



STATE OF MISSOURI
SINGLE AUDIT
YEAR ENDED JUNE 30, 1999

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2000-40
May 26, 2000
www.auditor.state.mo.us

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

May 2000

The State Auditor's Office has completed an audit of the federal grant programs administered by the State of Missouri. The state is required by the federal Single Audit Act and the U.S. Office of Management and Budget, Circular A-133 to have this audit conducted each year for the benefit of the federal agencies that provide federal grant funds to the state agencies. Federal grant funds expended by state agencies totaled \$5.02 billion during the year ended June 30, 1999. The Single Audit noted problems in several different areas related to federal grant funding. In total, the audit questioned the use of \$1,739,510 because the state did not comply with federal requirements. The federal government's share of the questioned costs was \$1,218,147. The following findings are especially noteworthy.

- The Department of Social Services is responsible for determining if payments to service providers are in accordance with state regulations and the state's Medicaid plan. During fiscal year 1999, total expenditures (state and federal share) for inpatient and outpatient hospital services were approximately \$1 billion. The department has not completed reviews of hospital cost reports in a timely manner, which limits the state's ability to make timely rate policy decisions under the federal Medicaid program. Although there are about 150 hospitals in the state that receive Medicaid funding, the Department of Social Services had only performed 18 final cost report settlements during the year ended June 30, 1999.
- The audit noted various problems in the eligibility of recipients of Food Stamps, Temporary Assistance for Needy Families (TANF), and Medicaid as follows:

To help support and encourage clients to obtain employment, the Department of Social Services, Division of Family Services (DFS) has available a day care vendor program that pays part or all of the cost of child care. Under this program, persons wishing to provide day care to Division of Family Services clients are able to register with the Division of Family Services and become eligible to receive direct, state payment for part or all day care provided to children of clients. One of our audit concerns was whether Division of Family Services adequately considered the income it paid to day care vendors who were themselves clients receiving Food Stamp and/or Temporary Assistance for Needy Families benefits when reviewing the vendors eligibility for these benefits. We matched benefit and day care vendor payments and found some recipients had not properly reported their income from providing child day care services and may have received Food Stamp and Temporary Assistance for Needy Families benefits that they were not eligible to receive.

(over)

YELLOW SHEET

Some recipients of state retirement system payments did not properly report their income and received Food Stamp and Temporary Assistance for Needy Families benefits that they may not have been eligible to receive.

Although federal regulations do not allow individuals to receive benefits in more than one state at the same time, the audit noted some recipients who were receiving benefits in Missouri and Kansas at the same time.

Some inmates were incorrectly receiving benefits, which is not allowed by federal regulation and state law.

Some recipients had not correctly reported the value of their automobiles and, as a result, had received benefits they were not entitled to.

Medicaid benefits were paid on behalf of some recipients after they had died.

The Department of Social Services is suppose to have a case file for each recipient of benefits. However, the department's local offices could not locate 23 case files we requested during our audit. Most of these missing files related to the St. Louis City and St. Louis County offices.

Some children received benefits after they became too old under federal regulations to qualify for benefits.

- The Department of Social Services (DSS), through the Division of Aging (DA), provides eligible clients with in-home personal care services. The department's in-home vendor contracts, as well as state law, prohibits vendors from employing persons listed on the Division of Aging Employee Disqualification Listing (EDL). We matched persons on the division's Employee Disqualification Listing to 1998 employment records of in-home health care providers and noted nine instances in which a person on the disqualification listing was providing these services to the elderly under contract with the Department of Social Services.

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SINGLE AUDIT

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INTRODUCTORY SECTION



CLAIRE C. McCASKILL
Missouri State Auditor

LETTER OF TRANSMITTAL

Honorable Mel Carnahan, Governor
and
Members of the General Assembly

I am pleased to submit the report on the Single Audit of the state of Missouri, covering the fiscal year ended June 30, 1999.

The United States Congress passed the Single Audit Act of 1996 to establish new requirements for audits of states, local governments and non-profit organizations with respect to federal award programs. The Office of Management and Budget (OMB) revised Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* to prescribe policies, procedures, and guidelines to implement the new Single Audit Act.

The Single Audit conducted by my office meets the requirements of the Single Audit Act of 1996 and covers expenditures of federal awards totaling \$5.02 billion by the state during the year.

The following charts and graphs provide summary information related to the expenditure of federal awards for the state of Missouri.

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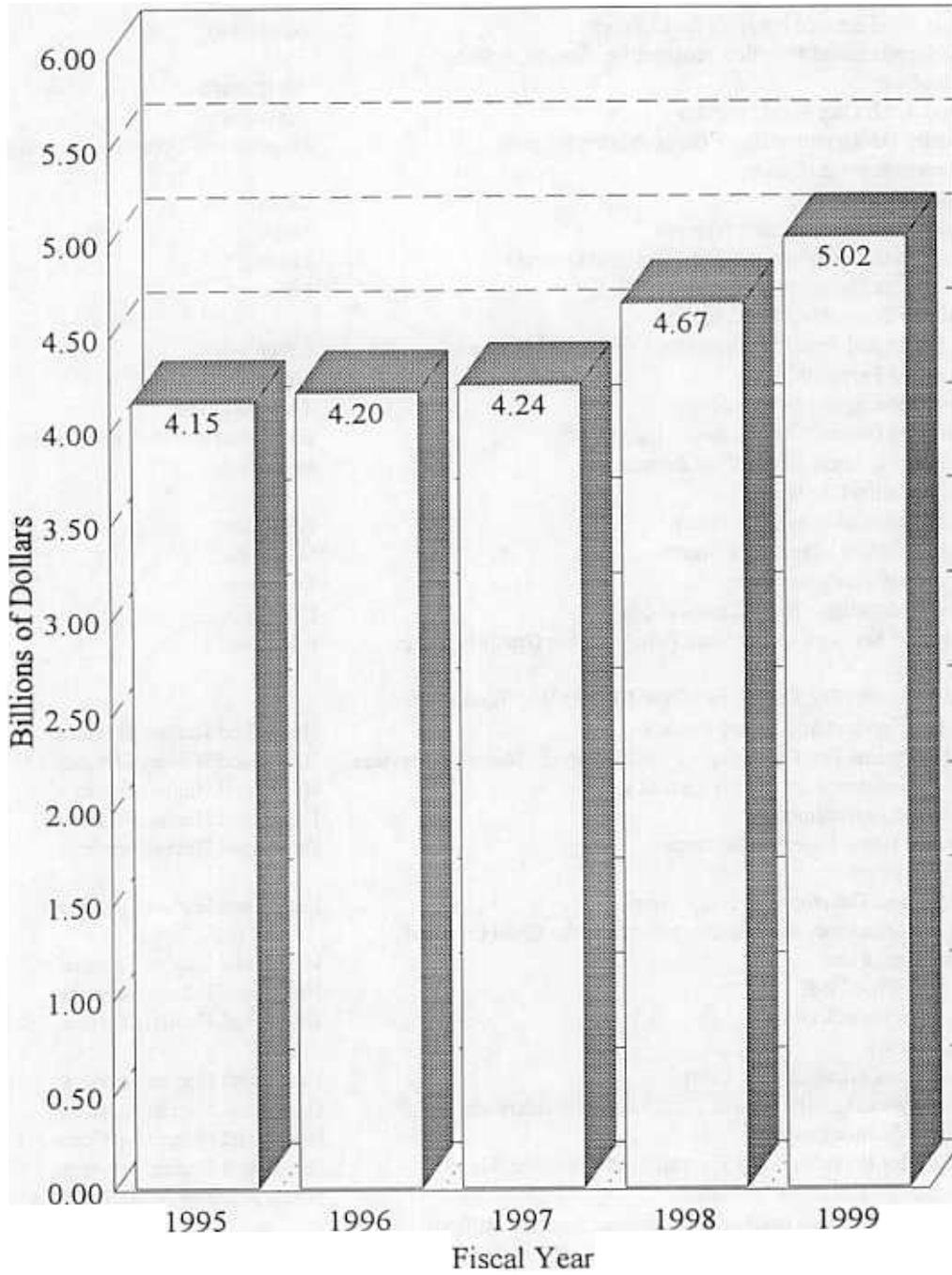
Claire McCaskill
State Auditor

STATE OF MISSOURI
SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Program Name	Federal Grantor Agency	Federal Awards Expended
10.550	Food Distribution	Agriculture	\$ 15,556,696
	Food Stamp Cluster:		
10.551	Food Stamps	Agriculture	346,495,125
10.561	State Administrative Matching Grants for Food Stamp Program	Agriculture	38,327,832
	Child Nutrition Cluster:		
10.553	School Breakfast Program	Agriculture	24,519,300
10.555	National School Lunch Program	Agriculture	91,144,419
10.556	Special Milk Program for Children	Agriculture	362,852
10.559	Summer Food Service Program for Children	Agriculture	4,029,369
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture	66,709,283
10.558	Child and Adult Care Food Program	Agriculture	29,719,464
14.228	Community Development Block Grants/State's Program	Housing and Urban Development	30,809,249
	Employment Service Cluster:		
17.207	Employment Service	Labor	16,347,100
17.801	Disabled Veterans' Outreach Program	Labor	1,444,887
17.804	Local Veterans' Employment Representative Program	Labor	1,668,754
17.225	Unemployment Insurance	Labor	339,899,801
	Job Training Partnership Act Cluster:		
17.246	Employment and Training Assistance - Dislocated Workers	Labor	12,197,238
17.250	Job Training Partnership Act	Labor	28,380,204
20.205	Highway Planning and Construction	Transportation	451,001,557
66.458	Capitalization Grants for State Revolving Funds	Environmental Protection Agency	39,677,616
84.010	Title I Grants to Local Educational Agencies	Education	127,643,105
	Special Education Cluster:		
84.027	Special Education - Grants to States	Education	72,650,270
84.173	Special Education - Preschool Grants	Education	5,776,796
84.032	Federal Family Education Loans	Education	61,924,862
84.048	Vocational Education - Basic Grants to States	Education	21,223,185
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Education	52,804,427
	Aging Cluster:		
93.044	Special Programs For The Aging - Title III, Part B - Grants For Supportive Services and Senior Centers	Health and Human Services	6,324,084
93.045	Special Programs For The Aging - Title III, Part C - Nutrition Services	Health and Human Services	10,203,100
93.558	Temporary Assistance for Needy Families	Health and Human Services	210,039,964
93.563	Child Support Enforcement	Health and Human Services	48,803,288
93.568	Low-Income Home Energy Assistance	Health and Human Services	27,235,693
	Child Care Cluster:		
93.575	Child Care and Development Block Grant	Health and Human Services	10,328,924
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services	43,454,906
93.658	Foster Care - Title IV-E	Health and Human Services	71,072,899
93.667	Social Services Block Grant	Health and Human Services	37,753,251
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	Health and Human Services	611,854
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Human Services	9,296,543
93.778	Medical Assistance Program	Health and Human Services	2,229,819,353
93.959	Block Grant for Prevention and Treatment of Substance Abuse	Health and Human Services	17,935,160
96.001	Social Security - Disability Insurance	Social Security Administration	33,944,443
	Total Type A Programs (expenditures greater than \$14 million)		4,637,136,853
	Total Type B Programs (expenditures less than \$14 million)		383,430,484
	Total Expenditures of Federal Awards		\$ <u>5,020,567,337</u>

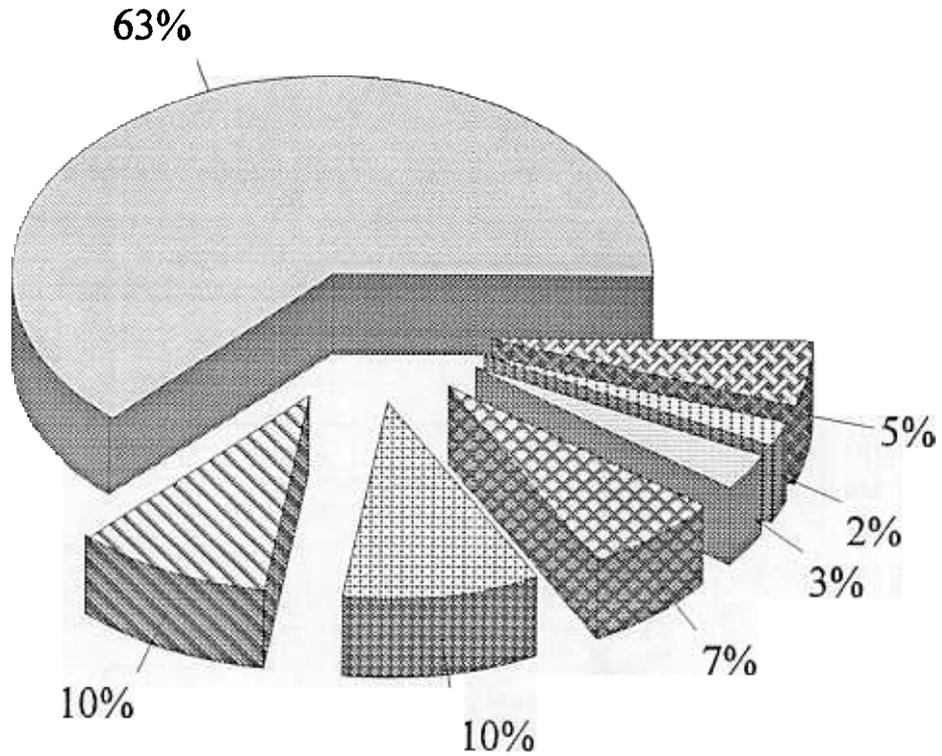
STATE OF MISSOURI

TOTAL EXPENDITURES OF FEDERAL AWARDS
FIVE YEAR COMPARISON



STATE OF MISSOURI

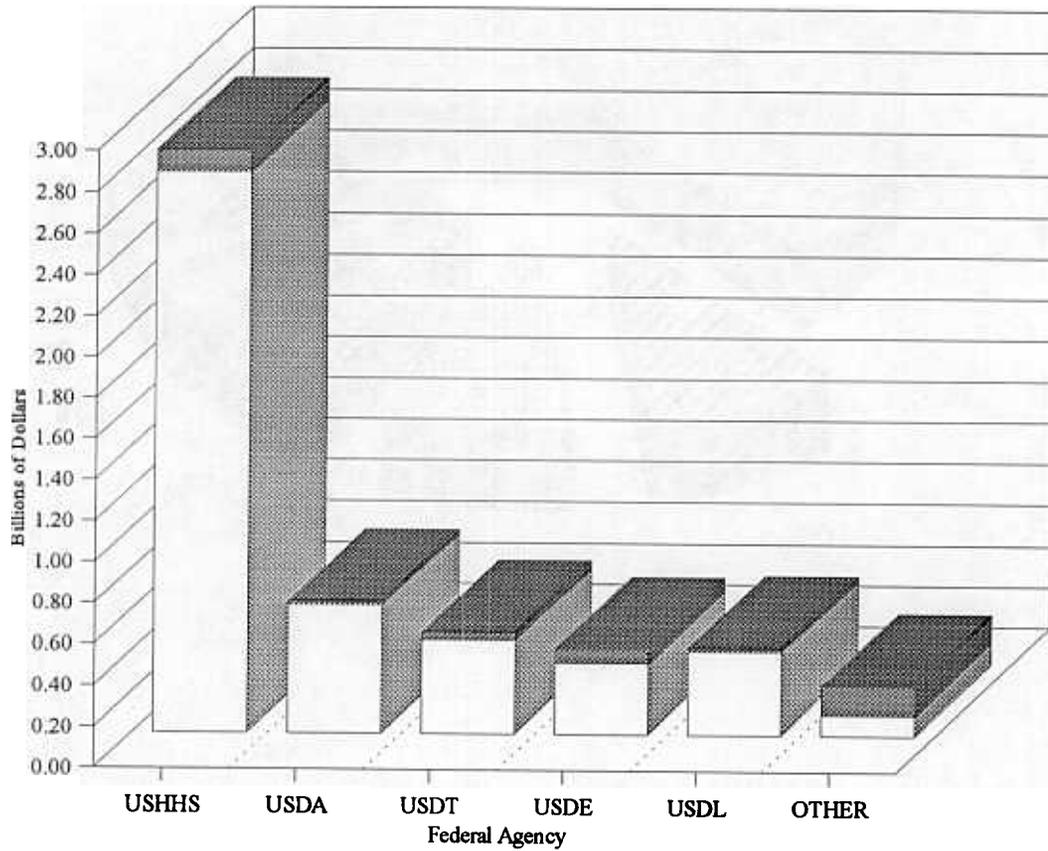
EXPENDITURES OF FEDERAL AWARDS BY STATE DEPARTMENT
YEAR ENDED JUNE 30, 1999



-  Social Services
-  Transportation
-  Elementary and Secondary Education
-  Labor and Industrial Relations
-  Health
-  Economic Development
-  All Other

STATE OF MISSOURI

EXPENDITURES OF FEDERAL AWARDS BY FEDERAL DEPARTMENT
YEAR ENDED JUNE 30, 1999



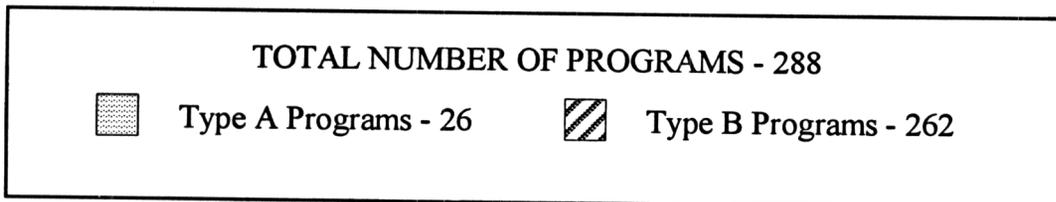
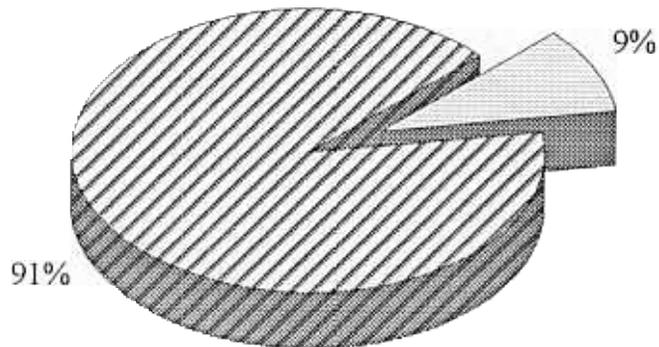
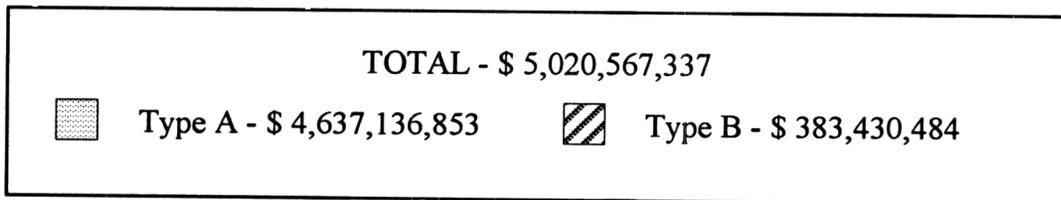
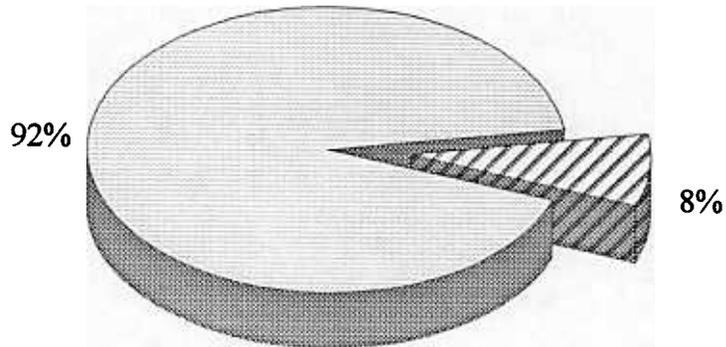
TOTAL - \$ 5,020,567,337

Type B - \$ 383,430,484
 Type A - \$ 4,637,136,853

USHHS	United States Department of Health and Human Services
USDA	United States Department of Agriculture
USDT	United States Department of Transportation
USDE	United States Department of Education
USDL	United States Department of Labor
OTHER	Other United States Departments

STATE OF MISSOURI

TYPE A vs TYPE B EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1999



STATE AUDITOR'S REPORTS



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING

Honorable Mel Carnahan, Governor
and
Members of the General Assembly

We have audited the general purpose financial statements of the state of Missouri as of and for the year ended June 30, 1999, and have issued our report thereon dated December 23, 1999. We did not audit the financial statements of the Missouri Department of Transportation, which statements constitute 2 percent and 7 percent, respectively, of the assets and revenues of the special revenue funds; 59 percent and 98 percent, respectively, of the assets and revenues of the capital projects funds; 18 percent of the general fixed asset account group; and 7 percent of the long-term debt account group. We did not audit the financial statements of the Missouri State Lottery, which statements constitute 48 percent and 94 percent, respectively, of the assets and revenues of the enterprise funds. We did not audit the financial statements of the Missouri Consolidated Health Care Plan, Missouri State Employees' Insurance Plan, and the Missouri Department of Transportation Self Insurance Plan, which statements constitute 44 percent and 55 percent, respectively, of the assets and operating revenues of the internal service funds. We did not audit the financial statements of the Missouri State Employees' Deferred Compensation Plan, which statements constitute 50 percent and 28 percent, respectively, of the assets and revenues of the expendable trust funds. We did not audit the financial statements of the pension trust funds, which statements constitute 80 percent of the assets of the agency and trust funds. We did not audit the financial statements of the colleges and universities and the component units, which statements constitute 28 percent of the assets for all fund types and account groups. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to these amounts, is based on the reports of the other auditors. Our report expressed a qualified opinion on the general purpose 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

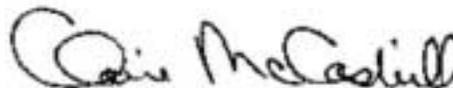
As part of obtaining reasonable assurance about whether the state of Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the state of Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal controls over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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 general purpose financial statements. Our reports of these conditions do not modify our report dated December 23, 1999, on the general purpose financial statements.

