow DSS to assess the effectiveness of ECDEC programs. The system should contain accurate, up-to-date, and complete statistical data for each of the early childhood programs administered by DSS with the option to conduct analyses.

Status of Finding:

The current automated tracking system is cumbersome and not user friendly. As a result, Early Childhood staff were not entering data into the system and instead tracking manually outside of the system. A two-fold plan is now in place to correct the situation. As an interim step, all data for fiscal year 2007 and beyond has been entered into the system. As a permanent solution, the Early Childhood staff are working with Information Technology Services Division staff to either improve the current system or identify and import a better system. One option being considered is the utilization of the Community Enterprise NPASS system, the web-based system currently used by the Caring Communities Partnerships for many of the early childhood programs. It is possible this system can be modified to be used for all programs.

Contact Person: Becky Houf
Phone Number: (573) 522-1267

2007-14I. Early Childhood Development, Education, and Care Fund

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and

Development Fund

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

State Agency: Department of Social Services (DSS) – Children's Division

The DSS did not maintain a listing of and were unable to readily provide data for contractors that did not fulfill contractual requirements, or track money refunded from noncompliant contractors.

Recommendation:

The DSS maintain a listing of noncompliant contractors that includes the reason for noncompliance and any amounts owed to DSS.

Status of Finding:

DSS has implemented a central tracking system for noncompliant contractors that will be accessible by all Early Childhood and Prevention Services staff. The tracking system

includes details about the status of corrective actions plans as well as information on overpayments.

Contact Person: Becky Houf

Phone Number: (573) 522-1267

2007-15A. <u>Child Support Delinquencies</u>

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement

2006 - G0604MO4004 and 2007 - G0704MO4004

State Agency: Department of Social Services (DSS) – Family Support Division (FSD)

The DSS had not established adequate procedures to verify and ensure the accuracy of unpaid child support balances (arrears).

Recommendation:

The DSS establish procedures to ensure the accuracy of arrears balances and compliance with federal regulations and the spirit of division policy.

Status of Finding:

The division agreed with this recommendation. The division has sought and will continue to seek improvement in the accuracy of arrearage balances in the automated system. In January 2007, the FSD implemented an Enforcement Structure and Workflow, in which trained Financial Specialists are conducting financial reviews to ensure accurate balances. As of September 9, 2008, the total number of reviews completed was 135,118. These reviews are initiated during the course of normal business, at the request of an enforcement specialist or through customer inquiries about arrearage balances. The division is committed to ensuring financial reviews are completed on all cases to help ensure accuracy. The division will continue with ongoing reviews.

Factors beyond the control of the division can cause adjustments to arrearage balances. Entry of new or modified court orders, payments not made through the Family Support Payment Center, changes in custody of a child, changes in a child's educational status, arrearage settlements and satisfactions of judgments are just a few examples of factors beyond the control of the division that can cause adjustments to arrearage balances. The division relies on parents and the courts to report these circumstances to help ensure accurate arrearage balances. The division is committed to working with Missouri's courts to improve communications and data sharing in accordance with sections 452.347 and 454.412, RSMo. These sections require the courts to provide the division with a copy of any order establishing or modifying child support within 14 days of issuance and to provide the support order data elements for the automated child support system.

Contact Person: Terri Hinzpeter **Phone Number:** (573) 522-3730

2007-15B. <u>Child Support Delinquencies</u>

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement

2006 - G0604MO4004 and 2007 - G0704MO4004

State Agency: Department of Social Services (DSS) – Family Support Division (FSD)

The DSS did not have established procedures to terminate judicial orders and remove the obligation amount from the Missouri Automated Child Support System when support was no longer due, which allowed unpaid child support payments (arrears) to continue accruing. In addition, we found conflicting opinions on whether judicial orders could be terminated by the division or required circuit court action. Also, the FSD chose to disregard a portion of state law which stated that in all cases where the child is 22 years old, unless a court orders support to continue, a current obligations shall not be maintained on the division's automated system.

Recommendation:

- 1. The DSS amend policy to require division personnel to terminate judicial orders of support when dependents reach age 22, or the statutory age of emancipation, unless the court orders support beyond age 22.
- 2. The DSS identify courts where judges require court action to end a support obligation. Terminate judicial orders of support originating in all other Missouri courts once dependents have reached age 22, or the statutory age of emancipation, and end further accruals of unpaid support.