This report is intended for the information of the management of the state of Missouri and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill
State Auditor

December 23, 1999 (fieldwork completion date)



CLAIRE C. McCASKILL
Missouri State Auditor

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM, INTERNAL CONTROL
OVER COMPLIANCE, AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Mel Carnahan, 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, 1999. 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.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 Non-Profit 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 on the state's compliance with those requirements.

In our opinion, 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, 1999. However, the results of our audit procedures disclosed instances of noncompliance with those requirements that 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 items 99-2 to 99-15.

Internal Control Over Compliance

The management of the state of Missouri is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to the federal programs. In planning and performing our audit, we considered the state's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the state's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-2 and 99-4 to 99-15.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 99-12 to be a material weaknesses.

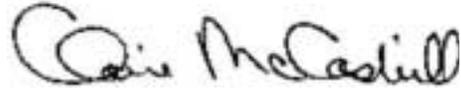
Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the state of Missouri as of and for the year ended June 30, 1999, and have issued our report thereon dated December 23, 1999. That report expressed a qualified opinion on the general purpose 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. 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 general purpose financial statements. The state of Missouri has excluded federal award expenditures of public universities 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 in the audit of the general purpose

financial statements and, in our opinion, except for the exclusion of federal award expenditures of public universities, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended solely for the information of the state's management, federal awarding agencies and pass-through entities, and other applicable government officials. However this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill
State Auditor

January 21, 2000 (fieldwork completion date)

SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
U. S. Office of National Drug Control Policy			
07.PMWP549	HIDTA-HP Enforcement	\$ 243,554	219,428
07.PMWP550	HIDTA-Lab Enhancement	187,014	14,773
07.PMWP551	HIDTA-Task Forces	595,207	582,720
07.PMWP552	HIDTA-SAUSA	261,372	261,372
07.PMWP579	HIDTA-Demand Reduction	38,796	38,796
Total U. S. Office of National Drug Control Policy		<u>1,325,943</u>	<u>1,117,089</u>
U. S. Department of Agriculture			
10.0196-CCS-018	Natural Heritage Database Digitalization	4,292	0
10.0197-CCS-033	Challenge Cost Share - Bat Survey	3,178	0
10.025	Plant and Animal Disease, Pest Control, and Animal Care	55,772	0
10.064	Forestry Incentives Program	2,500	0
10.069	Conservation Reserve Program	18,853	0
10.250	Agricultural and Rural Economic Research	54,200	0
10.550	Food Distribution	15,556,696	14,780,223
10.551	Food Stamps	346,495,125	0
10.553	School Breakfast Program	24,519,300	24,021,146
10.555	National School Lunch Program	91,144,419	90,449,367
10.556	Special Milk Program for Children	362,852	362,852
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (Note 2)	66,709,283	12,012,797
10.558	Child and Adult Care Food Program	29,719,464	29,295,353
10.559	Summer Food Service Program for Children	4,029,369	3,976,765
10.560	State Administrative Expenses for Child Nutrition	1,860,740	0
10.561	State Administrative Matching Grants for Food Stamp Program	38,327,832	82,753
10.564	Nutrition Education and Training Program	30,015	0
10.568	Emergency Food Assistance Program (Administrative Costs)	925,455	857,756
10.569	Emergency Food Assistance Program (Food Commodities)	5,992,426	5,992,426
10.570	Nutrition Program for the Elderly	5,596,278	5,596,278
10.572	WIC Farmers' Market Nutrition Program	130,191	118,335
10.574	Team Nutrition Grants	43,848	0
10.664	Cooperative Forestry Assistance	867,708	0
10.665	Schools and Roads - Grants to States	2,159,292	2,159,292
10.7464247001	Soil & Water - National Resources Conservation Services Agreement	76,748	76,748
10.901	Resource Conservation and Development	4,847	4,836
10.902	Soil and Water Conservation	274,177	0
10.904	Watershed Protection and Flood Prevention	58,000	0
Total U. S. Department of Agriculture		<u>635,022,860</u>	<u>189,786,927</u>
U. S. Department of Defense			
12.106	Flood Control Projects	591,879	0
12.112	Payments to States in Lieu of Real Estate Taxes	743,509	743,509
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	594,172	0
12.401	National Guard Military Operations and Maintenance Projects	13,332,347	0
12.AAG	Drug Interdiction & Counter Drug Activities (Note 4)	195,098	195,098
12.DACW41-96-H-001	Fire Suppression on Truman Reservoir	10,903	0
12.GR9611-96-01	Fort Leonard Wood	3,000	3,000
Total U. S. Department of Defense		<u>15,470,908</u>	<u>941,607</u>
U. S. Department of Housing and Urban Development			
14.228	Community Development Block Grants/State's Program	30,809,249	29,972,653
14.231	Emergency Shelter Grants Program	1,160,668	1,160,668
14.238	Shelter Plus Care	3,462,400	3,462,080
14.241	Housing Opportunities for Persons with AIDS	334,588	334,588
14.401	Fair Housing Assistance Program - State and Local	172,649	0
14.900	Lead-Based Paint Hazard Control in Privately-Owned Housing	502,843	502,843
Total U. S. Department of Housing and Urban Development		<u>36,442,397</u>	<u>35,432,832</u>
U. S. Department of the Interior			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	388,267	0
15.252	Abandoned Mine Land Reclamation Program	2,138,192	0
15.605	Sport Fish Restoration	8,048,843	0
15.611	Wildlife Restoration	3,744,871	0
15.615	Cooperative Endangered Species Conservation Fund	53,942	0
15.617	Wildlife Conservation and Appreciation	13,994	0
15.808	U.S. Geological Survey - Research and Data Acquisition	470,885	0

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
15.904	Historic Preservation Fund Grants-In-Aid	767,215	162,451
15.916	Outdoor Recreation - Acquisition, Development and Planning	230,737	135,085
15.976	Migratory Bird Banding and Data Analysis	5,632	0
15.FFB	Webless Migratory Game Bird Research Program	42,187	0
15.FFC	North American Wetlands Conservation Act	31,636	0
15.MO9703000	Joint Geohydrologic Investigations	30,000	30,000
Total U. S. Department of the Interior		<u>15,966,401</u>	<u>327,536</u>
U. S. Department of Justice			
16.523	Juvenile Accountability Incentive Block	21,073	21,073
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	1,399,915	1,371,568
16.541	Juvenile Justice and Delinquency Prevention - Special Emphasis	207,345	173,501
16.546	Delinquency and Youth Violence	247,816	247,816
16.554	National Criminal History Improvement Program	630,719	233,102
16.555	National Sex Offender Registry Assistance	264,790	0
16.560	Justice Research, Development, and Evaluation Project Grants	224,079	16,829
16.572	State Criminal Alien Assistance Program	32,848	0
16.575	Crime Victim Assistance	3,581,732	3,574,362
16.576	Crime Victim Compensation	586,102	0
16.579	Byrne Formula Grant Program	8,124,006	8,047,671
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	235,692	0
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	1,793,652	0
16.588	Violence Against Women Formula Grants	2,033,316	2,033,316
16.592	Local Law Enforcement Block Grants Program	575,315	575,315
16.593	Residential Substance Abuse Treatment for State Prisoners	447,335	447,335
16.598	State Identification Systems Grant Program	288,245	0
16.610	Mid-States Organized Crime Information Center - Technology Grant	4,702,315	4,702,315
16.710	Public Safety Partnership and Community Policing Grants	1,890,197	0
16.99CK-WX-0014	COPS Technolgy Program	288,219	0
16.MO0261100	Equitable Sharing of Seized and Forfeited Property	21,933	0
16.MOMHP0006	Equitable Sharing of Seized and Forfeited Property	619,012	0
16.PRWK0043	Problem Solving Partnership	95,139	0
16.SCMOE121	Organized Crime Drug Enforcement Task Force	27,623	0
16	Marijuana Eradication Program	567,364	0
Total U. S. Department of Justice		<u>28,905,782</u>	<u>21,444,203</u>
U. S. Department of Labor			
17.002	Labor Force Statistics	1,066,748	0
17.005	Compensation and Working Conditions Data	147,298	0
17.203	Labor Certification for Alien Workers	110,589	0
17.207	Employment Service	16,347,100	329,269
17.225	Unemployment Insurance (Note 3)	339,899,801	0
17.235	Senior Community Service Employment Program	2,037,541	2,006,978
17.245	Trade Adjustment Assistance - Workers	4,522,149	389,221
17.246	Employment and Training Assistance - Dislocated Workers	12,197,238	12,684,686
17.249	Employment Services and Job Training - Pilot and Demonstration Programs	142,186	59,000
17.250	Job Training Partnership Act	28,380,204	28,368,783
17.253	Welfare-to-Work Grants to States and Localities	8,385,451	6,863,990
17.504	Consultation Agreements	731,463	0
17.600	Mine Health and Safety Grants	260,277	0
17.801	Disabled Veterans' Outreach Program	1,444,887	0
17.804	Local Veterans' Employment Representative Program	1,668,754	0
17.E9483928	State Occupational Information Coordinating Committee	337,415	0
Total U. S. Department of Labor		<u>417,679,101</u>	<u>50,701,927</u>
U. S. Department of Transportation			
20.005	Boating Safety Financial Assistance	1,173,643	0
20.106	Airport Improvement Program	10,284,094	10,182,823
20.205	Highway Planning and Construction	451,001,557	49,556,462
20.218	Motor Carrier Safety Assistance Program	59,274	14,237
20.308	Local Rail Freight Assistance	168,707	168,707
20.500	Federal Transit Capital Improvement Grants	9,389,670	9,389,670
20.505	Federal Transit Technical Studies Grants	745,760	639,449
20.507	Federal Transit Capital and Operating Assistance Formula Grants	4,089,390	4,089,390
20.509	Public Transportation for Nonurbanized Areas	4,201,319	3,902,656
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	1,158,530	1,096,156
20.600	State and Community Highway Safety	3,436,285	3,025,593

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	473,202	473,202
20.700	Pipeline Safety	239,229	0
20.C99-01-MO-1	Airport Master Record Program	11,925	0
20.DTNH22-96	Crash Outcome Data Evaluation System	48,262	0
20.EMW1998CA0174	National Performance of Dams Program	1,415	0
20.NRTP-96(001)	National Recreational Trails Fund	75,834	50,730
Total U. S. Department of Transportation		486,558,096	82,589,075
U. S. Department of the Treasury			
21.MO0261100	Equitable Sharing of Seized and Forfeited Property	21,933	0
21.MOMHP0006	Equitable Sharing of Seized and Forfeited Property	21,980	0
21.SCMOW099	IRS Joint Operations	2,795	0
Total U. S. Department of the Treasury		46,708	0
U. S. Equal Employment Opportunity Commission			
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	290,796	0
Total U. S. Equal Employment Opportunity Commission		290,796	0
U. S. General Services Administration			
39.003	Donation of Federal Surplus Personal Property (Note 4)	2,870,136	2,363,184
Total U. S. General Services Administration		2,870,136	2,363,184
U. S. National Foundation on the Arts and the Humanities			
45.025	Promotion of the Arts - Partnership Agreements	553,125	210,656
45.310	State Library Program	839,055	516,680
Total U. S. National Foundation on the Arts and the Humanities		1,392,180	727,336
U. S. Veterans Administration			
64.005	Grants to States for Construction of State Home Facilities	7,320,919	0
64.015	Veterans State Nursing Home Care	10,480,750	0
64.203	State Cemetery Grants	1,251,956	0
64.V101223B	Veterans Educational Assistance	389,367	0
Total U. S. Veterans Administration		19,442,992	0
U. S. Environmental Protection Agency			
66.032	State Indoor Radon Grants	31,051	28,299
66.1434HQ97AG01801	Quaterney Faulting in Benton Hills	367	0
66.433	State Underground Water Source Protection	197,332	0
66.454	Water Quality Management Planning	456,921	90,558
66.458	Capitalization Grants for State Revolving Funds	39,677,616	38,424,742
66.460	Nonpoint Source Implementation Grants	1,775,671	610,932
66.461	Wetlands Protection - Development Grants	348,995	53,489
66.463	National Pollutant Discharge Elimination Systems Related State Program Grants	838	0
66.600	Environmental Protection Consolidated Grants - Program Support	2,536,660	1,348,481
66.605	Performance Partnership Grants	8,960,865	481,729
66.606	Surveys, Studies, Investigations and Special Purpose Grants	1,210,007	89,529
66.608	One Stop Reporting Program	186,426	0
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	446,267	0
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	336,187	66,214
66.707	TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	433,241	40,535
66.708	Pollution Prevention Grants Program	89,715	0
66.802	Superfund State Site - Specific Cooperative Agreements	2,082,837	37
66.804	State Underground Storage Tanks Program	83,593	0
66.805	Leaking Underground Storage Tank Trust Fund Program	1,106,831	0
66.810	CEPP Technical Assistance Grants Program	63,719	0
66.951	Environmental Education Grants	5,000	0
66.DOO7696010	Solid Waste Management Program - Resource Conservation Recovery Act 4008 Flood Activities	71,410	0
66.MM99751801	Technical Assistance Program - Environmental Management Institute	18,632	0
66.SPX	Stormwater/Sludge Project	81,685	65,110
66.X99723901	Air Pollution Control Program - Central States Air Resources Agency's Program	43,745	15,720
Total U. S. Environmental Protection Agency		60,245,611	41,315,375
U. S. Department of Energy			
81.041	State Energy Conservation	595,155	3,451
81.042	Weatherization Assistance for Low-Income Persons	3,056,110	2,797,119
81.052	Energy Conservation for Institutional Buildings	543,055	119,207
81.092	Weldon Springs Site Remedial Action Project	386,985	0
81.997	Petroleum Violation Escrow Funds - Oil Overcharge	1,217,862	835,259

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
81.TV94076V	Tennessee Valley Authority Contracts	2,810	0
	Total U. S. Department of Energy	5,801,977	3,755,036
	U. S. Federal Emergency Management Agency		
83.011	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	88,367	0
83.105	Community Assistance Program - State Support Services Element	153,264	0
83.505	State Disaster Preparedness Grants	24,543	0
83.521	Earthquake Hazards Reduction Grants	25,000	0
83.534	Emergency Management - State and Local Assistance	2,281,828	533,530
83.535	Mitigation Assistance	83,948	0
83.541	Disaster Unemployment Assistance	46,042	0
83.544	Public Assistance Grants	11,986,444	11,736,361
83.548	Hazard Mitigation Grant	784,621	666,516
83.551	Disaster Resistance Community Grant	26,120	0
	Total U. S. Federal Emergency Management Agency	15,500,177	12,936,407
	U. S. Department of Education		
84.002	Adult Education - State Grant Program	6,180,639	5,816,411
84.010	Title I Grants to Local Educational Agencies	127,643,105	127,305,136
84.011	Migrant Education - Basic State Grant Program	1,323,172	1,323,172
84.013	Title I Program for Neglected and Delinquent Children	636,615	636,615
84.025	Services for Children with Deaf - Blindness	121,935	121,935
84.027	Special Education - Grants to States	72,650,270	69,898,233
84.029	Special Education - Personnel Development and Parent Training	122,092	117,913
84.032	Federal Family Education Loans	61,924,862	0
84.034	Public Library Services	957,525	778,599
84.035	Interlibrary Cooperation and Resource Sharing	195,566	56,951
84.041	Impact Aid	354	28
84.048	Vocational Education - Basic Grants to States	21,223,185	19,759,467
84.069	State Student Incentive Grants	502,168	0
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	52,804,427	777,291
84.154	Public Library Construction and Technology Enhancement	68,437	68,437
84.158	Secondary Education and Transitional Services for Youth with Disabilities	426,057	411,822
84.162	Immigrant Education	428,077	423,558
84.169	Independent Living - State Grants	297,184	208,062
84.173	Special Education - Preschool Grants	5,776,796	5,600,285
84.177	Rehabilitation Services - Independent Living Services for Older Individuals who are Blind	336,495	0
84.181	Special Education - Grants for Infants and Families with Disabilities	5,846,993	1,482,938
84.185	Byrd Honors Scholarships	698,970	0
84.186	Safe and Drug-Free Schools and Communities - State Grants	8,068,649	7,503,532
84.187	Supported Employment Services for Individuals with Severe Disabilities	778,942	0
84.194	Bilingual Education Support Services	99,929	51,508
84.196	Education for Homeless Children and Youth	450,550	447,198
84.213	Even Start - State Educational Agencies	1,672,412	1,667,360
84.215	Fund for the Improvement of Education	1,011,430	892,737
84.216	Capital Expenses	19,725	19,725
84.224	Assistive Technology	666,709	0
84.243	Tech-Prep Education	2,280,326	2,280,326
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	108,091	0
84.276	Goals 2000 - State and Local Education Systemic Improvement Grants	7,212,785	4,120,883
84.278	School To Work State Implementation Grants	7,322,467	7,126,337
84.281	Eisenhower Professional Development State Grants	5,874,495	4,522,604
84.282	Charter Schools	367	0
84.298	Innovative Education Program Strategies	6,004,349	4,949,944
84.314	Even Start-Statewide Family Literacy Program	51,130	51,130
84.318	Technology Literacy Challenge Fund Grants	7,808,162	7,643,827

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
84.331	Workplace and Community Transition Training for Incarcerated Youth Offenders Program	155,775	0
84.332	Comprehensive School Reform Demonstration	617,836	539,704
84.RN94-13-6026	National Cooperative System Program	40,593	0
	Total U. S. Department of Education	410,409,646	276,603,668
U. S. Department of Health and Human Services			
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	87,036	82,684
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	154,484	146,760
93.043	Special Programs for the Aging - Title III, Part F - Disease Prevention and Health Promotion Services	329,117	312,661
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	6,324,084	6,007,880
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	10,203,100	9,692,945
93.046	Special Programs for the Aging - Title III, Part D - In-Home Services for Frail Older Individuals	189,148	179,691
93.048	Special Programs for the Aging - Title IV - Training, Research and Discretionary Projects and Programs	99,524	0
93.05-9805-MO	Operation Restore Trust	44,948	0
93.05-9905-MO	Operation Restore Trust	79,135	0
93.101	Grants for Residential Treatment Programs for Pregnant and Postpartum Women	400,383	308,415
93.110	Maternal and Child Health Federal Consolidated Programs	182,815	4,605
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	692,780	164,132
93.119	Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services - Technical Assistance Centers for Evaluation	55,227	0
93.125	Mental Health Planning and Demonstration Projects	1,403,022	1,222,348
93.130	Primary Care Services - Resource Coordination and Development Primary Care Offices	176,599	69,067
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention	309,435	4,359
93.136	Injury Prevention and Control Research and State and Community Based Programs	29,579	0
93.150	Projects for Assistance in Transition from Homelessness	298,351	286,489
93.161	Health Program for Toxic Substances and Disease Registry	381,535	143,506
93.165	Grants for State Loan Repayment	23,922	23,922
93.194	Community Prevention Coalitions Demonstration Grant	326,735	0
93.196	Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities	950,485	809,895
93.197	Childhood Lead Poisoning Prevention Program	519,305	384,344
93.223-97-4424	Mammography Inspections	54,078	74
93.223-98-4424	Mammography Inspections	98,273	0
93.223-98-4828	Tobacco Investigations	308,439	60,184
93.230	Consolidated Knowledge Development and Application Program	60,044	55,050
93.234	Traumatic Brain Injury	205,417	175,399
93.235	Abstinence Education	395,853	395,853
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	21,023	0
93.239	Follow-up of Individuals Leaving TANF	250,000	0
93.262	Occupational Safety and Health Research Grants	36,317	0
93.268	Immunization Grants (Note 4)	11,628,505	7,178,527
93.270-95-0031	State Demand and Needs Assessment Studies: Alcohol and Drugs	213,801	192,304
93.270-96-0009	Outcome Pilot Studies	76,398	39,203
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	1,341,326	113,905
93.283-95-0026	Uniform Alcohol and Drug Abuse Grant	99,487	74,723
93.393	Cancer Cause and Prevention Research	1,142,811	697,354
93.556	Family Preservation and Support Services	5,431,901	6,846,162
93.558	Temporary Assistance for Needy Families	210,039,964	1,676,722
93.563	Child Support Enforcement	48,803,288	8,635,717
93.566	Refugee and Entrant Assistance - State Administered Programs	4,037,461	47,789
93.568	Low-Income Home Energy Assistance	27,235,693	6,277,994
93.569	Community Services Block Grant	12,867,814	12,612,242

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1999

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
93.571	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	62,709	0
93.575	Child Care and Development Block Grant	10,328,924	4,251,781
93.584	Refugee and Entrant Assistance - Targeted Assistance	631,473	0
93.585	Empowerment Zones Program	1,624,617	1,624,617
93.586	State Court Improvement Program	192,527	0
93.590	Community-Based Family Resource and Support Grants	812,121	812,121
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	43,454,906	301,168
93.597	Grants to States for Access and Visitation Programs	153,360	0
93.630	Developmental Disabilities Basic Support and Advocacy Grant	1,429,572	850,378
93.643	Children's Justice Grants to States	156,022	0
93.645	Child Welfare Services - State Grants	6,065,722	0
93.658	Foster Care - Title IV-E	71,072,899	0
93.659	Adoption Assistance	10,374,810	0
93.667	Social Services Block Grant	37,753,251	3,755,988
93.669	Child Abuse and Neglect State Grants	298,439	0
93.671	Family Violence Prevention and Services	1,104,684	0
93.674	Independent Living	1,242,352	0
93.775	State Medicaid Fraud Control Units	611,854	611,854
93.777	State Survey and Certification of Health Care Providers and Suppliers	9,296,543	324
93.778	Medical Assistance Program	2,229,819,353	258,949
93.779	Health Care Financing Research, Demonstrations and Evaluations	231,726	0
93.865	Center for Research for Mothers and Children	192,982	190,487
93.913	Grants to States for Operation of Offices of Rural Health	29,632	0
93.917	HIV Care Formula Grants	6,675,115	6,675,115
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	2,606,056	1,362,026
93.928	Special Projects of National Significance	55,471	17,164
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	129,906	79,853
93.940	HIV Prevention Activities - Health Department Based	3,256,156	1,946,386
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Syndrome (AIDS) Surveillance	741,889	267,621
93.945	Assistance Program for Chronic Disease Prevention and Control	79,937	19,590
93.958	Block Grant for Community Mental Health Services	4,886,100	4,542,834
93.959	Block Grant for Prevention and Treatment of Substance Abuse	17,935,160	13,636,869
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	1,557,213	481,580
93.987	Health Programs for Refugees	55,523	50,900
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	230,505	26,332
93.991	Preventive Health and Health Services Block Grant	4,713,309	1,916,718
93.994	Maternal and Child Health Services Block Grant to the States	12,774,238	7,087,096
	Total U. S. Department of Health and Human Services	<u>2,830,245,698</u>	<u>115,690,656</u>
	U. S. Corporation for National and Community Service		
94.003	State Commissions	97,953	0
94.004	Learn and Serve America - School and Community Based Programs	428,387	360,282
94.006	AmeriCorps	2,200,671	2,200,671
94.007	Planning and Program Development Grants	36,857	36,857
94.009	Training and Technical Assistance	128,206	0
	Total U. S. Corporation for National and Community Service	<u>2,892,074</u>	<u>2,597,810</u>
	U. S. Social Security Administration		
96.001	Social Security - Disability Insurance	33,944,443	0
	Total U. S. Social Security Administration	<u>33,944,443</u>	<u>0</u>
	U. S. State Justice Institute		
SJI-98-E-051	Curriculum Adaptation Grant-Sanctions	1,250	0
SJI-98-E-207	Curriculum Adaptation Grant-Reasonable	14,849	0
SJI-98-N-216	Juvenile Office Lotus Notes Communication	43,051	0
SJI-99-N-005	Stenomask Voice Recognition	54,261	0
	Total U. S. State Justice Institute	<u>113,411</u>	<u>0</u>
	Total Expenditures of Federal Awards	<u>\$ 5,020,567,337</u>	<u>838,330,668</u>

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

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 of expenditures of federal awards showing total expenditures for each federal financial assistance program as identified in the catalog of federal domestic assistance (CFDA), and identification of federal financial assistance programs which have not been assigned a CFDA number.

The accompanying schedule includes all federal financial assistance programs administered by the state of Missouri, except for those accounted for in the college and university fund type of the general purpose financial statements of the state of Missouri for the year ended June 30, 1999. Federal financial assistance provided to entities accounted for in the college and university fund type has been excluded from this audit.

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, Type A programs are those which exceed \$14 million in disbursements, expenditures, or distributions for the year ended June 30, 1999. 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.

The major programs for which expenditures of federal awards are presented on the modified accrual basis are as follows:

17.246 Employment and Training Assistance - Dislocated Workers
17.250 Job Training Partnership Act
20.205 Highway Planning and Construction
84.032 Federal Family Education Loans
84.181 Special Education - Grants for Infants and Families with Disabilities

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

During the year ended June 30, 1999, the state received cash rebates from two infant formula manufacturers, totaling \$23,862,695 on sales of formula to participants in the WIC 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. Unemployment Insurance Expenditures from the State Unemployment Compensation Fund

Expenditures reported for the Unemployment Insurance program (CFDA No. 17.225) include unemployment benefit payments from the State Unemployment Compensation Fund totaling \$281,452,340. Reimbursements to other states from the State Unemployment Compensation Fund for benefits paid by those states totaling \$15,429,345 have also been included in the Unemployment Insurance program expenditure totals. Reimbursements to the State Unemployment Compensation Fund from other states for benefits paid by the State of Missouri totaling \$4,515,191 have been excluded from the Unemployment Insurance program expenditure totals.

4. Nonmonetary Assistance

The Department of Health distributes vaccines to local health agencies and other health care professionals under the Immunization Grants program (CFDA No. 93.268). During the year ended June 30, 1999, distributions were valued at the cost of the vaccines paid by the federal government and totaled \$5,688,713.

The State Agency for Surplus Property distributes federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property program. During the year ended June 30, 1999, property distributions totaled \$12,318,182, 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, 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. During the year ended June 30, 1999, property distributions totaled \$837,332, 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, 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, 1999**

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 no

Reportable conditions identified that are not considered to be material weaknesses? _____ yes U none reported

Noncompliance material to financial statements noted? _____ yes U no

Federal Awards

Internal control over major programs:

Material weaknesses identified? U yes _____ no

Reportable conditions identified that are not considered to be material weaknesses? U yes _____ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? U yes _____ no

Identification of major programs:

CFDA <u>Number</u>	<u>Name of Federal Program or Cluster</u>
10.550	Food Distribution Food Stamp Cluster:
10.551	Food Stamps
10.561	State Administrative Matching Grants for Food Stamp Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
10.568	Emergency Food Assistance Program (Administrative Costs)

- 10.569 Emergency Food Assistance Program (Food Commodities)
- Employment Service Cluster:
- 17.207 Employment Service
- 17.801 Disabled Veterans' Outreach Program
- 17.804 Local Veterans' Employment Representative Program
- 17.225 Unemployment Insurance
- Job Training Partnership Act Cluster:
- 17.246 Employment and Training Assistance - Dislocated Workers
- 17.250 Job Training Partnership Act
- 20.205 Highway Planning and Construction
- 66.458 Capitalization Grants for State Revolving Funds
- 84.010 Title I Grants to Local Educational Agencies
- Special Education Cluster:
- 84.027 Special Education - Grants to States
- 84.173 Special Education - Preschool Grants
- 84.032 Federal Family Education Loans
- 84.048 Vocational Education - Basic Grants to States
- 84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States
- 84.276 Goals 2000 - State and Local Education Systemic Improvement Grants
- 84.278 School To Work State Implementation Grants
- 84.281 Eisenhower Professional Development State Grants
- 93.558 Temporary Assistance for Needy Families
- 93.563 Child Support Enforcement
- 93.569 Community Services Block Grant
- Child Care Cluster:
- 93.575 Child Care and Development Block Grant
- 93.596 Child Care Mandatory and Matching Funds of the Child Care and
Development Fund
- 93.658 Foster Care - Title IV-E
- 93.659 Adoption Assistance
- 93.674 Independent Living
- 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
- 96.001 Social Security - Disability Insurance

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 14,000,000

Auditee qualified as a low-risk auditee?

 yes U no

Section II - Financial Statement Findings

There were no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs

DEPARTMENT OF HIGHER EDUCATION

99-1.	Default Aversion Assistance
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Federal Agency:	Department of Education (USDE)
Federal Program:	84.032 Federal Family Education Loans
State Agency:	Department of Higher Education (DHE)

The Department of Higher Education (DHE) contracts with a loan program servicer to maintain records, process loans and claims, and collect on defaulted loans guaranteed through the Federal Family Education Loans (FFEL) program. Under the terms of the contract, the loan program servicer is also responsible for providing preclaims assistance on loans that are between 50 to 70 days delinquent. The DHE contracts with another company to provide supplemental preclaims assistance (SPA) on loans that are at least 120 days delinquent. Prior to the reauthorization of the Higher Education Act (HEA), effective October 7, 1998, the DHE received a SPA fee on delinquent loans that were cured in accordance with 34 Code of Federal Regulation (CFR) Part 682.404.

The reauthorization of the HEA replaced preclaims assistance and SPA with a single activity, default aversion assistance. Default aversion assistance consists of the activities of a guaranty agency that are designed to prevent defaults by borrowers who are at least 60 days delinquent. The default aversion activities are similar to activities previously performed for preclaims assistance and SPA. Final regulations governing default aversion activities were issued by the USDE on October 29, 1999, with an effective date of July 1, 2000.

- A. The reauthorization legislation eliminated the SPA fee but allowed the DHE to receive default aversion fees for performing default aversion activities on delinquent loans in response to a lender's request for default aversion assistance. The DHE, in conjunction with its loan servicer, developed a default aversion billing process to implement the new legislation retroactive to October 7, 1998.

The DHE has experienced some difficulties in implementing the default aversion billing

process. Prior to the issuance of its final regulations on October 29, 1999, the USDE twice issued preliminary guidance to guaranty agencies that changed the method for calculating default aversion fees. The DHE attempted to revise its billing processes to implement the new guidance but made errors that caused some loans to be billed more than once. According to the final regulations issued by the USDE, a guaranty agency may bill for a default aversion fee only once for each loan.

To ensure default aversion fees are not under or over billed, the DHE should consult with the USDE and ensure they are properly calculating the fees. In addition, they should ensure no duplicate billing occurs.

- B. The final regulations issued by the USDE on October 29, 1999, also included a prohibition against conflicts stating that any outside entity with whom a guaranty agency contracts may not perform default aversion activities and hold or service a loan, or collect on a defaulted loan within three years of the claim payment date. Although the DHE has entered into a contract with an entity other than its loan servicing contractor to perform default aversion activities, as of December 22, 1999, the DHE had not assigned accounts to the new contractor. The DHE's loan servicer is continuing to provide preclaims assistance until the new contract is implemented.

Allowing the loan servicer to continue providing preclaims assistance while servicing and collecting on the same loans appears to violate the prohibition against conflicts. According to USDE personnel, because the DHE elected to retroactively implement the default aversion fee billings, the DHE should implement all of the default aversion activities rules including the prohibition against allowing a single entity to perform default aversion assistance and service or collect on the same loans. As of June 30, 1999, the loan program servicer did not perform collection activities on the loans for which it provided default aversion activities because those loans did not have time to default. However, the DHE has not established procedures to ensure that the loan program servicer does not perform collection activities on those loans in the future.

To ensure the collection of all default aversion fees, the DHE should contact the USDE to determine if the DHE is eligible to receive default aversion fees when the loan program servicer performs some of the default aversion assistance activities.

WE RECOMMEND the DHE:

- A. Consult with the USDE and establish procedures to ensure default aversion billings are accurate and complete. In addition, adjustments should be made to correct the duplicate billings.
- B. Resolve the issue concerning the prohibition against conflicts with the USDE.

AUDITEE'S RESPONSE

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

DEPARTMENT OF SOCIAL SERVICES - DIVISION OF AGING

99-2. In-Home Service Vendors Employing Disqualified Workers

Federal Agency: Department of Health and Human Services
 Federal Program: 93.778 Medical Assistance Program
 State Agency: Department of Social Services (DSS)
 Questioned Costs: \$17,286

The DSS through the Division of Aging (DA) provides eligible clients with in-home personal care services. The DSS in-home vendor contracts, as well as state law, prohibit vendors from employing persons listed on the DA Employee Disqualification Listing (EDL). Persons listed in the EDL have been determined to have abused or neglected DA clients, misappropriated funds of those clients, or defrauded the program by billing for undelivered services. There are approximately 700 persons on the DA EDL.

We matched persons on the DA EDL to 1998 employment information records and noted nine instances in which a person listed in the DA EDL worked for an in-home health provider under contract with the DSS. The DA obtained vendor service records related to services performed by these nine persons, and identified estimated total recoverable costs of \$28,695. We are questioning the federal share (60.24 percent) of these costs, which is \$17,286. As of November 23, 1999, the DA had sent recoupment letters to the vendors.

The DA manually checks quarterly employment data for 25 percent of the persons listed in the DA EDL, however, this process failed to detect the instances noted above. The DA should develop an automated process to match the EDL to employment records to identify all disqualified persons working for in-home providers.

WE RECOMMEND the DSS resolve the questioned costs with the grantor agency. In addition, the DSS should develop an automated system to identify all disqualified persons working for in-home service vendors and continue to seek recoupment for any services performed by disqualified persons.

AUDITEE'S RESPONSE

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

DEPARTMENT OF SOCIAL SERVICES -
DIVISION OF CHILD SUPPORT ENFORCEMENT

99-3.

Expenditures

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 Child Support Enforcement
State Agency: Department of Social Services - Division of Child Support Enforcement (DCSE)
Questioned Costs: \$755,911

A. During our review of expenditures charged to the Child Support Enforcement (CSE) grant, we noted the DCSE included costs associated with the Parents Fair Share (PFS) program. The state uses this program to help non-custodial parents (NCPs) obtain skills which will allow them to meet child support financial obligations. Upon discussion with DCSE management about whether or not costs for this program were allowable under the CSE grant, we learned the federal Office of Child Support Enforcement (OCSE) had issued a draft report dated December 8, 1999, which questioned these costs. The draft report identified \$1,112,636 (federal share \$734,340) in PFS program costs which had been inappropriately charged to the CSE grant for the period January 1, 1998 through March 31, 1999. These costs were considered unallowable because 45 CFR 304.23(d) prohibits CSE grant expenditures for education and training programs and educational services except short-term training for a state's CSE staff. Additionally, the draft report indicated Section 466(a)(15) of the Social Security Act does not require any state CSE program to establish, provide, or administer work activity programs for NCPs. The OCSE draft report recommended PFS program costs no longer be charged to the CSE grant and the federal share of the identified unallowed PFS program costs be reimbursed to the federal government as well as the federal share of any other PFS program costs charged to the CSE grant after March 1999.

The DCSE continued to charge PFS program costs to the CSE grant until September 30, 1999; however, the additional amount of questioned costs was not determined. The OCSE addressed computation and resolution of these additional questioned costs in the recommendations to the DCSE.

B. In the draft report referred to in part A. above, the OCSE also noted some personnel and other administrative costs of the Missouri Department of Health (DOH) to provide birth record information to the DCSE were inappropriately charged to the CSE grant. The DCSE reimbursed the DOH for costs associated with providing this information under an

agreement between the two agencies. The OCSE draft report identified \$32,684 (federal share \$21,571) in DOH costs which had been inappropriately charged to the CSE grant during the period January 1, 1998 through March 31, 1999. These costs were considered unallowable because OCSE Action Transmittal 94-06 indicates costs other than for access to a state's birth record database and a reasonable and necessary fee for copies of voluntary acknowledgments and birth records are not allowable charges to the CSE grant unless the database of birth records is maintained by the CSE agency. The OCSE recommended payments to the DOH be discontinued beyond normal birth certificate and acknowledgment copying costs and the federal share of the identified unallowed costs be reimbursed to the federal government as well as the federal share of any other unallowed DOH costs charged to the CSE grant for prior periods.

WE RECOMMEND the DCSE resolve the questioned costs with the grantor agency. In addition, we recommend the DCSE establish procedures to ensure costs charged to the Child Support Enforcement grant are allowable for federal reimbursement.

AUDITEE'S RESPONSE

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

DEPARTMENT OF SOCIAL SERVICES -
DIVISION OF FAMILY SERVICES

99-4.

Eligibility-Unreported Income

Federal Agency:	Department of Agriculture and Department of Health and Human Services	
		<u>Questioned Costs</u>
Federal Program:	10.551 Food Stamps	\$174,699
	93.558 Temporary Assistance for Needy Families	57,088
State Agency:	Department of Social Services - Division of Family Services (DFS)	

A. To help support and encourage clients to obtain employment, the DFS has available a child day care vendor program that pays part or all of the cost of child care. Under the child care vendor program, persons wishing to provide such child day care to DFS clients are able to register with DFS and become eligible to receive direct, state payment for part or all day care provided to children of clients. Those vendors can also provide day care services for others who may not be participating in the DFS supported programs.

One of our audit concerns was whether DFS adequately considered the income it paid to day care vendors who were themselves also clients receiving Food Stamps and/or

Temporary Assistance for Needy Families (TANF) benefits when reviewing their eligibility in making initial application or reapplication for benefits.

To test the effectiveness of DFS procedures for determining client or applicant earned income, we performed a match of computer records of TANF and Food Stamp clients as of April 1999 with computer records of DFS paid child day care vendors. The match identified 4,495 TANF and/or Food Stamp clients who also received DFS state paid child day care vendor payments. The 4,495 clients would receive approximately \$1.5 million in state day care vendor payments each month. We selected 61 of these 4,495 cases for further review to determine if the clients' day care vendor income had been properly considered in determining eligibility. The DFS could not locate 8 of the 61 case files we requested. Of the 53 cases we did review, 26 (49 percent) clients had not reported their state paid child day care vendor income, nor did the DFS discover its own payments to 24 of those same clients. These 26 cases resulted in unreported income in the amount of \$33,790 for the month of April 1999. The following table provides greater detail on the 26 cases with unreported income:

Case No.	State Paid Child Day Care Income not Reported for April 1999	Assistance Amount for April 1999		As of 8/30/99 Number of Months of Unreported State Paid Child Day Care Income (4)	Total Assistance Amount Questioned Through August 30, 1999		Client Also Received Medicaid Coverage During Period of Unreported Income (1)	TANF and Food Stamp Case Status As of 8/30/99
		TANF	Food Stamp		TANF	Food Stamp		
1	\$ 884	\$ na	230	9	\$ 0	2,070	na	Active
2 (2)	947	na	125	3	0	375	na	Closed
3	981	na	125	7	0	875	na	Active
4	3,343	136	71	9	1,224	639	yes	Active
5	2,399	388	364	6	2,328	2,184	yes	Active
6	1,099	na	299	6	0	1,794	yes	Active
7	1,149	na	335	7	0	2,345	yes	Active
8	2,484	342	415	9	3,078	3,735	yes	Active
9	1,062	234	200	4	936	800	yes	Active
10	1,127	175	200	11	1,925	2,200	yes	FS-Closed
11	1,045	210	429	4	840	1,716	yes	TANF-Active FS-Active TANF-Closed
12	945	292	316	12	3,504	3,792	yes	Active
13	575	na	159	11	0	1,749	yes	Active
14	1,085	na	230	14	0	3,220	yes	Active
15	1,127	234	149	10	2,340	1,490	yes	Active
16	966	114	230	9	1,076	2,070	yes	Closed
21	1,058	388	520	10	3,880	5,200	yes	Active
22	1,104	na	230	3	0	690	na	Active
23 (3)	1,523	na	497	5	0	2,485	yes	Active
24 (3)	1,333	136	215	5	680	1,075	yes	Closed
25	1,164	202	329	2	404	658	yes	Closed
26	1,458	273	286	14	3,822	4,004	yes	Active
	<u>\$ 33,790</u>	<u>\$ 3,260</u>	<u>6,783</u>	<u>191</u>	<u>27,347</u>	<u>48,606</u>		

- (1) Clients were also receiving Medicaid coverage during the period in question; however, we did not determine how the unreported income would effect their Medicaid benefits.
- (2) DFS determined the client did not report their child day care income at the time the case expired. No recoupment claim has been filed.
- (3) DFS determined the client did not report their child day care vendor income and benefits were reduced. However, no recoupment claim had been filed as of 11/30/99.
- (4) We were only able to obtain TANF and Food Stamp benefit payment history from 1/96 through 9/99 and 2/96 through 9/99, respectively. Client monthly benefits often varied over time.

In addition, we noted three cases where the caseworker determined that the recipient had received an overpayment, but no recoupment claim was filed. A recoupment claim should be filed on all overpayments.

If the above income reporting and DFS income determination process error rate remained constant throughout the population of 4,495 cases of day care vendors who were also TANF and Food Stamp recipients, Food Stamp and TANF benefits totaling over \$720,000 may be questionable.