Status of Finding:

1. The division disagreed with this recommendation. The General Assembly has not granted the division administrative authority under chapter 454 of the statutes to "terminate" judicial orders. Only a court can terminate its order.

Absent specific authority in section 454.557, RSMo, FSD is not authorized to end judicial child support obligations for children between the ages of 18 and 21* who meet termination of support criteria provided in section 452.340, RSMo. Subdivision 454.557.1(2), RSMo, provides that a current support obligation shall not be recorded in the automated system, "In a IV-D case with a support order entered by a court when the court that issued the support order terminates such order and notifies the division." (emphasis added) Further, inconsistencies between section 452.340 and section 454.557, RSMo, prevent the division from ending support obligations when the child reaches the maximum statutory age of emancipation. (*Senate Bill 25, signed into law on July 13, 2007, changed the

maximum statutory age of emancipation from 22 to 21, effective August 28, 2007.)

In 1998, after statewide implementation of the automated child support system, the division worked with the Office of State Courts Administrator and circuit clerks to develop agreed upon procedures for circuit clerks and division staff regarding the division of responsibilities for adding and updating data in the automated system. Those procedures, based on the agreed upon interpretation of state law, remain in effect today and clearly state that circuit clerks update the automated system to end judicial obligations for Missouri orders.

2. The division disagreed with this recommendation. The division believes this recommendation is inconsistent with state law for reasons stated above under 1. Further, the 114 counties and the city of St. Louis have multiple judges within jurisdictions who decide support matters.

Contact Person: Terri Hinzpeter
Phone Number: (573) 522-3730

2007-16. Temporary Assistance for Needy Families Compliance

Federal Agency: Department of Health and Human Services

Federal Program: 93.558 Temporary Assistance for Needy Families

2006 - G0601MOTANF and 2007 - G0701MOTANF

State Agency: Department of Social Services (DSS) – Family Support Division (FSD)

Questioned Costs: \$2,834

Eligibility documentation was not located for some Temporary Assistance for Needy Families (TANF) cases reviewed. As a result of our review, we questioned \$2,834, the federal share of payments that were not supported. In addition, portions of the TANF procedures manual were outdated and current procedures were not consistent with manual guidelines.

Recommendation:

The FSD improve internal controls to ensure complete case files are maintained to adequately support applications, eligibility determinations, case decisions, and expenditures, and ensure the program procedures manual is updated. In addition, the FSD should resolve questioned costs with the grantor agency.

Status of Finding:

DSS disagrees with the recommendation to improve internal controls as stated. Even though FSD procedures direct staff to place signed applications and some information in the "hard case record", the lack of this information in the hard case record does not affect the eligibility determination. As of May 2005, all TANF cases in Missouri were converted into the Family Assistance Management Information System (FAMIS), the

electronic case record that maintains and supports all eligibility decisions; FAMIS is considered the official case record. All cases reviewed by the auditor had an adequate electronic record available in the FAMIS system to support the eligibility determination and benefits paid. An explanation of the eligibility determination process and controls in place to ensure accurate determinations ensues:

The eligibility process begins with an application made in FAMIS through an interactive interview process between an Eligibility Specialist and the applicant. The information received from the client through the interview and subsequently entered into the system by the Eligibility Specialist is used as the starting point to determine eligibility. The FAMIS system also documents eligibility actions taken by the Eligibility Specialist and how the information was verified by the Eligibility Specialist. A supervisor reviews the eligibility determination in the FAMIS system. This review by the supervisor is then noted in a separate case review system. Field staff review the case on-line and update information in the FAMIS system. The FAMIS system also has built in checks to assist with determining eligibility. Additionally, the system is tested on an on-going basis to ensure that it is functioning properly.

As to updates to the procedures manual, the FSD endeavors to maintain an accurate, upto-date procedures manual pertaining to the FAMIS system and eligibility determination. There is (other) outdated information in the procedures manual that has no affect on eligibility determination. The FSD will remove this outdated information, as staffing resources allow. An example of outdated information is references to the previous legacy system. This information is not used to calculate eligibility and does not affect staff's understanding or performance.

Status of Questioned Costs:

The FSD has not yet received a position of liability from the granting agency.

Contact Person: Sharon Denney
Phone Number: (573) 751-3216

2007-17. Annual Review Documentation

Federal Agency: Department of Education

Federal Program: 84.126 Rehabilitation Services - Vocational Rehabilitation Grants to

States

2006 - H126A060037c and 2007 - H126A0700372

State Agency: Department of Social Services – Family Support Division (FSD) –

Rehabilitation Services for the Blind (RSB)

The FSD did not adequately document annual reviews of Individualized Plans for Employment (IPE). Without adequate documentation, it was unclear whether the reviews were performed as required.