It should be noted that the amounts noted above do not include child day care income that the client/vendor may be receiving from their private pay customers. The unreported income directly affects the clients' eligibility and the amount of their monthly assistance payments. Thus, the unreported income may easily result in lower or zero monthly assistance payments.

Based on the results documented in the above table, these 26 cases received approximately \$48,606 in Food Stamp benefits and approximately \$27,347 in TANF benefits from April 1, 1999 through August 30, 1999 that they may not have been eligible to receive. These benefits are questionable and should be investigated. We are questioning the federal portion of the TANF amount which is \$16,682 and \$48,606 in Food Stamp assistance.

It appears DFS often fails to properly access its own records of child day care vendor income paid to Food Stamp and TANF applicants while making initial or continuing eligibility determinations.

- B. To test the effectiveness of the DFS procedures for properly determining unearned income, we performed a match of TANF and Food Stamp clients as of April 1999 with retirement and disability benefit recipients of the Missouri State Employee Retirement System (MOSERS). The match identified 128 TANF and/or Food Stamp clients who were also receiving MOSERS retirement or disability payments. We reviewed DFS computer records and TANF and Food Stamp case files to determine if the 128 individuals were properly reporting their retirement and disability benefits to the DFS. Of the 128 individuals, 49 (38 percent) had not properly reported their retirement or disability benefits to the DFS caseworkers, resulting in unreported income of \$9,425 for the month of April 1999.

Twenty-seven of the 49 clients did not report any retirement or disability benefits and 22 incorrectly reported their retirement or disability benefits. The following tables provide greater detail for the 49 cases reviewed:

UNREPORTED RETIREMENT OR DISABILITY INCOME

Case No.	Unreported MOSERS income for April 1999	Assistance Amount for April 1999		As of 9/30/99 Number of Months of Questioned Assistance Payments(1)	Total Assistance Amount Questioned Through September 30, 1999		Case Status As of 9/30/99
		TANF	Food Stamp		TANF	Food Stamp	
1	\$ 124	\$ 234	282	24	5,616	6,768	Active
2	143	na	30	35	0	1,050	Active
3	297	na	48	20	0	960	Active
4	157	na	20	15	0	300	Active
5	170	na	201	11	0	2,211	Active
6	32	na	33	39	0	1,287	Active
7	980	na	346	20	0	6,920	Active
8	237	na	70	10	0	700	Closed
9	224	na	10	4	0	40	Closed
10	807	388	342	27	10,476	9,234	Active
11	403	na	80	23	0	1,840	Active
12	183	na	193	12	0	2,316	Active
13	205	na	89	39	0	3,471	Active
14	420	na	242	18	0	4,356	Active
15	82	na	344	19	0	6,536	Active
16	64	na	10	22	0	220	Closed
17	347	na	97	38	0	3,686	Active
18	189	na	10	13	0	130	Active
19	146	na	31	28	0	868	Active
20	839	na	125	14	0	1,750	Active
21	250	292	277	43	12,556	11,911	Active
22	212	na	103	31	0	3,193	Active
23	114	na	207	43	0	8,901	Active
24	293	na	140	41	0	5,740	Closed
25	427	136	87	45	6,120	3,915	Active
26	143	na	63	43	0	2,709	Active
27	116	na	22	33	0	726	Active
	<u>\$ 7,604</u>	<u>\$ 1,050</u>	<u>3,502</u>		<u>34,768</u>	<u>91,738</u>	

(1) We were only able to obtain TANF and Food Stamp benefit payment history from 1/96 through 9/99 and 2/96 through 9/99, respectively. Client monthly benefits often varied over time.

UNDERREPORTED RETIREMENT OR DISABILITY INCOME

Case No.	Underreported MOSERS income for April 1999	Assistance Amount for April 1999		Number of Months of Questioned Assistance Payments(1)	As of 9/30/99	Total Assistance Amount Questioned Through September 30, 1999		Case Status As of 9/30/99
		TANF	Food Stamp			TANF	Food Stamp	
28	\$ 15	\$ na	125	3	\$ 0	375	Closed	
29	4	na	10	44	0	440	Active	
30	6	na	98	34	0	3,332	Active	
31	33	342	324	41	14,022	13,284	Active	
32	7	na	68	44	0	2,992	Active	
33	5	na	68	44	0	2,992	Active	
34	231	na	10	18	0	180	Active	
35	6	na	10	14	0	140	Active	
36	192	292	151	6	1,752	906	Active	
37	77	na	12	43	0	516	Active	
38	6	na	6	26	0	156	Closed	
39	145	136	26	38	5,168	988	Active	
40	530	na	10	8	0	80	Active	
41	6	na	10	3	0	30	Closed	
42	76	234	na	45	10,530	0	Active	
43	320	na	50	15	0	750	Closed	
44	91	na	56	43	0	2,408	Active	
45	5	na	10	38	0	380	Active	
46	5	na	10	23	0	230	Closed	
47	10	na	38	44	0	1,672	Active	
48	20	na	12	40	0	480	Active	
49	31	na	46	44	0	2,024	Active	
	<u>\$ 1,821</u>	<u>\$ 1,004</u>	<u>1,150</u>		<u>31,472</u>	<u>34,355</u>		

(1) We were only able to obtain TANF and Food Stamp benefit payment history from 1/96 through 9/99 and 2/96 through 9/99, respectively. Client monthly benefits often varied over time.

Based on the results documented in the two tables above, these 49 cases received approximately \$126,093 in Food Stamp benefits and approximately \$66,240 in TANF benefits from April 1, 1999 through September 30, 1999 that they may not have been eligible to receive. These benefits are questionable and should be investigated. We are questioning the federal portion of the TANF amount which is \$40,406 and \$126,093 in Food Stamp assistance.

The DFS needs to take steps to enhance the accuracy and effectiveness of its review of the unearned income of client applicants for initial or continuing eligibility determinations.

C. For the 22 MOSERS clients (noted in part B above) that underreported their retirement or disability benefits, we also noted various errors made by caseworkers including apparent failure to perform adequate verification of the client's income. Examples of the various errors noted were:

- 1) A client properly reported the retirement or disability benefit on the October 1998 Food Stamp application; however, on the reapplication dated March 1999, the retirement benefit was not reported. The caseworker failed to review the file and to ensure the MOSERS benefit already noted in the case record was properly considered when setting the Food Stamp benefit amount. This caused the Food Stamp benefit payment to exceed the proper amount allowable. A similar error also appeared to have been made on the client's Social Security income at the same time.
- 2) A client's Food Stamp application dated June 1998 did not consider the retirement benefit in the assistance payment calculation even though the case file contained a copy of the client's retirement payment check stub from May 1998. The caseworker failed to properly include the income in making the assistance payment calculation.
- 3) A client's case file included a copy of the client's retirement check; however, the net income from the check was used in the benefit calculation instead of the required gross income. Similarly, net income was also used on another case which included a summary of disability benefits which clearly indicated the gross income received. In both instances the caseworker failed to appropriately use gross income in the assistance payment calculation. Failure to use the correct income often results in overpayment of assistance benefits.
- 4) We noted several clients who had properly reported their MOSERS benefits, but failed to report cost of living increases that would permit assistance payments to be recalculated. MOSERS recipients receive a cost of living increase once each year on their retirement anniversary date.

The DFS requires each TANF and Food Stamp applicant to sign a "Notification of Fraud Provisions" statement. This form states that a client has ten days to report changes in income. However, based on the results noted above, it appears the DFS does not have adequate procedures in place to properly identify and respond to client's changing income. As a result, the DFS appears to have made numerous TANF and Food Stamp overpayments to clients.

DFS procedures need to be improved to help ensure all client income is reported and properly considered in determining assistance payments.

WE RECOMMEND the DFS resolve the questioned costs with the grantor agency. In addition, the DFS should investigate the cases noted above and establish recoupment claims where appropriate. Further, the DFS should:

- A. Ensure caseworkers consider DFS records of state paid child day care income paid to Food Stamp and TANF applicants when making eligibility determinations.
- B. Establish a periodic match with the MOSERS to help ensure Food Stamp and TANF recipients report all unearned income.
- C. Ensure caseworkers verify earned and unearned income and properly consider gross income in determining client eligibility and in setting assistance payment amounts.

AUDITEE'S RESPONSE

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

99-5. Independent Living Expenditures and Eligibility
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Federal Agency: Department of Health and Human Services
Federal Program: 93.674 Independent Living
State Agency: Department of Social Services - Division of Family Services (DFS)
Questioned Costs: \$86,555

Because children raised under the state's foster care program often need assistance in making the transition from being dependent children to independent adults, the DFS uses Title IV-E Independent Living (IL) monies to assist foster youth in becoming independent. Under 42 USC Section 677 (a), youth ages 16 to 21 who are in foster care or were in foster care after age 16 are eligible to receive IL services to prepare them to live independently. The state may use federal IL monies to provide training in daily living skills, provide educational or vocational counseling, enable youth to seek a high school diploma or college degree, etc. However, section 477 (e) (3) of Title IV-E of the Social Security Act specifies that IL monies may not be used to provide room or

board. In addition, the state’s matching contribution is required to follow the specific requirements established for the Independent Living Program (ILP). Thus, state monies used as matching contribution for the ILP cannot be used to provide room or board.

- A. We determined the DFS had expenditures totaling \$115,415 for room or board expenses paid from the ILP. The expenditures were for supervised apartment living or group home living. Based on \$115,415 inappropriately paid from the ILP, we have questioned the federal share of \$85,407 (74 percent).
- B. To ensure only Title IV-E eligible clients received ILP services in compliance with grant requirements, we performed a test of eligibility. We obtained a listing of all youth who received ILP services during state fiscal year 1999. The listing identified a total 976 clients and we selected 40 for review. Of the 40 cases, we found 8 (20 percent) were not eligible for ILP services. The following table provides greater detail on these eight cases:

Case No.	Month Youth is Eligible for Independent Living Services	Reason Youth Not Eligible During 1999	Inappropriate Payments From Independent Living Program
1	na	A	\$ 266
2	08/00	B	5
3	09/99	B	114
4	02/99	C	554
5	01/99	C	79
6	12/00	B	49
7	na	A	456
8	05/99	C	28
			<u>\$ 1,551</u>

- A Adopted before the age of 16 and was not in the Foster Care program; therefore, was not eligible.
- B Will not turn age 16 until after FY 1999.
- C Turned age 16 during FY 1999; therefore, was eligible only part of 1999.

Based on the results documented in the above table, these 8 clients received at least \$1,551 in federal ILP benefits they were not eligible for and we are questioning the federal share of \$1,148 (74 percent).

In addition to the federally funded ILP services, the state provides ILP services to youth ages 13 to 15 at state expense. DFS employees are required to code these costs to the appropriate state fund as they are incurred. We noted numerous coding errors by DFS employees which resulted in ineligible clients receiving federal ILP monies. Six of the above eight errors were due to coding errors. In some of these cases, it appeared the DFS employee erroneously coded one or two payments on the case to the federal ILP funds and correctly coded the other payments to the state fund. However, in other cases

the ineligible child received all benefits from the federal ILP funds. It appears in these cases the DFS employee was not correctly determining when the child was age eligible to receive federal ILP monies. We believe these errors could be reduced or eliminated if the DFS computer system program was revised to provide better coding information to DFS employees.

Based on the errors noted in parts A and B above, the DFS needs to revise its procedures to ensure federal ILP service funds are only used for eligible clients.

WE RECOMMEND the DFS resolve the questioned costs with the grantor agency. In addition, the DFS should:

- A. Ensure that expenditures of the federal ILP are for allowable cost and in compliance with federal requirements or limitations.
- B. Ensure it uses effective procedures to determine whether clients have reached the age eligibility limit that would allow them to receive federal ILP services. In addition, the DFS should also consider computer system changes that would help improve coding accuracy.

AUDITEE'S RESPONSE

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

99-6. Eligibility - Child Care Services

Federal Agency:	Department of Health and Human Services	<u>Questioned Costs</u>
Federal Program:	93.575 Child Care and Development Block Grant	\$2,019
	93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund	2,019
State Agency:	Department of Social Services-Division of Family Services (DFS)	

The Child Care Development Fund (CCDF) monies are used to pay for child care services for low income working families. Under 45 CFR 98.20(1), children are eligible to receive CCDF services if under age 13 or under age 19 when physically or mentally incapable of caring for themselves or are under court supervision. Once a child reaches any one of these applicable limitations, they are no longer eligible to receive CCDF benefits.

To attempt to comply with the above age limitation rules, the DFS prepares a monthly computer report that identifies CCDF clients reaching age 13 who are expected to no longer be eligible for the benefits. The report is compiled by using the birth date of the child and is sent to the local DFS offices for any necessary case actions, such as closing the case.

A. We obtained a computer file of all the CCDF clients who received child care services during fiscal year 1999. We identified 2,089 clients on the computer file that were age 13 or older and still receiving child care services. We selected 40 of these cases for further review to determine if the client was eligible for the services received. The DFS was unable to locate 8 of the 40 case files requested, in one case the child's birth date was recorded wrong, and we found 8 more cases which the client was not properly identified (See part B below). Of the 23 cases tested, we determined that 12 of the clients were not eligible for CCDF services. The following table provides greater detail on these 12 cases:

Case Number	Birth Date	Date Client Became Ineligible	As of 10/99 # of Ineligible Months Paid From CCDF	Total Amount Inappropriately Paid From CCDF	Case Status
1	08/28/85	08/28/98	7	\$ 1,049	Closed 3/99
2	(1) 09/27/83	09/27/96	6	720	Closed 3/99
3	(1) 07/03/85	07/03/98	6	720	Closed 3/99
4	04/10/86	04/10/99	5	533	Closed 9/99
5	10/03/85	10/03/98	6	257	Closed 4/99
6	(2) 11/02/83	11/02/96	13	1,965	Closed 3/99
7	03/30/86	03/30/99	1	117	Closed 4/99
8	03/01/86	03/01/99	2	275	Closed 4/99
9	(3) 09/04/85	09/04/98	2	473	Closed 7/99
10	01/23/85	01/23/98	12	1,709	Closed 1/99
11	02/16/86	02/16/99	6	911	Closed 8/99
12	12/11/85	12/11/98	9	1,626	Closed 9/99
				<u>\$ 10,355</u>	

- (1) Client received child care benefits from 10/98 to 3/99.
- (2) Client received child care benefits from 3/98 to 3/99.
- (3) Client received child care benefits for 6/99 & 7/99.

Based on the results shown above, these 12 clients received at least \$10,355 in CCDF benefits they were not eligible to receive. Four of these clients did not start receiving benefits until after they turned 13 and were not eligible.

If the above ineligibility error rate remains constant throughout the population of 2,089 cases of children over age 13 receiving CCDF child care payments, the estimated number of clients ineligible for benefits is approximately 627. For the year ended June 30, 1999, the average child care benefit paid per ineligible client was approximately \$863, and 627 clients would receive up to \$541,000 in projected ineligible benefits.

We did not attempt to determine the total amount of incorrect CCDF benefits paid in other fiscal periods for each of the 12 cases. However, for the period tested above we determined that \$10,355 in CCDF benefits are questionable and should be investigated. We are questioning the federal portion of the amount which is \$4,038.

The DFS needs to improve its efforts to ensure the CCDF paid child care services program rules are complied with.

- B. We determined that 8 of the 32 cases (25 percent) discussed above were incorrectly entered into the CCDF database by the caseworker.

In all 8 cases, the head of household's name and other information was entered in place of the child's (or client's) name. These test results suggest that many of the 2,089 CCDF client case files could have similar data entry errors. Considering this information is used to prepare the computer generated report the DFS uses to identify clients who are reaching the age limits for CCDF paid child care, we believe many of the errors noted in part A above are caused by the data entry errors. The DFS needs to improve procedures to ensure client information is correctly entered into the CCDF database.

WE RECOMMEND the DFS resolve the questioned costs with the grantor agency. In addition the DFS should:

- A. Review the case errors noted above and initiate recoupment claims for any inappropriate CCDF benefits.
- B. Improve procedures to ensure client information is correctly entered into the DFS CCDF database.

AUDITEE'S RESPONSE

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

99-7.	Eligibility - Kansas Match
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Federal Agency:	Department of Agriculture and Department of Health and Human Services	<u>Questioned Costs</u>
Federal Program:	10.551 Food Stamps	\$ 9,229

	93.778 Medical Assistance Program	30,008
	93.558 Temporary Assistance for Needy Families	9,638
State Agency:	Department of Social Services	

The Department of Agriculture regulation 7 CFR 273.3 (a) does not allow anyone to participate in the Food Stamp program in more than one state in any one month. TANF and Medicaid recipients are also required by Section 208.040, RSMo 1994, and 42 CFR 435.403 to be residents of this state to participate in the program. As a result, no individual may receive Food Stamp, TANF, and/or Medicaid benefits in more than one state at the same time.

- A. In an attempt to comply with these residential limitations, DFS participates in an interstate public assistance data exchange with bordering states. This data exchange allows the Missouri DFS caseworkers to access the bordering states' Food Stamp and public assistance case information files. When an individual applies for Food Stamp or public assistance benefits in Missouri, the caseworker should access the bordering states' case files to ensure the applicant is not receiving benefits in any of those states.

To test the effectiveness of these procedures, we performed a match of the DFS computer records of TANF and Food Stamp clients during April 1999 against computer records of TANF and Food Stamp clients in Kansas during April 1999. The Kansas information was provided by the Kansas Department of Social and Rehabilitation Services (DSRS). The match identified 23 cases that had received Food Stamp and/or TANF benefits in both Missouri and Kansas at the same time. Of the 23 cases, we found 3 that received benefits in both states for 16 to 23 months, and 18 that had received benefits in both states for two or more months. The following table provides greater detail on these 23 cases.

Case No.	As of 8/99 Number of Months of Questioned Assistance Payments	Total Food Stamp	Total Food Stamp	Total TANF	Total TANF	Missouri	Kansas
		Benefits Received in Missouri	Benefits Received in Kansas	Benefits Received in Missouri	Benefits Received in Kansas	Case Status As of 8/99	Case Status As of 8/99
1	(A) 3	\$ 1,257	\$ 603	\$ na	\$ na	Closed	Active
2	(B) 1	418	380	na	na	Closed	Closed
3	(A) 16	na	na	3,744	4,068	Active	Active
4	(A) 7	na	na	1,638	1,534	Active	Active
5	(B) 5	na	na	1,940	2,580	Closed	Closed
6	(B) 18	na	na	5,256	6,016	Active	Active
7	(A) 2-FS	478	610			Active	Closed
	1-TANF			292	386	Active	Closed
8	(A) 3	216	158	na	na	Active	Closed
9	(A) 1	497	391	na	na	Closed	Active
10	(B) 6	na	na	1,752	874	Active	Closed
11	(A) 2-FS	125	191			Active	Closed
	2-TANF			272	303	Active	Closed
12	(B) 2	276	625	na	na	Active	Closed
13	(B) 2	306	88	na	na	Closed	Closed
14	(A) 1	230	230	na	na	Closed	Closed
15	(B) 1	125	123	na	na	Active	Closed
16	(B) 1	299	230	na	na	Active	Closed
17	(B) 2	na	na	272	320	Closed	Closed
18	(A) 3	375	375	na	na	Active	Active
19	(A) 4	48	96	na	na	Closed	Closed
20	(B) 3	240	696	na	na	Closed	Active
21	(B) 23-FS	3,670	9,265			Active	Closed
	5-TANF			639	2,660	Active	Closed
22	(A) 2	250	212	na	na	Closed	Active
23	(A) 4	419	572	na	na	Active	Active
		<u>\$ 9,229</u>	<u>\$ 14,845</u>	<u>\$ 15,805</u>	<u>\$ 18,741</u>		

- (A) The individual or individuals on the case were the same in both Missouri and Kansas.
(B) The case individuals were not the same in both states.

Based on the results documented in the above table, these 23 cases received \$9,229 in Food Stamp benefits and \$15,805 in TANF benefits from April 1, 1999 through August 31, 1999, from Missouri that they do not appear to have been eligible to receive. These benefits are questionable and should be investigated. We are questioning the federal portion of the TANF amount which is \$9,638 and \$9,229 in Food Stamp assistance.

It appears the DFS needs to improve its efforts to prevent and/or identify client frauds involving benefits from multiple states.

- B. Clients who receive Food Stamps or TANF benefits often also qualify for health care coverage under the Medicaid program. Medicaid coverage can take two different forms, one being based on the traditional direct fee for services paid to the health care provider, and the other being based on the HMO model whereby a monthly fee is paid to a care

provider who provides all needed services at no additional charge. The Medicaid HMO model monthly fee is called a capitation payment.

Through our match of Missouri and Kansas client records, we determined that 31 of the individuals who were listed on a Food Stamp or TANF case also had a capitation payment made on their behalf in both states for the same period. The details of these 31 cases are noted in the following table:

Case No.	As of 5/99 Number of Months of Questioned Capitation Payments	Total Capitation Benefits Paid In Missouri	Total Capitation Benefits Paid In Kansas	Missouri Case Status As Of 7/99	Kansas Case Status As Of 7/99
1	1	\$ 97	\$ 115	Closed	Active
2	1	32	37	Closed	Active
3	1	32	37	Closed	Active
4	15	993	592	Active	Active
5	15	1,021	540	Active	Active
6	7	809	721	Active	Active
7	7	489	252	Active	Active
8	6	439	138	Active	Active
9	6	439	156	Active	Active
10	5	645	595	Closed	Closed
11	5	447	225	Closed	Closed
12	5	344	115	Closed	Closed
13	5	344	110	Closed	Closed
14	5	344	110	Closed	Closed
15	17	1,233	510	Active	Active
16	17	2,242	510	Active	Active
17	2	212	80	Active	Active
18	2	202	154	Active	Active
19	2	113	54	Active	Active
20	2	149	62	Active	Active
21	2	149	62	Active	Active
22	6	413	132	Active	Active
23	6	448	132	Active	Active
24	2	151	62	Active	Closed
25	2	235	132	Active	Closed
26	1	99	41	Closed	Closed
27	4	280	144	Closed	Active
28	4	359	92	Active	Closed
29	3	213	69	Active	Closed
30	3	219	66	Active	Closed
31	6	423	162	Active	Active
	<u>165</u>	<u>\$ 13,615</u>	<u>\$ 6,207</u>		

Based on the results documented in the above table, these 31 individuals received approximately \$13,615 in capitation payments on their behalf, which they were not eligible to receive. We are questioning the federal portion of the Missouri payments, \$8,202.

In two other instances an individual was receiving capitation payments in Missouri and apparently had an active fee for service Medicaid case in Kansas.

We also noted two instances where an individual was receiving capitation payments in Kansas and at the same time direct fee for service payments in Missouri. This resulted in Medicaid direct fee for service payments totaling over \$36,200 in Missouri while capitation payments were being paid in Kansas. We are questioning the federal share (\$21,806) of these payments. These two instances are not reflected in the above table, which provides greater detail on the 31 individuals receiving capitation payments in both states at the same time.

- C. Based on the results of our audit work discussed in parts A and B above, the DFS needs to improve procedures to help ensure Missouri clients do not receive Food Stamps or other public assistance benefits in more than one state at the same time. According to the Kansas DSRS, they would welcome the opportunity to work more closely with the Missouri DFS to prevent clients receiving benefits in both states at the same time. In addition, during our discussions with officials of the Kansas DSRS we learned that the U.S. Department of Health and Human Services Administration For Children and Families (ACF) encourages states to participate in interstate matches conducted through the Public Assistance Recipient Information System (PARIS).

Information provided by the ACF indicates at least 16 states participate in the PARIS project and stand to reap significant program benefits. PARIS participants submit electronic files to be matched with information from all other participating states. In addition, plans call for the future inclusion of federal benefit and earnings information to be provided and included in the PARIS matches. Kansas is currently a PARIS participating state and we encourage the Missouri DFS to also participate in the program as well. Ultimately, DFS participation in the PARIS project should allow the verification of public assistance client reporting of income and benefit circumstances and provide a more accurate determination of program eligibility and payment amounts.

WE RECOMMEND the DFS resolve the questioned costs with the grantor agency. In addition the DFS should:

- A. Investigate the questioned payments for Food Stamps and TANF and establish recoupment claims where appropriate.
- B. Investigate the questioned payments for Medicaid and establish recoupment claims where appropriate.
- C. Arrange to participate in the PARIS interstate match program, and enhance its procedures to ensure bordering state public assistance information is reviewed during the application process.

AUDITEE'S RESPONSE

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

99-8. Eligibility-Benefits Provided to Inmates

Federal Agency:	Department of Agriculture and Department of Health and Human Services	
		<u>Questioned Costs</u>
Federal Program:	10.551 Food Stamps	\$ 11,251
	93.558 Temporary Assistance for Needy Families	4,976
	93.778 Medical Assistance Program	913
State Agency:	Department of Social Services - Division of Family Services (DFS), Division of Medical Services (DMS)	

Section 208.010, RSMo 1994, prohibits public assistance benefit payments to any inmate of a public institution. Similarly, 7 CFR 273.1(e) states that residents of an institution which provides them with a majority of their meals (over 50% of three meals daily) as a part of the institution's normal services are not eligible for participation in the Food Stamp program. In addition, the Balanced Budget Act of 1997 included an amendment to the Food Stamp Act of 1977, effective August 5, 1998, that requires states to establish a system to ensure no one detained in a federal, state, or local penal, correctional, or other detention facility is participating in the Food Stamp program.

To comply with these requirements, the DFS performs a monthly computer match between its clients and inmates held by the Missouri Department of Correction (DOC). The names of any clients identified by the match are forwarded to the appropriate local DFS office for review and corrective action. The local office is allowed ten days to take corrective action on the case. During those ten days the caseworker is to determine if the match information is correct before taking action. Appropriate action can include termination of benefits if the client was the only member on the case or reduction of benefits if the client was one of several members.

Each local DFS office is also required by DFS policy to perform a match with the local jail or law enforcement agency once each month. The local office is to obtain the local incarceration data and perform necessary procedures to ensure no incarcerated individual is receiving Food Stamp or assistance benefits.

- A. To test the effectiveness of the state level DFS/DOC matches, we performed a match of computer records of TANF and Food Stamp clients for April 1999 against computer records of inmates in the custody of the DOC as of the same date. The match identified 189 current TANF and/or Food Stamp clients who were also incarcerated in the DOC. We selected 60 of those clients for more detailed review and determined that 24 (40 percent) had received two or more months of assistance payments while incarcerated. For the 24 clients, benefits totaling \$18,607 were received and spent, and additional Food Stamp benefits of \$802 were inappropriately issued and available for spending but were subsequently withdrawn because they had not yet been spent as of October 6, 1999.

For the cases discussed above, we also reviewed Medicaid information to determine if the individual was receiving Medicaid benefits while they were incarcerated. We determined that four of the cases had received approximately \$1,515 in Medicaid benefits while they were incarcerated. We are questioning the federal share of \$913.

When an individual is incarcerated the benefit case can be effected in two ways. If the individual is the only member on the case, all benefits should immediately be stopped. If the incarcerated individual is a member of a family case, the case should be reviewed for appropriate changes related to the loss of that member's count in the case. The following table provides greater details on the 24 cases that received two or more months of benefits while incarcerated:

Case No.	Incarceration Date	Release Date	As of 9/30/99 # of Ineligible Months Benefits Received While Incarcerated	Total Amount of Food Stamp Benefits Received While Incarcerated	Total Amount of TANF Benefits Received While Incarcerated	Total Amount of Medicaid Benefits Received While Incarcerated
1	04/30/99	08/22/99	2	\$ (1)	202	\$ na
2	03/02/99	A	2	(1)	98	na
3	03/29/99	A	2	(1)	20	na
4	03/03/99	07/07/99	3	(1)	30	na
5	03/16/99	A	2	(1)	250	na
6	01/20/99	05/20/99	4	(1)	260	na
7	10/17/96	05/12/99	4	(1)	303	na
8	05/16/89	A	3	(1)	375	na
9	02/24/99	A	3	(1)	375	na
10	03/25/99	A	3	(1)	375	na
11	03/25/99	A	2	(1)	98	na
12	04/15/99	08/17/99	3	(1)	105	na
13	02/25/99	05/04/99	3	(1)	90	na
14	11/12/98	04/08/99	4	(1)	43	na
15	04/20/99	09/19/99	4	(1)	500	na
16	03/03/99	07/01/99	4		1,012	876
17	04/12/99	08/20/99	3		370	na
18	02/08/99	06/08/99	4		912	na
19	03/09/99	06/18/99	2		190	na
20	03/17/99	07/15/99	4		520	544
21	07/23/98	09/02/99	8-FS		2,176	
			14-TANF			4,088
22	08/18/98	A	8-FS		1,837	
			9-TANF			2,106
23	02/11/99	06/17/99	4		na	544
24	03/01/99	06/29/99	4		1,110	na
			<u>108</u>	\$	<u>11,251</u>	\$
					<u>8,158</u>	\$
						<u>1,515</u>

A Inmate is still incarcerated as of September 1999.

B The DFS case is still active as of September 30, 1999.

(1) The case includes only the incarcerated individual.

Based on the results shown above, we are questioning \$11,251 in Food Stamp benefits, \$4,976 as the federal share (61 percent) of \$8,158 in TANF benefits, and \$913 as the federal share (60.24 percent) in Medicaid benefits received through September 30, 1999.

In related concerns, we also noted that some one applied for assistance payments by mail in the name of one of the clients noted above and received those assistance payments while the client was incarcerated. In another instance, one of the clients noted above received

assistance payments while on work release during the day even though the client was provided two hot meals and a sack lunch by the DOC. In still another instance, someone applied for and received assistance payments using the incarcerated persons' identification card.

It appears the DFS is not acting on the DOC prisoner matches within the required ten days. Prisoners received monthly assistance payments they were not eligible for because the DFS did not act on the DOC matches in a timely manner.

- B. To test the effectiveness of the DFS procedures for identifying inmate/clients at the local offices, we contacted 40 of the 114 county jails in Missouri to inquire whether the local DFS office requested inmate information monthly. Of the 40 county jails contacted 14 (35 percent) told us they were not providing the local DFS office with inmate information. Personnel in those 14 DFS offices confirmed that inmate information is not requested and that they only work with the information provided from the state level DOC matches.

Because incarcerated individuals are not eligible for Food Stamp or other public assistance benefits, and to be in compliance with the Balanced Budget Act of 1997, the DFS should ensure that matches are properly performed at the local office level.

WE RECOMMEND the DFS resolve the questioned costs with the grantor agency. In addition, the DFS should investigate the cases noted above and establish recoupment claims where appropriate. The DFS should also enhance its procedures to ensure all inmates in the custody of the state DOC or local law enforcement facilities are identified and appropriate benefit changes processed in a timely manner.

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.

99-9.	Eligibility - Personal Property Match
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Federal Agency:	Department of Agriculture and Department of Health and Human Services	
		<u>Questioned Costs</u>
Federal Program:	10.551 Food Stamps	\$ 29,477
	93.558 Temporary Assistance for Needy Families	15,124
State Agency:	Department of Social Services - Division of Family Services (DFS)	

There are various state and federal rules that establish limitations on the value of assets a Missouri resident is allowed to own and still be eligible for benefits under the Food Stamp and TANF programs. There also are other rules and family conditions that interact with the general guidelines

that set maximum values allowed for automobiles while allowing a client to remain eligible for benefits. For example, a family that includes a disabled person may exclude the value of a vehicle in establishing eligibility if it is used to transport the disabled person. Similarly, the value is excluded if a vehicle is used more than half of the time for producing income. Under TANF rules a client is generally allowed one vehicle no matter its value, as long as the other non-exempt resources do not exceed \$1,000.

The rules that guide the DFS in handling vehicle value consideration when determining client eligibility include federal regulation 7 CFR 273.8, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, and state regulation 13 CSR 40-2.310.

To comply with the above resource limitations, the DFS requires individuals to report all assets on their benefit application and sign a “Notification of Fraud Provisions” statement that states all changes in assets will be reported by the client within ten days.

To test the effectiveness of these procedures, we performed a match of computer records of TANF and Food Stamp clients as of April 1999 against records of registered vehicles as of April 1999 obtained from the Missouri Department of Revenue (DOR). The match was initially limited to 1996 or newer vehicle registrations that matched exactly with client names and locations. That match identified 1,935 suspect client vehicles registered with the DOR. We selected 33 cases, representing 63 of the 1,935 vehicles identified, for further review to determine if the client had properly reported personal property to the DFS. We determined that 13 of the 33 (39%) had not properly reported their vehicles and similar personal property.

To help ensure we used a fair approach in this review, we obtained numerous client personal property assessment forms from local assessment offices. We found clients often reported more personal property assets on these forms than they reported to the DFS on assistance applications.

Improperly reported or unreported personal property directly effects the clients’ eligibility. As a result clients have an incentive to not report assets. The following table provides greater detail on the assets not properly reported:

Case No.	Vehicles Reported by Client in the Case File	Vehicles Registered to the Client per the Department of Revenue	Purchase Date per DOR	As of 11/30/99 Number of Months of Questionable Assistance Payments	Case Status as of 11/30/99	Total Questionable Food Stamp Benefits	Total Questionable TANF Benefits
1	1994 Dodge Shadow (1)	1994 Dodge Shadow (1)	07/03/96	14	Active	\$ 3,738	\$ na
		1999 Plymouth Neon	10/24/98				
2	1996 Ford Ranger	1996 Ford Ranger	03/25/96	15	Closed	2,202	na
	1995 Chevy Van (2)	1996 Yamaha ATV	11/07/95				
		1996 Coachmen Motorhome	07/11/97				
3	1998 Ford Truck	1998 Ford Truck	03/30/98	14	Active	147	na
		1997 Mercury	02/18/99				
		1996 Ford Truck (1)	10/02/96				
		1988 Oldsmobile	06/11/99				
4	(3)	1998 Cadillac	08/14/98	16	Active	na	3,584
		1998 Cadillac	08/24/98				
5	1991 Ford Truck (2)	1978 Chevy Corvette	07/30/88	29	Closed	2,832	na
		1968 Ford	02/09/68				
6	1987 Ford Escort	1987 Ford Escort	04/30/95	3	Closed	685	na
		1997 Chevy	03/17/97				
7	1976 Dodge Truck (2)	1997 Saturn	06/18/97	9	Closed	2,595	na
		1996 Pontiac	08/29/98				

From the information in the table above, it appears \$29,477 in Food Stamp benefits and \$24,794 in TANF benefits were paid to recipients whose assets exceeded the eligibility limitations. We are questioning the federal portion of these amounts which are \$29,477 for Food Stamps and \$15,124 for TANF.

Some cases noted above are of particular concern. For example, case 4 shows the client purchased and registered two new 1998 Cadillacs ten days apart in August 1998. Both continue to be licensed to the clients and only one shows a bank lien. We had planned to review the details of this case, however, the DFS was unable to locate the case file for this client. It seems highly questionable that a person able to qualify for TANF benefits would also have the income to allow them to purchase one luxury automobile outright and make payments for another.

Similarly, cases 2, 8, and 13 are notable because of the failure to report multiple vehicles, including in two instances late model all terrain vehicles and a motor home or camper trailer. Several clients improperly reported an old low value vehicle to the DFS workers when they did not and had never owned such a vehicle. This may have been done to reduce possible worker interest in vehicles the

8	1996 GMC Van	1996 GMC Van	11/04/96	44	Closed	na	17,072
	1997 Ford Truck	1997 Ford Truck	01/31/97				
		1997 Ford Truck (1)	03/04/98				
		1997 Honda ATV	01/21/97				
		1987 Travel Trailer	02/15/97				
9	1996 Dodge Van	1996 Dodge Van	02/19/99	3	Closed	860	na
	1972 Dodge Truck (1)	1998 Jeep Sport	08/18/98				
		1998 Chevy	07/12/99				
10	1985 Toyota	1985 Toyota	09/02/92	15	Closed	3,431	na
	1990 Nissan Truck	1990 Nissan Truck	03/21/91				
		1996 Coachmen Trailer (1)	05/30/96				
11	none	1995 Mercury (4)	09/02/98	9	Closed	1,639	na
12	1995 Chevy (1)	1995 Chevy (1)	05/08/97	9	Active	6,075	na
		1984 Volkswagon Van	02/01/99				
		1990 Ford Van	07/08/99				
13	1977 Ford Truck	1977 Ford Truck	10/25/97	FS-18	FS-Active	5,273	4,138
		1995 Chevy	05/26/98	TANF-18	TANF-Closed		
		1989 Lincoln	07/13/99				
		1999 Chevy	06/16/99				
						\$ 29,477	\$ 24,794

- (1) License is currently expired; however it appears vehicle is still owned by client.
- (2) We were unable to determine why the client reported this vehicle which he/she does not appear to own.
- (3) Local office could not locate the current portion of the case file. The archive case file indicated the client was not disabled. Thus, only one vehicle appears exempt under TANF rules.
- (4) The client told DFS the car belonged to her mother.

client actually owned. Each of these instances suggests that the DFS policy allowing caseworkers to generally accept client vehicle or assets ownership statements without further checking is not adequate.

As noted above the DFS requires each TANF and Food Stamp applicant to sign a “Notification of Fraud Provisions” statement. This is used to notify clients there are penalties for false statements and informs them they have 10 days to report changes in assets. However, based on these findings it appears the DFS does not have adequate procedures in place to identify and respond to client’s existing or changing assets. As a result, the DFS appears to have made TANF and Food Stamp payments to several ineligible clients. Several of the cases were no longer receiving benefits. However, we found no claims filed by the DFS to recoup inappropriate benefits paid.

The DFS should review the above active cases to determine if the assistance benefits need to be terminated and consider what policy and procedure changes are needed to reduce the problems caused by clients who under report personal property assets.

WE RECOMMEND the DFS resolve the questioned costs with the grantor agency. In addition, the DFS should investigate the cases noted above and establish recoupment claims where appropriate. Also, the DFS should seriously consider policy and procedure changes to reduce client under reporting of assets.

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.

99-10.

Reporting Compliance

Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
State Agency: Department of Social Services - Division of Family Services (DFS)

The DFS uses TANF monies to provide time-limited assistance to needy families with children. The Department of Health and Human Services (HHS) regulations 42 United States Code (USC) 611 (a) require the state to prepare quarterly reports of TANF data. The quarterly report, the Emergency TANF Data Report (ACF-198), contains data maintained at the local office level and the state level.

We could not perform audit procedures to ensure the ACF-198 was prepared in accordance with federal requirements for fiscal year 1999 because supporting documentation and quarterly reports were not retained by the DFS. Therefore, we can not determine that the DFS was in compliance with federal requirements.

To obtain the local office data, each month the DFS sends randomly selected caseworkers a case questionnaire that is completed and returned to the central office. The central office loads the

resulting data into its computer system used to prepare the quarterly electronic report. Once the report is received by HHS, the local office questionnaires are destroyed.

In addition, the DFS does not maintain complete copies of the quarterly electronic reports that are submitted to HHS. As a result, the DFS does not have complete copies of the quarterly data reports and an adequate audit review is not possible.

WE RECOMMEND the DFS retain copies of all reports submitted to the federal awarding agencies and all related supporting documentation necessary to allow adequate audit review of the procedures and the accuracy of the ACF-198 quarterly report, in compliance with federal requirements.

AUDITEE'S RESPONSE

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

99-11.	Unlocated Case Files
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Federal Agency:	Department of Agriculture and Department of Health and Human Services
Federal Program:	10.551 Food Stamps 93.558 Temporary Assistance for Needy Families 93.575 Child Care and Development Block Grant 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
State Agency:	Department of Social Services - Division of Family Services (DFS)

The DFS local offices reported they could not locate 23 of 383 (over 6%) case files that we requested for detailed case review. Fifteen case files could not be located at the St. Louis City office and six at the St. Louis County office. The remaining two were from Jackson and Howell Counties. The cases involved clients receiving Food Stamps, TANF, and/or Child Care benefits and each was actively receiving benefits and/or services during the audit period. It should be noted that although county officials indicated the file was available, the case file from Howell County was never received by us even though DSS officials sent two letters and we made two telephone calls to the county office requesting the case file.

Without case files, adequate documentation is not available to verify the eligibility of the DFS clients and the appropriateness of benefits paid. Proper retention of all records, including case files, is necessary to ensure the validity of transactions, support grant expenditures, and provide an adequate audit trail.

WE RECOMMEND the DFS review case file keeping procedures in the local DFS offices to ensure all case files are appropriately retained and available for DFS case action or audit review.

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.

DEPARTMENT OF SOCIAL SERVICES -
DIVISION OF MEDICAL SERVICES

99-12. Surveillance Utilization and Review System (SURS)

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
State Agency: Department of Social Services - Division of Medical Services (DMS)
Questioned Costs: \$3,577

The DMS operates a Surveillance Utilization Review Subsystem (SURS), which is the principal unit responsible for identifying recipient and provider abuse of the Medicaid program. 42 CFR 456.22 requires the DMS to have procedures for an ongoing post-payment review, on a sample basis, of the need for and the quality and timeliness of Medicaid services.

Although the SURS unit does review claims based on referrals and exception parameters, the SURS unit does not perform a post-payment review of a representative sample of Medicaid claims. We selected a sample of 60 of the approximately 27 million fee for service claims paid during fiscal year 1999 and with the assistance of the SURS unit medical staff reviewed the claims for medical necessity, quality of care, and timeliness of services provided. The providers for these services were contacted by the SURS unit to submit documentation supporting the medical necessity of the billed services. The following problems were noted:

1. The services provided for one of the claims were not medically necessary.
2. The services for another claim were deficient under quality of care standards.
3. Eight claims were not supported by documentation submitted or no documentation was submitted by the service provider. For three of these eight claims, medical necessity, quality of care and timeliness of the service could not be determined. The other five claims were determined to be medically necessary; however, quality and timeliness of care could not be determined.
4. Two claims tested had incorrect billing codes.