Recommendation:

The FSD improve procedures for documenting annual reviews of IPE forms for RSB recipients.

Status of Finding:

The RSB has emphasized the need to more completely document annual reviews of IPE forms to its counselors and supervisors during both training opportunities and case review activities. Additionally, a contract has been awarded and implementation is underway for an electronic case management system which, upon its completion, will end the need for manual tracking of case reviews. Completion of this system is expected to take place by June 30, 2009.

Contact Person: Mark Laird
Phone Number: (417) 895-6385

2007-18A. Subrecipient Monitoring

Federal Agency: Department of Transportation

Federal Program: 20.607 Alcohol Open Container Requirements

2007 and 2006 – No contract numbers

State Agency: Department of Transportation, Highway Safety Division (HSD)

The HSD did not always adequately document subrecipient monitoring visits for the Alcohol Open Container Requirements program. The HSD did not perform on-site visits for some subrecipients and activities performed in place of on-site visits were not documented.

Recommendation:

The Department of Transportation, HSD ensure subrecipient monitoring is conducted in accordance with its established procedures and is adequately documented. If the monitoring procedures performed are different than those that have been formally established, the circumstances and alternative procedures should be documented.

Status of Finding:

On October 1, 2008 the HSD implemented a revised monitoring plan. The procedure requires that each project be monitored each year either by phone, desktop, or on-site and that a HSD monitoring report be completed. A project that has been funded at \$200,000 or more will require an on-site monitoring; otherwise, a desktop or phone monitoring is allowable. HSD has conducted staff training to ensure each program manager is aware of the requirements. The new monitoring procedures went into effect on October 1, 2008, with the start of the new federal fiscal year.

Contact Person: Scott Turner
Phone Number: (573) 751-4161

2007-18B. Subrecipient Monitoring

Federal Agency: Department of Transportation

Federal Program: 20.607 Alcohol Open Container Requirements

2007 and 2006 – No contract numbers

State Agency: Department of Transportation, Highway Safety Division (HSD)

The HSD had not established adequate monitoring procedures to ensure equipment purchased by or provided to subrecipients was being used for the purpose intended, or had been procured or disposed of, if applicable, in accordance with federal and state guidelines.

Recommendation:

The Department of Transportation, HSD ensure its monitoring procedures include a means of ensuring its subrecipients are following all requirements related to the usage, procurement, and disposal of equipment purchased with program funds.

Status of Finding:

On October 1, 2008, the Highway Safety Division implemented a procedure ensuring that sub-recipients follow all requirements related to procurement, usage, and disposal of equipment purchased with federal grant funds. Each piece of equipment that subrecipients purchase has been approved for purchase through the National Highway Traffic Safety Administration. Additionally, HSD has a written procedure that reads, "The program manager will continue to inventory the piece of equipment until it is no longer valued at \$5,000 and the final disposition is determined. Equipment must be inventoried each year by either phone or on-site. An on-site, physical inventory of all equipment may be conducted each year but must be conducted every other year until the final disposition. During an equipment inventory, the program manager will collect at a minimum the following: the name of the agency in possession, make, serial number, and current condition." When the piece of equipment no longer meets the monetary threshold, the equipment is awarded to the agency. The agency may do what they want with the equipment at that time. The Highway Safety program staff has been trained on these procedures. The new inventory procedures went into effect on October 1, 2008, with the start of the new federal fiscal year.

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2007-18C. Subrecipient Monitoring

Federal Agency: Department of Transportation

Federal Program: 20.607 Alcohol Open Container Requirements

2007 and 2006 – No contract numbers

State Agency: Department of Transportation, Highway Safety Division (HSD)

The HSD did not provide program subrecipients all necessary grant award information, such as the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and amount, and the name of the federal agency.

Recommendation:

The Department of Transportation, HSD provide its subrecipients all necessary grant award information, including the CFDA title and number, award name and amount, and name of the federal agency.

Status of Finding:

The HSD has included on each contract the CFDA title and number, award name and amount, and name of federal agency. This can be found within each contract that was issued starting on October 1, 2008. This information has been also verbally told to all sub-recipients that showed up at the five grant award workshops in August 2008.

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