The total dollar value of the twelve unsupported or deficient claims noted was \$5,938 (federal share \$3,577). Without compliance with federal requirements for testing a representative sample of Medicaid claims, the DMS cannot be assured that misutilization practices of recipients and providers are being adequately identified.

WE RECOMMEND the DMS resolve the questioned costs with the grantor agency. In addition, the DMS should establish procedures to comply with federal regulations.

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.

99-13.

Ineligible Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
State Agency: Department of Social Services - Division of Medical Services (DMS)
Questioned Costs: \$8,377

The DMS performs a monthly match of Medicaid recipients with death records provided by the Department of Health - Bureau of Vital Records (BVR). It would not be unusual for claims to be paid after a recipient's death because the BVR records may not be updated for several weeks after a death has occurred. When claims have been paid after a recipient's death, the DMS will take action to recoup the overpayments. To test the effectiveness of these procedures, we matched Managed Care Plus (MC+) recipient and mental health services claims paid during the year ended June 30, 1999, with computer records of deaths reported in Missouri since 1990 obtained from the BVR. We noted the following concerns:

- A. The MC+ match identified 330 Medicaid recipients by social security number with BVR records of a deceased individual. However, 102 records were errors due to incorrect social security numbers in the BVR records or other reasons. We noted 213 recipients for whom the DMS properly either recouped money that had been paid out after the date of death, or did not pay a claim after the date of death. However, we also identified 15 recipients who had claims paid for service periods after their date of death but no recoupment had been made. The total amount of claims paid for these recipients was \$9,098 (federal share \$5,481). In addition, 3 of these 15 recipients were still incorrectly listed as being eligible for Medicaid benefits as of October 1999, even though they had died in January 1995, May 1998, and July 1998.

B. The mental health services match identified 106 Medicaid recipients by social security number with BVR records of a deceased individual. However, 34 records were errors due to incorrect social security numbers in the BVR records or other reasons. We noted 37 recipients for whom the DMS properly either recouped money that had been paid out after the date of death, or did not pay a claim for service periods after the date of death. However, we identified 35 recipients who had claims paid for service periods after their date of death but no recoupment had been made. The total amount of claims paid for these recipients was \$4,808 (federal share \$2,896).

The DMS needs to improve procedures to ensure recoupments are made when a deceased recipient is identified. Based on work performed, the DMS paid \$13,906 for managed care claims and mental health services claims for the benefit of deceased recipients which were not recouped, and we question the federal share of this amount, \$8,377.

WE RECOMMEND the DMS resolve the questioned costs with the grantor agency. In addition, the DMS should seek reimbursement from providers for the overpayments and improve procedures to ensure recoupments are made and eligibility codes are updated when a deceased recipient is identified.

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.

99-14.

Private Duty Nursing Program

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
State Agency: Department of Social Services - Division of Medical Services (DMS)

Private duty nursing (PDN) is individual and continuous care provided in the home by a registered nurse or licensed practical nurse generally through a home health agency (HHA) according to an individualized plan of care approved by a physician. HHAs are licensed and certified by the Department of Health (DOH). The DOH does not review PDN service records during the survey inspection of HHAs. PDN services are provided primarily to children under the age of 21 through the Healthy Children and Youth program (HCY), recipients at least 21 years old under the Physical Disability Waiver (PDW), and to recipients diagnosed with HIV/AIDS under the AIDS Waiver program. Expenditures through the Medicaid program (state and federal share) for private duty nursing services during the year ended June 30, 1999, totaled approximately \$757,000. We reviewed the interagency agreements between the DMS and the Department of Health for these programs. During our review, we noted the following concerns:

- A. Under the HCY and PDW programs, the DOH is responsible for providing case management, which includes prior authorization for medical necessity. However, the agreements do not specifically assign responsibility for reviewing recipient records at the home health agency for compliance with program guidelines.

The Medicaid manual requires all PDN services to be authorized before services are initiated and be delivered strictly according to the prior authorization request and the plan of care (POC). The DMS does not perform any procedures to ensure PDN claims are adequately supported and comply with the POC. The DMS relies on work performed by the DOH to determine medical necessity and the appropriateness of the services provided. The DOH performs a review of HHA records upon renewal of a care plan; however, this review is not always documented. Also, neither the DMS nor the DOH perform procedures to ascertain if services were actually provided. As a result, there is little assurance PDN services provided to HCY and PDW recipients and paid for by the Medicaid program were delivered in accordance with the care plan.

- B. The AIDS waiver agreement requires the DOH to provide oversight, management, and monitoring activities, including overseeing the development of a written plan of care prior to the authorization or reimbursement for services. The agreement also requires the DMS to review a random sample of recipients for compliance with the program's guidelines and requires the DOH to review a statistical sample of care plans. For the period July 1, 1998 to February 28, 1999, the DMS and the DOH conducted a joint test in March 1999 covering records for 24 of the 71 AIDS Waiver program recipients. The test focused on case management records. Provider records were not examined as part of the review.

This joint test noted significant deficiencies. The 24 test items were evaluated for 41 attributes covering 6 broad categories: level of care determination, plan of care, plan approval, client choice statements, prior authorization, and home visits. The test disclosed at least one instance where the reviewer questioned whether the recipient was eligible for the AIDS waiver. Deficiencies were noted in the plan of care for 22 of the 24 recipients. At least 2 documentation deficiencies were noted for each of the 24 recipients tested, with one recipient's documentation having 18 deficiencies.

The DMS sent a summary of all findings from the joint review to the DOH. In response, the DOH submitted a list of quality improvement and assurance efforts to address the findings. The efforts focused primarily on providing training and on-site review of case documentation. However, even with the significant case management deficiencies noted the DMS did not further evaluate the provider records related to these services which may have resulted in recoupment for inadequately supported or ineligible expenditures made.

WE RECOMMEND the DMS:

- A. Establish procedures to ensure private duty nursing service claims under the HCY and PDW programs are adequately supported and the services delivered.
- B. Further review the deficiencies noted in the AIDS Waiver program test performed and recoup the payments for services which were not supported by adequate documentation or for which the recipient was ineligible.

AUDITEE'S RESPONSE

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

99-15.

Institutional Reimbursement Unit

Federal Agency: Department of Health and Human Services
 Federal Program: 93.778 Medical Assistance Program
 State Agency: Department of Social Services - Division of Medical Services (DMS)

The Institutional Reimbursement (IR) unit is responsible for determining if the payments to institutional providers are in accordance with state regulations and the state Medicaid plan. During fiscal year 1999, total expenditures (state and federal share) for inpatient hospital services and outpatient hospital services were approximately \$1 billion. State regulation requires hospitals to submit annual cost reports within five months after the close of the hospital's fiscal year. The DMS performs a desk review on the cost report to determine the reimbursement rate for the subsequent year.

A copy of this cost report is also submitted to the Medicare fiscal intermediary to perform an audit of the cost report. When the fiscal intermediary has completed the audit, a copy of the audited cost report is forwarded to the DMS. State regulation requires the DMS to review the audited cost report for each hospital's fiscal year. This cost report is used to perform the final settlement for inpatient and outpatient hospital services. For inpatient services, final settlements are performed to ensure Medicaid payments do not exceed the allowable inpatient Medicaid charges. If payments do not exceed the charges, no adjustment is necessary. For outpatient services, final settlements are performed to determine if there has been an overpayment or underpayment. Overpayments are recouped and underpayments are paid to the hospital.

During our review of the cost reports and final settlements we noted the following concerns:

- A. The IR unit has not completed reviews of hospital cost reports in a timely manner. As of February 2000, the IR unit records indicate the following number of desk reviews had been completed:

Year	Cost Reports to be Reviewed	Desk Reviews Completed
1998	152	0
1997	149	6
1996	154	142

Untimely review of cost reports limits the DMS's ability to make timely rate policy decisions.

- B. During the year ended June 30, 1999, the IR unit completed only 18 final cost settlements compared to 63 and 131 completed during the years ended June 30, 1998 and 1997, respectively.

The trend of fewer final cost settlements being completed each year results in delayed potential recoupments and limits the ability for the IR unit to catch up with its workload.

WE RECOMMEND the DMS complete hospital cost report reviews and final settlements in a timely manner.

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.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

STATE OF MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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, 1998, and the findings from the prior audits for the years ended June 30, 1997 and 1996, 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, 1997 is as follows:

Findings numbered 1A, 2B, 2C, 3, 5A, 6, 7, 9, 10, 12, 13, 14, 16, 17, 18, 21, and 23A were corrected.

Findings numbered 1B, 2A, 4, 5B, 8, 11, 15, 19, 20, 22, and 23B are included in the Summary Schedule of Prior Audit Findings.

The disposition of the findings from the year ended June 30, 1996 is as follows:

Findings numbered 1, 3, 4, 6, 7, 8, 10, 11, 14, 15 and 16 were corrected.

Findings numbered 2, 5, 9, 12, and 13, are included in the Summary Schedule of Prior Audit Findings.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-1. Suspension and Debarment Compliance

Federal Agency: Department of Interior
State Agency: Department of Conservation (DOC)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
15.605	Sport Fish Restoration	\$0

The DOC did not obtain suspension and debarment certifications from applicable contractors.

Recommendation:

The DOC obtain certifications from parties awarded contracts of \$100,000 or more that the organization and its principals are not suspended or debarred.

Status of Finding:

A debarment statement has been added to our standard contract form for all federally funded projects. Under Item 9 on the Proposal Form, the bidder certifies that:

'the bidder and its principals are not presently debarred or suspended or otherwise excluded from or ineligible for participation in Federal Assistance Programs'.

Preparer's Signature: *Peggy Salmon*

Phone number: 573-751-4115 x562

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-2. Expenditures

Federal Agency: Department of Labor
 State Agency: Department of Economic Development - Division of Job Development and Training (DJDT)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
17.246	Employment and Training Assistance - Dislocated Workers	\$0
17.250	Job Training Partnership Act	0

The DJDT's Service Delivery Area (SDA) 4 did not obtain invoices to support four advanced payments made to motels in the amount of \$5,711. We reviewed supporting documentation for some of the motel invoices and noted several overpaid amounts which the SDA personnel obtained after we brought these matters to their attention.

Recommendation:

The DJDT require the SDA to obtain motel invoices to support the \$5,711 in advance payments made to motels and require the SDA to establish procedures to ensure adequate supporting documentation, such as motel invoices, is obtained and reviewed for all future expenditures.

Status of Finding:

Fully resolved. The SDA obtained the required motel invoices and established procedures requiring itemized statements from motels for advance payments.

Preparer's Signature: Harry Stroup Phone number: 526-8210

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-3.A. Fixed Asset Records and Procedures

Federal Agency: Department of Labor
State Agency: Department of Economic Development - Division of Job Development and Training (DJDT)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
17.246	Employment and Training Assistance - Dislocated Workers	\$0
17.250	Job Training Partnership Act	0

The DJDT requires its fifteen Service Delivery Areas (SDA) to submit an annual physical inventory by July 1 of each year. As of October 1998, seven of the fifteen SDAs had not submitted annual physical inventory results to the DJDT.

Recommendation:

The DJDT enforce deadlines for receipt of physical inventory results from SDAs.

Status of Finding:

Fully resolved. JDT obtained the missing reports, except from one Administrative Entity that failed to conduct the annual inventory. Future Incentive funds will be withheld until inventory requirements are meet.

Preparer's Signature: Harry Stroup Phone number: 526-8210

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-3B. Fixed Asset Records and Procedures

Federal Agency: Department of Labor
State Agency: Department of Economic Development - Division of Job Development and Training (DJDT)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
17.246	Employment and Training Assistance - Dislocated Workers	\$0
17.250	Job Training Partnership Act	0

The DJDT did not follow up on each of its fifteen Service Delivery Areas (SDAs) physical inventory results on a timely basis. The DJDT Financial Manual indicates that each SDA is responsible for replacing missing items or paying the fair market value of the missing item. Over the two years ended June 30, 1998, SDAs 11 and 13 reported missing items totaling \$4,303 and \$26,258, respectively, which had not been located. Neither SDA was required to replace the missing items or repay the DJDT for the fair market value of the items.

Recommendation:

The DJDT establish procedures to enforce the requirement that SDAs replace missing items or pay DJDT the fair market value of the items.

Status of Finding:

Partially corrected. The State Auditor's recommendation will be implemented. Future incentive funds will be withheld until inventory requirements are meet. This finding should be fully resolved by June 30, 2000.

Preparer's Signature: Harry Stuenkel Phone number: 526-8210

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-4.A. Subrecipient Monitoring

Federal Agency: Department of Education
 Department of Health and Human Services
State Agency: Department of Elementary and Secondary Education (DESE)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
84.010	Title I Grants to Local Educational Agencies	\$0
84.027	Special Education - Grants to States	0
84.048	Vocational Education - Basic Grants to States	0
84.173	Special Education - Preschool Grants	0
93.575	Child Care and Development Block Grant	0

The DESE did not establish procedures to minimize the time elapsing between the transfer of funds from the state and subsequent disbursements by the subrecipients.

Recommendation:

The DESE establish procedures to ensure subrecipients minimize the time elapsing between the transfer of funds from the state and disbursement by the subrecipients.

Status of Finding:

We have established procedures to ensure subrecipients minimize the time elapsing between the transfer of funds from the state and disbursement by the subrecipients, and have notified the subrecipients of the federal Cash Management requirements.

Preparer's Signature:  Phone number: 1-4681

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-4.B Subrecipient Monitoring

Federal Agency: Department of Education
Department of Health and Human Services
State Agency: Department of Elementary and Secondary Education (DESE)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
84.010	Title I Grants to Local Educational Agencies	\$0
84.027	Special Education - Grants to States	0
84.048	Vocational Education - Basic Grants to States	0
84.173	Special Education - Preschool Grants	0
93.575	Child Care and Development Block Grant	0

The DESE did not establish procedures to inform subrecipients of grant award information, such as the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and number, and the name of the federal agency.

Recommendation:

The DESE provide subrecipients grant award information such as CFDA title and number, award name and number, and name of federal agency.

Status of Finding:

We have established procedures to provide necessary grant information to subrecipients.

Preparer's Signature:

Quentin Beale

Phone number:

751-4681

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-5. Period of Availability of Funds

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

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
84.027	Special Education - Grants to States	\$261,149

The DESE obligated grant funds totaling \$76,719 after the date when these funds could be obligated. In addition, \$129,037 in grant funding originally obligated in June 1997 to various school districts was unobligated in October 1997 and reobligated to other school districts after the date the funds could be obligated. Also, payments totaling \$55,393 were made from grant funds during January 1998 through April 1998, which was after the date when obligations could be liquidated.

Recommendation:

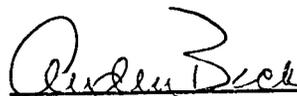
The DESE resolve the questioned costs with the grantor agency. In addition, the DESE should ensure funds are obligated within the period of availability and that obligations are liquidated not later than 90 days after the end of the funding period.

Status of Finding:

We have established procedures to ensure that funds are obligated within the period of availability and that obligations are liquidated not later than 90 days after the end of the funding period.

Status of Questioned Costs:

Unknown.

Preparer's Signature: 

Phone number: 1-4681

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-6.A. Schedule of Expenditures of Federal Awards and Sub-recipient Awards

Federal Agency: Department of Agriculture
 Department of Health and Human Services
 State Agency: Department of Health (DOH)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	\$0
10.558	Child and Adult Care Food Program	0
93.575	Child Care and Development Block Grant	0
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	0

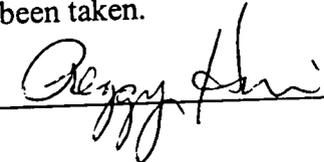
The Schedule of Expenditures of Federal Awards (SEFA) was not accurate and did not comply with OMB Circular A-133.

Recommendation:

The DOH implements procedures and maintains records to ensure the SEFA is prepared in accordance with OMB Circular A-133.

Status of Finding:

Corrective action has been taken.

Preparer's Signature:  Phone number: 573-751-6014

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-6.B. Schedule of Expenditures of Federal Awards and Sub-recipient Awards

Federal Agency: Department of Agriculture
 Department of Health and Human Services
 State Agency: Department of Health (DOH)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	\$0
10.558	Child and Adult Care Food Program	0
93.575	Child Care and Development Block Grant	0
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	0

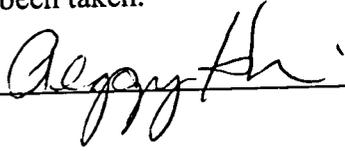
The DOH made several awards to sub-recipients that included state and federal monies and other awards that included monies from various federal programs. The DOH did not inform sub-recipients of the amount of federal monies used from each particular federal program. In addition, DOH rarely provided sub-recipients the CFDA title of the federal award.

Recommendation:

The DOH implements procedures and maintains records to ensure sub-recipients are provided with the information required by OMB Circular A-133.

Status of Finding:

Corrective action has been taken.

Preparer's Signature:  Phone number: 573-751-6014

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-7. Reconciliation of Reports

Federal Agency: Department of Education
State Agency: Department of Higher Education (DHE)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
84.032	Federal Family Education Loans	\$0

The DHE contracts with a loan program servicer to manage aspects of this program. The loan program servicer is responsible for providing data used to compile monthly (1189) and quarterly (1130) reports submitted by the DHE to the United States Department of Education. The DHE did not reconcile applicable sections of the 1130 reports to the 1189 reports.

Recommendation:

The DHE establish and implement procedures to reconcile the 1189 and 1130 reports and maintain documentation of the reconciliations.

Status of Finding:

The 1189 and 1130 reports are reconciled quarterly. Documentation of the reconciliation is maintained.

Preparer's Signature: *Randy Ann Leun* Phone number: (573) 751-236

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-8.A. Subrecipient Monitoring

Federal Agency: Department of Transportation
State Agency: Department of Transportation (MoDOT)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
20.205	Highway Planning and Construction	\$0

The MoDOT did not provide adequate information to subrecipients about federal cash management requirements. In addition, the MoDOT did not monitor cash drawdowns by its subrecipients to ensure compliance with federal requirements.

Recommendation:

The MoDOT inform subrecipients about the cash management requirements and establish procedures to ensure the requirements are met.

Status of Finding:

The MoDOT's Local Public Agency Manual (LPA) has been updated to address subrecipient's requirement for disbursement of payments received from the MoDOT. The MoDOT requires local agencies to develop cash management procedures to ensure payment is made to the contractor within two (2) days of receipt of funds from the MoDOT. In addition, the local agency must provide certification to the MoDOT indicating the date the contractor was paid.

Preparer's Signature: John Hayes ¹⁰⁻²⁸⁻⁹⁹ Phone number: 526-2561

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-8.B. Subrecipient Monitoring

Federal Agency: Department of Transportation
State Agency: Department of Transportation (MoDOT)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
20.205	Highway Planning and Construction	\$0

The MoDOT did not have procedures to ensure subrecipients submit a statement of procedures used to evaluate and select engineering consultants or ensure subrecipients consider at least three firms before procuring such services.

Recommendation:

The MoDOT establish procedures to ensure subrecipients submit a statement of procedures used to evaluate and select engineering consultants as required and ensure subrecipients consider at least three firms before procuring such services.

Status of Finding:

The MoDOT has developed procedures that require districts to submit the subrecipient's statement of procedures used to evaluate and select engineering consultants in addition to the information submitted for a preaudit. The statement of procedures is kept on file until updated or changed. Included with each preaudit will be the names of three (3) firms considered by the subrecipient for procuring such services.

Preparer's Signature: John Hayes ¹⁰⁻²⁸⁻⁹⁹ Phone number: 526-2561

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-8.C. Subrecipient Monitoring
Federal Agency: Department of Transportation
State Agency: Department of Transportation (MoDOT)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
20.205	Highway Planning and Construction	\$0

The MoDOT did not have adequate procedures to ensure findings reported in subrecipient audit reports were properly resolved.

Recommendation:

The MoDOT establish procedures to ensure that management decisions are made on subrecipient audit findings within six months after receipt of the audit reports and that the subrecipient takes appropriate and timely corrective action.

Status of Finding:

The MoDOT has put in place a process to issue management decisions on subrecipient audit findings within the required time frame and request a written reply regarding the corrective action that will be taken and the time frame in which it will take place.

Preparer's Signature: John Hayes¹⁰⁻²⁸⁻⁹⁹ Phone number: 526-2561

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-9 Cost Allocation System

Federal Agency: Department of Labor
State Agency: Department of Labor and Industrial Relations (DLIR)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
17.207	Employment Service	\$0
17.225	Unemployment Insurance	0
17.801	Disabled Veterans' Outreach Program	0
17.804	Local Veterans' Employment Representative Program	0

The DLIR allocates monthly costs to various grant programs through the use of a computerized Cost Allocation System (CAS). The DLIR did not reconcile monthly reports of costs to be allocated by the CAS to actual allocated expenditures. In addition, the DLIR did not perform periodic tests of the monthly allocations performed by the CAS to ensure expenditures are properly allocated at the project code level.

Recommendation:

The DLIR establish procedures to reconcile monthly reports of costs to be allocated by the CAS to actual allocated expenditures. In addition, the DLIR should periodically test the CAS, to ensure it is allocating costs properly at the project code level.

Status of Finding:

The Department's Financial Management and Information Systems Sections have met and planned a complete review and analysis of the monthly accounting process. This review and analysis has not been completed as other higher priority projects surfaced during the year, such as the interface between the state's new accounting system and the Department's Cost Accounting System and the reorganization of the state's Workforce Development Programs. These higher priority projects had to be completed to ensure the continued operation of Department Administrative and Fiscal systems.

Periodic manual reconciliations have been started but not completed as staff had been reassigned to the higher priority projects mentioned previously; however, additional reports currently generated by the system should provide a clearer audit trail of the allocation process. The Department plans to comply with its corrective action plan during state fiscal year 2000.

Preparer's Signature: *Lyndee McVitt* Phone number: 751-1135

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-10. Suspension and Debarment Compliance

Federal Agency: Department of Health and Human Services
State Agency: Department of Mental Health (DMH)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.959	Substance Abuse Prevention and Treatment Block Grant	\$0

The DMH did not obtain suspension and debarment certifications from subrecipients or applicable contractors.

Recommendation:

The DMH obtain appropriate suspension and debarment certifications from subrecipients and applicable contractors.

Status of Finding:

Corrective action was taken.

Preparer's Signature: *Carol Yards*
10/14/99

Phone number: 751-8050

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98- A. Federal Grant Reporting Procedures
Federal Agency: Environmental Protection Agency
State Agency: Department of Natural Resources (DNR)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
66.000	Environmental Protection Agency - Cross Cutting Issues	\$0

The DNR is required to periodically file financial status reports (FSRs) with the federal grantor to report federal grant activity. OMB Circular A-133 requires the DNR to prepare a Schedule of Expenditures of Federal Awards (SEFA) as part of the state's annual single audit. Information to complete the FSRs and SEFA is obtained from the department's Integrated Administrative System (IAS). Differences existed between the amounts reported on the FSRs, amounts reported on the IAS, and the amounts presented on the SEFA. Documentation of reconciliation of these amounts was not retained.

Recommendation:

The DNR retain written documentation of the reconciliations between the amounts reported on IAS, FSRs, and SEFA.

Status of Finding:

We disagree with this finding.

The SEFA schedule reports specific grant information as of one day, 6/30, each fiscal year end. The final FSR, prepared 90 days after the grant expiration date, is a report of all expenditures and adjustments during the life of that grant. Even if a grant were to end on 6/30, it would be 9/30 before the final FSR would be prepared to include lapse period expenditures and any reconciliation adjustments. The SEFA reports only the expenses up to 6/30. The SEFA for the period ended 6/30/99 was prepared based upon information reported from the department's Integrated Administrative System (IAS) month-end reports at 6/30/98 and 6/30/99. Any differences between system reports and the SEFA were documented and retained. We do reconcile the final FSR to IAS. Before any grant is closed within the IAS tracking system it is completely reconciled, with all backup documentation retained in the closed grant files.

Preparer's Signature: Marla Markway Phone number: 751-0958
Marla Markway

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98- B. Federal Grant Reporting Procedures
Federal Agency: Environmental Protection Agency
State Agency: Department of Natural Resources (DNR)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
66.000	Environmental Protection Agency - Cross Cutting Issues	\$0

The Schedule of Expenditures of Federal Awards (SEFA) prepared was incorrect and incomplete and required several adjustments.

Recommendation:

The DNR prepare a complete and accurate SEFA. Formal written procedures for preparation of the schedule should be prepared and the individual preparing the schedule should be properly trained and supervised.

Status of Finding:

We disagree, in part, with this finding. There was a misunderstanding between our staff and the State Auditor's Office on what was expected on the SEFA schedule. We have met with the State Auditor's Office to develop the procedures that will allow us to resolve issues the State Auditor's Office may have with our SEFA schedule

Preparer's Signature: Marla Markway Phone Number: 751-0958
Marla Markway

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-12. Monitoring of Weatherization Subgrantees

Federal Agency: Department of Energy

State Agency: Department of Natural Resources (DNR)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
81.042	Weatherization Assistance for Low Income Persons	\$0

The DNR did not have procedures to ensure that subrecipient audit report findings were followed up on in a timely manner.

Recommendation:

The DNR establish procedures to ensure all subrecipient audit reports are followed up on to ensure proper corrective action has been taken as required by OMB Circular A-133.

Status of Finding:

See attached memo.

Preparer's Signature: _____ Phone number: _____
Hans Juengermann 751-9518

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-13 State Revolving Fund Bank Reconciliations

Federal Agency Environmental Protection Agency
State Agency Department of Natural Resources (DNR)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
66.458	Capitalization Grants for State Revolving Funds	\$0

Reconciliations of the State Revolving Fund reserve account bank balances to the accounting records were not performed properly. In addition, reconciliations performed were not independently reviewed by someone other than the person that prepared the reconciliation.

Recommendation

The DNR ensure accurate reconciliations of the State Revolving Fund reserve account balances per the accounting records to the amounts recorded on the various bank statements be performed and any difference be investigated and resolved. An independent review of the reconciliations should also be made periodically.

Status of Finding:

The DNR has implemented a detailed reconciliation process of the State Revolving Fund. The process produced a correct Reserve Account Balance amount for Fiscal Year 1999 according to the State Auditor's Office Representative. DNR is currently automating this process, the Internal Audit Program. DNR, will be available to assist them.

Preparer's Signature: _____

Ed Knight

Phone number: 751-6721

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – 1998

98-14	Subrecipient Audits	
Federal Agency	Department of Health and Human Services	
State Agency	Department of Social Services – Division of Child Support Enforcement (DCSE)	
CFDA Number	Program Name	Questioned Costs
93.563	Child Support Enforcement	\$0

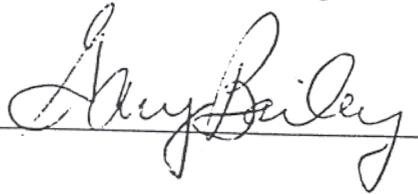
The DCSE's cooperative agreements with county governments incorrectly continued to require audits in compliance with OMB Circular A-128 instead of OMB Circular A-133.

Recommendation:

The DCSE provide all subrecipients notice that audits must be in compliance with OMB Circular A-133, and similarly correct all future cooperative agreements.

Status of Finding:

DCSE agrees with the auditor's finding. DCSE has revised the Cooperative Agreements for Fiscal Year 2000 to comply with the federal Single Audit Act of 1996 (A-133).

Preparer's Signature  Phone number: 751-4927

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-15.

Federal Agency Department of Health and Human Services
State Agency: Department of Social Services - Division of Family Services (DFS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.658	Foster Care - Title IV-E	\$16,174
93.778	Medical Assistance Program	5,422

Foster care children over the age of nineteen or over the age of eighteen and not expected to graduate before age nineteen are no longer eligible for assistance under the Title IV-E program. Once a foster child reaches either of these two limitations, the state may continue benefits with state funds. At April 30, 1998, there were 111 open foster care cases for which the child was age eighteen or older and still receiving benefits under the Title IV-E program. We tested twenty-eight of these cases and noted eighteen for which the child was ineligible for \$26,655 (\$16,174 federal share) in Title IV-E benefits and at least \$8,935 (\$5,422 federal share) in Medicaid benefits received based on his or her age or anticipated graduation status. For eleven of those cases and five additional cases, the child was not provided assistance from Title IV-E funds after age nineteen; however, it did not appear reasonable the child could have reasonably been expected to graduate by his or her nineteenth birthday based on the child's birth date. If these children were ineligible for Title IV-E benefits at the age of eighteen, the additional amount of ineligible payments would have been \$112,009 (\$67,967 federal share) for the Title IV-E program and \$8,787 (\$5,332 federal share) for the Medicaid program.

Recommendation:

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should improve procedures to ensure the high school graduation status for all foster children turning eighteen is obtained, documented in the case file and used to adjust the benefit funding source (including Medicaid benefits) if the child's expected graduation will be after age nineteen. The DFS should also consider computer system changes that would automatically switch to state funding when foster children reach the age of nineteen.

Status of Finding

Division of Family Services has designated a person in central office to update our automated systems to correctly capture IV-E funding and federal medicaid. We are now changing the funding source to state only funds as soon as the child turns 18 in order to ensure that no federal funds are inappropriately claimed.

Status of Questioned Costs:

Regarding the issue of reimbursing those agencies incorrectly charged for these expenses, we have already made retroactive adjustments in our automated payment system to ensure that we have reimbursed Title IV-E funds which were incorrectly claimed and have utilized state general revenue instead.

Preparer's Signature: Shula Janshell

Phone number. 751 4193

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-16

Eligibility - Death Match

Federal Agency:
State Agency:

Department of Agriculture and Department of Health and Human Services
Department of Social Services - Division of Family Services (DFS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
10.551	Food Stamps	\$8,068
93.558	Temporary Assistance for Needy Families	0

The DFS performs a monthly computer match between current benefit recipient and death records provided by the Department of Health - Bureau of Vital Statistics. Local office caseworkers are provided any match results for clients who are active members of a case with other participants to reevaluate the benefit status of that case. We identified at least fourteen clients whose case benefit status had not been reevaluated at least five months after the client's death. Based on the DFS benefit calculation guidelines and the earned income information in the case files, it appears benefits were overpaid \$8,068 on six cases and benefits were underpaid \$3,659 on five cases.

Recommendation:

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should establish procedures to follow-up on the status of death match reports submitted to local offices for review to ensure action is appropriately taken to reevaluate the benefits the case is receiving.

Status of Finding:

DFS/TM Section sent a memo to all area directors informing of the audit findings. The directors were reminded of the death notifications generated to staff as an alert of the need to do a circumstantial investigation of the given client and act on the results accordingly. They were also apprised that we are in the process of modifying the death-match alerts that are regularly issued when data from the DFS client information system matches that associated to a death certification in the data banks of the Bureau of Vital Statistics. The changes to the matches are expected to help ensure a better and more prompt response by staff, as well as to ensure that their supervisors have an effective tool to aide in the monitoring of what happens when staff are alerted to an active client death. The areas were instructed to devise and implement a control system for tracking what actions are effected in responding to the alerts.

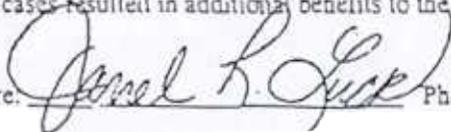
Status of Questioned Costs:

Of the eleven cases identified as potentially having been overpaid/underpaid where a household member/head-of household had died, claims were established on eight for overpayment with a current outstanding amount totaling \$7,444.00 -- one of those cases no longer has a balance due. The other seven cases (of the eight) are either no longer active, or there are active cases for other previous household members who are not receiving cash benefits.

One of the eleven cases was determined to have been eligible for questioned benefits; the case had been acted upon timely insofar as closing relating to previous issuance eligibility.

The remaining two cases resulted in additional benefits to the active households when the deceased were removed.

Preparer's Signature:



Phone Number:

751-3124

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-17 Eligibility - Benefits to Felons

Federal Agency: Department of Agriculture and Department of Health and Human Services
State Agency: Department of Social Services - Division of Family Services (DFS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
10.551	Food Stamps	\$521
93.558	Temporary Assistance for Needy Families	0

We selected a sample of 386 of the state's approximately 234,000 TANF and Food Stamp recipients over age nineteen at April 1998 and asked the Missouri State Highway Patrol to determine if any of them had outstanding felony warrants. We identified two persons with outstanding felony warrants with active Food Stamp cases who had received at least \$521 in ineligible benefits as of October 1998.

Recommendation:

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should establish a cost-effective procedure to determine whether clients have outstanding felony warrants or have committed other violations that would prevent their eligibility.

Status of Finding:

PRWORA does not mandate computer matching to detect fleeing felons and parole/probation violators. We anticipated that matching might occur in mid - 1999. However, it now appears that computer and other technical problems continue to delay this process. Matching may not occur until the early or mid part of the calendar year 2000.

Status of Questioned Costs

Claims have been established for benefits issued for two individuals identified with outstanding felony warrants.

Preparer's Signature:  Phone number: 751-3124

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-18 Eligibility - Social Security Number

Federal Agency: Department of Agriculture and Department of Health and Human Services
State Agency: Department of Social Services - Division of Family Services (DFS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
10.551	Food Stamps	\$0
93.558	Temporary Assistance for Needy Families	0

During the client application process, caseworkers are required to obtain social security numbers for each person included in the case. If the applicant cannot provide documentation of the social security number of all case members, program rules require the case to be opened and the necessary social security number documentation obtained at the client's next redetermination. If the documentation is not provided at redetermination, the client is to be removed from the case. At April 30, 1998, we determined that the DFS client database had 9,266 Food Stamp and TANF clients that had no social security number reported. We tested 48 of these clients and noted eleven of the forty-eight clients reviewed did not have a social security number entered into the database by November 1998. We reviewed the case files for five of these eleven clients and found that each file contained documentation of the client's social security number.

Recommendation:

The DFS improve procedures to ensure client social security numbers obtained after the initial application are entered into the DFS database.

Status of Finding:

The DFS/TM Section sent a memo to all area directors apprising of instance findings where Social Security Numbers have not been entered into the client information data base, and where numbers have been entered but not verified. It was noted that the DFS initiated an extensive internal review that corroborated those findings.

The review group (Quality Assurance) made recommendations to aid in addressing the concerns. It was noted, incidentally, that a large portion of the cases where absent numbers were discovered involved newborns or very young children; numbers were probably applied for but not yet obtained and entered into the system. The SAO commented that many of the cases reviewed did have a verified number in the file but they had not been entered. Thus, the primary issue seems to be ensuring that numbers obtained after case activation are inputted.

The area directors were instructed to reiterate to staff the importance of making sure they follow up on securing and entering verified numbers into the DFS database when numbers could not be supplied at the point of application. For Food Stamp purposes, as a point, applications must be processed promptly in compliance with federal regulations whether or not the number can be verified at the time of application.

The memo informed that we intend to re-introduce regular alerts (matches) that will serve as a

tool to staff and their supervisors for better tracking purposes. The DFS is working with the Division of Data Processing to develop and implement such matches, with copies to go to both caseworker and supervisor. A draft has already been produced, and is being modified incorporating suggestions from the Quality Assurance review team's report.

Preparer's Signature: Janel R Luck Phone number: 751-3124

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-19.A. Corrective Action on Prior Audit Findings

Federal Agency: Department of Agriculture and Department of Health and Human Services
State Agency: Department of Social Services - Division of Family Services (DFS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
10.551	Food Stamps	\$0
93.558	Temporary Assistance for Needy Families	0

The DFS responded for audit finding 97-16A in the Summary Schedule of Prior Audit Findings that corrective action had been taken regarding ineligible receipt of TANF benefits by clients due to unreported workers' compensation benefits. Our review indicated that corrective action had been taken for the nine ineligible cases reported; however, a periodic match between the DFS computer records and workers' compensation computer records had not been established to identify workers' compensation benefits unreported by clients.

Recommendation:

The DFS establish an interim match between DFS computer records and workers' compensation computer records until the match planned as part of the FAMIS system is implemented and operating effectively.

Status of Finding:

The DFS/IM Section is in the process of addressing the issue of verifying Workman's Compensation (WC) awards to public assistance recipients.

In talking with our Research and Evaluation Unit (R & E), it was initially believed that they would be able to extract the data we needed (for confirmation purposes) from a file layout as supplied by the Division of Child Support Enforcement (DCSE). In turn R & E would produce a report of incidences matching common client data routinely for the DFS.

The DCSE/DSS has in place an agreement with the Missouri Division of Workers' Compensation (MODWC) of the Department of Labor and Industrial Relations (DOLIR) to access information pertaining to liens filed against WC benefits. Discussions with DOLIR's legal section indicated that there should not be a problem with the DCSE sharing their data with the DFS to verify information for client assistance eligibility. However, in proceeding with implementation of the plan, DCSE's data processing section determined that they did not have access to the information the DFS requires in their dataset link to MODWC's automated system.

The DFS was compelled to return to the DOLIR to explore another avenue for securing said information. For the DFS to get the information it needs, the current agreement between the DSS and the DOLIR will probably have to be amended to include allowing the DFS to access the MODWC's files.

Meanwhile, the DFS and MODWC's Information Systems section are looking at possible modes for conveying data (when the amended agreement is effected) to the DFS. One thought is that the MODWC can build a unique file for the DFS alerting of Administrative Law Judge claim determinations relating to active clients in the DFS system; a "test" concept has already been discussed. Another possibility is allowing DFS staff to do an inquiry (linking directly to MODWC) on each individual assistance applicant (as is currently done with Employment Security in verifying client work quarters). As is always the case, issues of practicality, cost, effectiveness and efficiency are considerations in the decision.

Preparer's Signature: 

Phone number: 751-3124

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-19.B Corrective Action on Prior Audit Findings

Federal Agency: Department of Agriculture and Department of Health and Human Services
State Agency: Department of Social Services - Division of Family Services (DFS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
10.551	Food Stamps	\$0
93.558	Temporary Assistance for Needy Families	0

The DFS responded for audit finding 97-16C in the Summary Schedule of Prior Audit Findings that corrective action had been taken regarding clients with invalid social security numbers on the DFS computer system. We determined that all the errors from the last audit were corrected; however, we found an additional eight invalid social security numbers in the population of April 1998 TANF and Food Stamp benefit recipients. None of these invalid numbers had been corrected by November 1998. It appears procedures were not improved to correct invalid social security numbers.

Recommendation:

The DFS improve procedures to ensure caseworkers review the quarterly social security number exception report and correct any invalid social security numbers in the DFS computer system.

Status of Finding:

The DFS/IM Section sent a memo to all area directors apprising of instance findings where Social Security Numbers have not been entered into the client information data base, and where numbers have been entered but not verified. It was noted that the DFS initiated an extensive internal review that corroborated those findings.

The review group (Quality Assurance) made recommendations to aid in addressing the concerns. It was noted, incidentally, that a large portion of the cases where absent numbers were discovered involved newborns or very young children; numbers were probably applied for but not yet obtained and entered into the system. The SAO commented that many of the cases reviewed did have a verified number in the file but they had not been entered. Thus, the primary issue seems to be ensuring that numbers obtained after case activation are inputted.

The directors were instructed to reiterate to staff the importance of making sure they follow up on securing verified numbers when numbers could not be supplied at the point of application, and putting them into the data system. For Food Stamp purposes, as a point, applications must be processed promptly in compliance with federal regulations whether or not the number can be verified at the time of application.

The memo informed that we intend to re-introduce regular alerts (matches) that will serve as a tool to staff and their supervisors for better tracking purposes. The DFS is working with the

Division of Data Processing to develop and implement such matches, with copies to go to both caseworker and supervisor. A draft has already been produced, and is being modified incorporating suggestions from the Quality Assurance review team's report.

Preparer's Signature: Janet R. Luck Phone number: 751-3124

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-20. Reporting Compliance

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services (DSS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.667	Social Services Block Grant (SSBG)	\$0

For the year ending September 30, 1997, the SSBG annual report of program results did not include all necessary information to comply with federal reporting requirements.

Recommendation:

The DSS establish procedures to ensure the SSBG annual report is prepared in accordance with federal requirements.

Status of Finding:

The corrective action has been implemented.

Preparer's Signature: _____



Phone number: _____

751-7592

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-21.	Suspension and Debarment Compliance	
Federal Agency:	Department of Education and Department of Health and Human Services	
State Agency:	Department of Social Services (DSS)	
<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	\$0
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	0
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	0
93.563	Child Support Enforcement	0
93.568	Low-Income Home Energy Assistance (LIHEAP)	0
93.575	Child Care and Development Block Grant	0
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	0
93.658	Foster Care - Title IV-E	0
93.667	Social Services Block Grant	0
93.778	Medical Assistance Program	0

The DSS did not obtain suspension and debarment certifications from subrecipients and applicable contractors.

Recommendation:

The DSS obtain appropriate suspension and debarment certifications from subrecipients and applicable contractors.

Status of Finding:

The LIHEAP and Child Support program managers were inadvertently missed in the past corrective plan discussions. These contracts and subrecipient agreements will include the required certifications in the future.

Preparer's Signature: Theresa McDonald Phone number: 751-7263
1/26/00

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-22. Schedule of Expenditures of Federal Awards

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services (DSS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.575	Child Care and Development Block Grant	\$0
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	0
93.658	Foster Care - Title IV-E	0

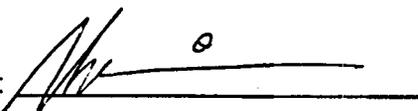
The Schedule of Expenditures of Federal Awards (SEFA) prepared by the DSS misreported the expenditures for the above noted programs by \$133,578,362. The errors were subsequently corrected when we reported them to DSS management.

Recommendation:

The DSS improve procedures to ensure the correct expenditure amounts are reported on the SEFA.

Status of Finding:

The corrective action plan has been implemented.

Preparer's Signature: 

Phone number: 751-7592

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-23. Cash Management

Federal Agency: Department of Health and Human Services and the Department of the Treasury

State Agency: Department of Social Services (DSS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.575	Child Care and Development Block Grant (CCDBG)	\$57,090

As the lead agency for this grant program, the DSS draws down all CCDBG funding for the state, subsequently passing part of the funding to the Department of Health (DOH) under an interagency agreement. Under a separate interagency agreement between the DOH and Department of Elementary and Secondary Education (DESE), CCDBG funding is also provided to the DESE. All the DESE funding is requested by the DOH on an advanced basis. For the year ended June 30, 1998, the DESE held an average month end balance of \$1.1 million in CCDBG funding; however, the state did not report any interest liability for this program on the CMIA annual interest liability report for the period. The estimated interest liability was \$57,090.

Recommendation:

The DSS resolve the questioned costs. In addition, the DSS should work with the DOH and the DESE to ensure future funding provided to these agencies is requested on a reimbursement basis or reflect monies being held at the DESE in future CMIA interest calculations.

Status of Finding:

The Child Care agreements with the Department of Health and the Department of Education now include a process for specifying cash requirements and procedures for routine adjustment of cash on hand.

Status of Questioned Costs:

The disposition of interest obligations arising from federal cash on hand are implemented through the procedures prescribed in the State's CMIA agreement.

Preparer's Signature: _____

Phone number: 751-7592

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-24. Ineligible Payments

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services - Division of Medical Services (DMS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.778	Medical Assistance Program	\$65,669

We matched Medicaid recipient inpatient and nursing home claims paid during the fiscal year ended June 30, 1998, and managed care claims paid in June 1998, with computer records of deaths reported in Missouri since 1980 obtained from the state's Department of Health - Bureau of Vital Statistics. We identified 52 recipients who had claims paid for service periods after their date of death but no recoupment had been made. The total amount of claims paid for these recipients was \$108,221 (\$65,669 federal share). In addition, for 18 of the 52 recipients, the Missouri Medicaid Information System (MMIS) did not indicate a date of death, and recipient records for five of these 18 recipients still showed the individual as being eligible for Medicaid benefits.

Recommendation:

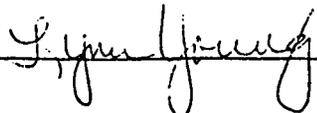
The DMS resolve the questioned costs with the grantor agency. In addition, the DMS should seek reimbursement from providers for the overpayments and establish procedures to ensure the MMIS is updated upon a recipient's death.

Status of Finding:

No changes have been made in the corrective action plan as previously submitted. The DMS agrees that incorrect payments have been made. This occurs when the date of death has not been entered on file at the time the claims process. We feel that the process for gathering the date of death has much improved in the last year, however, there will still be delays due to timing of the actual death date and updating vital statistics. We have found that in many cases, the overpayment is made for services and equipment that occur on an on-going basis without direct contact with the recipient. (i.e. wheel chair rental). (Repeated from FY 1998 Corrective Action Plan.)

Status of Questioned Costs:

No changes have been made in the corrective action plan as previously submitted. The examples included with the audit finding will be reviewed and considered immediately. The long term corrective action will be included in an enhancement to the MMIS proposed in the new RFP. (Repeated from FY 1998 Corrective Action Plan.) The DMS has performed two recoupments on the overpayments. On the Remittance Advice dated 06/25/99 a mass adjustment was done to recoup approximately \$48,421.84. Another mass adjustment was done on the 11/05/99 Remittance Advice to recoup approximately \$7,459.67.

Preparer's Signature: 

Phone number: 751-7996

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-25 Nursing Home and Hospice Claim Overpayments

Federal Agency Department of Health and Human Services
State Agency: Department of Social Services - Division of Medical Services (DMS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.778	Medical Assistance Program	\$94,473

The DMS pays hospice providers for hospice care furnished to nursing home recipients. The hospice is then responsible for reimbursing the nursing home based on a separate agreement. We noted a total of 1,809 patient days where the nursing home and the hospice provider were paid by the DMS for the same dates of service. These errors resulted in overpayments of \$159,380 (\$94,473 federal share).

Recommendation:

The DMS resolve the questioned costs with the grantor agency. The DMS should also investigate and resolve similar questioned costs from prior years. In addition, the DMS should establish procedures to ensure nursing home and hospice claims are properly processed and paid

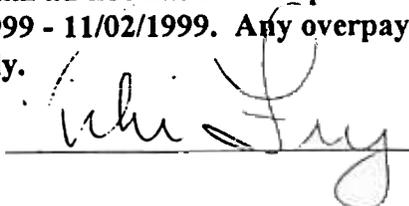
Status of Finding:

The DMS initiated system changes to correct the problem through System Task Request (STR) S-1539. This change went into production on November 2, 1999. This STR eliminates the need for quarterly reports to manually look for overpayments.

Status of Questioned Costs:

An ad hoc to determine those nursing home claims that were incorrectly paid was generated on August 30, 1999 and contained paid claims from 07/01/97 - 08/30/1999 (ad hoc run date). A total of 317 claims were adjusted for 160 nursing home providers. Providers received a letter dated October 29, 1999 along with a copy of any adjustment(s) made. One additional ad hoc has been requested which will include any overpayments made from 08/31/1999 - 11/02/1999. Any overpayments identified with this ad hoc will be adjusted accordingly.

Preparer's Signature: _____



Phone number: _____

2-1760

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-26. Drug Rebate Program

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services - Division of Medical Services (DMS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.778	Medical Assistance Program	\$257,083

As of December 1998, the DMS's Drug Rebate Unit had identified 9,193 claims against pharmacies with estimated overpayments totaling \$423,670 for which recoupments against the pharmacies had not been initiated because the claims were over five years old. The DMS does not initiate recoupment if the claim exceeds five years. Federal law requires that all identified overpayments be returned to the grantor agency. The federal share of these overpayments is \$257,083.

Recommendation:

The DMS resolve the questioned costs with the grantor agency. In addition, the DMS should ensure the grantor agency is credited for its share of overpayments when identified, attempt to recover the overpayments, and establish procedures to ensure future recoupments of overpayments are performed in a timely manner.

Status of Finding:

No changes have been made in the corrective action plan as previously submitted. The state agency has no basis upon which to recoup moneys expended. The Code of Federal Regulations states in 45 Subtitle A, § 74.53 that records are to be retained for a period of three years. The state agency requires providers to retain records related to services provided for a period of five years from the date of service as stated in Title XIX Participation Agreement for Prescribed Drugs. It is possible that had records been retained for a longer period of time, providers in instances of alleged overpayments might have been able to produce justification for questionable claims submitted and overturn the resultant recoupment. (Repeated from the FY 1998 Corrective Action Plan.)

Status of Questioned Costs

No changes have been made in the corrective action plan as previously submitted. See above explanation.

Preparer's Signature: *Jessie M'Case* Phone number: 757-6963

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-27.A. Third Party Liability

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services - Division of Medical Services (DMS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.778	Medical Assistance Program	\$0

The DMS did not maintain an up-to-date Third Party Liability (TPL) action plan and had not submitted any updates to the Health Care Financing Administration (HCFA) since March 1991.

Recommendation:

The DMS ensure that the TPL action plan is maintained on a current basis and updates are submitted to HCFA in accordance with federal regulations.

Status of Finding:

The TPL unit is working with DMS legal counsel to appropriately draft and update the action plan. It is anticipated that this will be completed December 1999.

Preparer's Signature: Chris Reeter Phone number: 1-2005

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-27.B. Third Party Liability

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services - Division of Medical Services (DMS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.778	Medical Assistance Program	\$0

When the DMS's Third Party Liability (TPL) unit identifies trauma cases involving Medicaid recipients, the cases are recorded on a personal injury log. During the year ended June 30, 1998, 11,344 entries were recorded on this log. We selected 40 TPL claims from the personal injury log and for seven of 27 applicable items, the DMS failed to pursue collection from the third party within required time limits.

Recommendation:

The DMS establish procedures to ensure collections from third parties are pursued within 60 days of the end of the month in which the potential TPL is identified.

Status of Finding:

The TPL has redistributed the workload of trauma cases by assigning existing staff to different areas of the program. A System Task Request on the MMIS has been completed which enables automatic update of online recovery statements from each financial cycle's paid claims file. Clerical phone staff have been trained to communicate information from the online system to attorneys and insurance carriers which reduces correspondence and repeated calls.

Preparer's Signature: Chris Reeter

Phone number: 1-2005

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-28.A1 Hospital Overpayments

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services - Division of Medical Services (DMS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.778	Medical Assistance Program	\$0

In March 1998, the DMS identified payments totaling \$4,794,643 made to twenty hospitals which exceeded these hospitals' cost of providing care to Medicaid and uninsured patients. The DMS only reduced the total reported Medicaid expenditures by \$1,568,845, leaving \$3,225,798 which were not netted against Medicaid expenditures. A similar accounting error, totaling \$612,295, occurred during the previous fiscal year ended June 30, 1997. After we brought these matters to their attention, the DMS made the necessary corrections to the federal report for the quarter ending September 30, 1998.

Recommendation:

The DMS establish procedures to ensure the federal share of overpayments is credited to the grantor agency within 60 days.

Status of Finding:

The MMIS payment system was programmed to recognize and accurately report this type of transaction. This was accomplished with system task request number S-1324 and placed in production on June 8, 1999.

Preparer's Signature: *Mandy Vivian*

Phone number: 751-8985

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-28.A2. Hospital Overpayments

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services - Division of Medical Services (DMS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.778	Medical Assistance Program	\$0

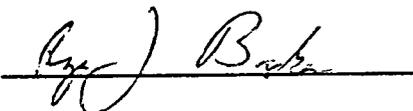
At the time of our review in January 1999, nineteen of the twenty hospitals that received overpayments noted in finding 98-28.A.1 had either repaid the overpayment or were having the overpayment withheld from subsequent payments. The DMS indicated that recoupment had not begun in one case involving an overpayment of \$815,972 due to legal issues regarding the merger of the hospital.

Recommendation:

The DMS ensure overpayments are recouped from providers in a timely manner.

Status of Finding:

No changes have been made in the corrective action plan as previously submitted. The Division of Medical Services filed regulations to resolve issues regarding the merger of hospitals on January 15, 1999. The recoupment was completed by 6/30/99.

Preparer's Signature:  Phone number: 751-5663

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1998

98-28.B. Hospital Overpayments

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services - Division of Medical Services (DMS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.778	Medical Assistance Program	\$183,196

The DMS established new inpatient per diem rates for all 147 hospital providers effective April 1, 1998. We reviewed the per diem rate for 20 hospital providers and noted one provider's per diem rate which was apparently inappropriately increased by \$155 in December 1998. The DMS then retroactively adjusted claims with dates of service after April 1, 1998 and the date of the rate change, resulting in an additional payment of \$301,906 (\$183,196 federal share) to this provider. We question the federal share of the retroactive payment.

Recommendation:

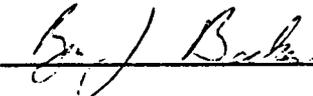
Resolve the questioned costs with the grantor agency. In addition, the DMS should recoup overpayments made to this provider and establish procedures to ensure reimbursement rates comply with state and federal regulations.

Status of Finding:

No changes have been made in the corrective action plan as previously submitted. We disagree with the auditor's finding that the hospital payment for providing acute treatment services to former residents of a state mental hospital exceeded the OBRA 93 limitation for state fiscal year 1998. The auditor is incorrect in their assertion that the Division of Medical Services has exceeded the limitations of OBRA 93 or its state regulatory authority to define providers meeting specific criteria defined in state regulation that may be more than providers which do not meet those criteria. OBRA 93 does not require a state to pay all providers 100% of the provider specific limitation. (Repeated from FY 1998 Corrective Action Plan.)

Status of Questioned Costs:

No changes have been made in the corrective action plan as previously submitted. See above explanation.

Preparer's Signature: 

Phone number: 751-5263

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1997

97-1.B. Expenditures

Federal Agency: Department of Labor
State Agency: Department of Economic Development - Division of Job Development and Training (DJDT)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
17.246	Employment and Training Assistance - Dislocated Workers	\$1,909
17.250	Job Training Partnership Act	5,227

Some on-the-job training (OJT) salary reimbursement claim forms paid by administrative entities were not signed by program participants resulting in questioned costs of \$7,136.

Recommendation:

The DJDT resolve the questioned costs with the grantor agency and ensure the administrative entities comply with OJT documentation requirements.

Status of Finding:

Fully resolved. The Administrative Entities obtained the required signatures or provided other documentation for some of the reimbursement claims. \$2,099.10 of reimbursements were disallowed. The funds were collected and returned to the DOL.

Preparer's Signature: Harry Struempke Phone number: 526-8210

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1997

97-2.A. Fixed Asset Records and Procedures

Federal Agency: Department of Labor
State Agency: Department of Economic Development - Division of Job Development and Training (DJDT)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
17.246	Employment and Training Assistance - Dislocated Workers	\$0

17.250 Job Training Partnership Act
Some Service Delivery Areas (SDAs) did not report physical inventory results to the DJDT on a timely basis.

Recommendation:

The DJDT enforce deadlines for receipt of physical inventory results from SDAs.

Status of Finding:

Fully resolved. The missing inventory reports were obtained, except from one Administrative Entity that failed to conduct the annual inventory. Future Incentive funds will be withheld until inventory requirements are meet.

Preparer's Signature: Harry Stronck Phone number: 526-8210

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1997

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97-4. Special Education Consulting Services

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

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
84.027	Special Education - Grants to States	\$26,363
84.181	Special Education - Grants for Infants and Families with Disabilities	9,637

Department-wide consulting service expenditures were directly charged to the Special Education program grants resulting in questioned costs of \$36,000.

Recommendation:

The DESE resolve the questioned costs with the grantor agency. In addition, the DESE should ensure only expenditures specifically related to the Special Education program are charged directly to Special Education grants.

Status of Finding:

The Department has contacted the U.S. Department of Education regarding this finding. They indicated that the finding will be forwarded to the appropriate federal agency and a final judgment would be made at that time.

Status of Questioned Costs:

Unresolved.

Preparer's Signature: Quaden Beck Phone number: 751-4681

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1997

97-8. Funds Held Outside the State Treasury

Federal Agency: Department of Education
State Agency: Department of Higher Education (DHE)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
84.032	Federal Family Education Loans	\$0

The DHE maintains a bank account for the Automatic Transfer of Money (ATOM) Program. The department does not have statutory authority on the state level to maintain funds outside the State Treasurer's office.

Recommendation:

The DHE move this account to the state treasury or pursue specific authority to establish the ATOM account outside the state treasury.

Status of Finding:

On April 6, 1998 the DHE received a letter from the state Commissioner of Administration acknowledging that he was aware of and had no objections to the existence of the ATOM account.

Preparer's Signature: Randy Ann Leune Phone number: (573) 751-2361

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1997

97-15. FAMIS Contract Change Request

Federal Agency: Department of Agriculture and Department of Health and Human Services
State Agency: Department of Social Services (DSS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
10.561	State Administrative Matching Grants for Food Stamp Program	\$133,624
93.558	Temporary Assistance for Needy Families	386,988
93.566	Refugee and Entrant Assistance - State Administered Programs	413
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	11,652
93.778	Medical Assistance Program	66,234

The contractor for the Family Assistance Management Information System (FAMIS) project was overpaid \$826,368 of which the federal share was \$598,911.

Recommendation:

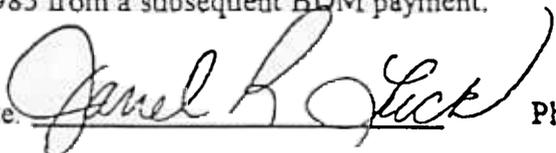
The DSS resolve the questioned costs with the federal grantor agencies

Status of Finding:

(See Status of Questioned Costs)

Status of Questioned Costs.

The recommendation of SAO was that we resolve this finding with our federal grantor agencies. Since that time, I have spoken with both the Department of Health and Human Services, Division of Cost Allocation, and the Department of Agriculture, Food and Nutrition Service. Christine Rackers, Director of the Division of Budget and Finance, has signed an agreement regarding this finding with the Division of Cost Allocation. I believe you have already received a copy of that agreement. I have been notified by William Holmes of FNS that the finding has been resolved to their satisfaction, as well. Both agencies have considered the matter resolved once DFS withheld the questioned \$5,985 from a subsequent BDM payment.

Preparer's Signature:  Phone number: 751-3124

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1997

97-19. Fixed Asset Records

Federal Agency: Department of Agriculture
State Agency: Department of Social Services - Division of Family Services (DFS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
10.561	State Administrative Matching Grants for Food Stamp Program	\$0

The DFS fixed asset records were inadequate to ensure compliance with 7 CFR 277.13 regarding transfer or disposal of equipment purchased for the administration of the Food Stamp program.

Recommendation:

The DFS establish procedures to ensure compliance with 7 CFR 277.13.

Status of Finding:

The budget, procurement, and financial components of the new statewide system were implemented July 1, 1999. This system will be used to record fixed assets and will indicate the cost allocation between applicable programs.

This conversion to the new system will identify the grant or grants that paid for the purchase of the assets used for the administration of the food stamp program. This conversion will be ongoing through this fiscal year and will be completed prior to June 30, 2000.

Preparer's Signature: Theresa McDonald Phone number: 751-7263

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1997

97-20. Claims Accounting Restitution System Units

Federal Agency: Department of Agriculture
State Agency: Department of Social Services - Division of Family Services (DFS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
10.551	Food Stamps	\$0

The Claims Accounting Restitution System (CARS) Units in the St. Louis County and City of St. Louis DFS offices were not entering claims in the CARS on a timely basis.

Recommendation:

The DFS ensure the local office CARS Units enter claims in the CARS on a timely basis.

Status of Finding:

Quality Assurance staff analyzed the claim referral process and backlog of claim referrals in both St. Louis City and St. Louis County offices as a part of each county's 1998 Special Initiative (SI) review. Results of this analysis were shared with each county office in early 1999 during the presentation of all findings from the SI review. Both offices were asked to provide a plan to reduce the backlog of claim referrals including a plan to prevent a future backlog of claim referrals.

Progress in both counties is being monitored by Quality Assurance and Program and Policy staff. Monitoring will continue until claim referral backlogs in both counties are reduced to a manageable and stable level.

Preparer's Signature: 

Phone number: 751-3124

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1997

97-22.A ADP Risk Analysis and Security Review

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services - Division of Medical Services (DMS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.778	Medical Assistance Program	\$0

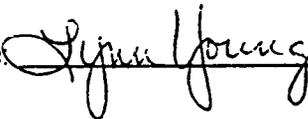
The DMS had not established a security plan for automated data processing (ADP) systems.

Recommendation:

The DMS establish a security plan for the ADP systems in accordance with federal requirements.

Status of Finding:

No changes have been made in the corrective action plan as previously submitted. Not yet corrected. Federal regulations regarding ADP system security have been proposed, but are not final. Because proposed regulations are subject to change, DMS will take action to comply with the regulations once they are finalized. (Repeated from FY 1998 Corrective Action Plan.)

Preparer's Signature: 

Phone number: 751-3752

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1997

97-22.B. ADP Risk Analysis and Security Review

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services - Division of Medical Services (DMS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.778	Medical Assistance Program	\$0

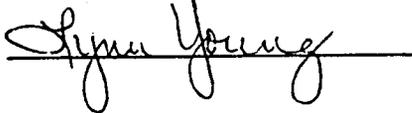
The DMS had not conducted biennial ADP system security reviews.

Recommendation:

The DMS perform biennial ADP system security reviews as required by federal regulations.

Status of Finding:

No changes have been made in the corrective action plan as previously submitted.
Not yet corrected. Federal regulations regarding ADP system security have been proposed, but are not final. Because proposed regulations are subject to change, DMS will take action to comply with the regulations once they are finalized. (Repeated from FY 1998 Corrective Action Plan.)

Preparer's Signature:  Phone number: 751-3752

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1997

97-23.B. Drug Rebate Program

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services - Division of Medical Services (DMS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.778	Medical Assistance Program	\$0

The DMS had not established adequate procedures for calculating, recording, billing, and collecting interest due from drug manufacturers for drug rebate program payments not remitted within thirty days of the invoice date.

Recommendation:

The DMS implement procedures to calculate, record, bill, and collect interest monies due from drug manufacturers.

Status of Finding:

The program system request change is in Review Status. Once review is completed the process will be put into production.

Preparer's Signature: *Stephen H. Benken*

Phone number: 526-5778

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1996

96-2. Fixed Assets

Federal Agency: Department of Labor
State Agency: Department of Economic Development - Division of Job Development and Training (DJDT)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
17.246	Employment and Training Assistance - Dislocated Workers	\$0
17.250	Job Training Partnership Act	0

Forty-eight fixed asset items with acquisition costs totaling \$67,969 were not located by Service Delivery Area (SDA) 3 and SDA 12. One hundred fifteen fixed asset items with acquisition costs totaling \$153,528 were not located by SDA 13.

Recommendation:

The DJDT require the SDAs to locate or replace the missing items or otherwise resolve this issue with the grantor agency.

Status of Finding:

Partially corrected. The State Auditor's recommendation will be implemented. Incentive funds will be withheld until inventory requirements are met. This finding should be fully resolved by June 30, 2000.

Preparer's Signature: Harry Stroup Phone number: 526-8210

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1996

96-5. Cost Allocation Procedures

Federal Agency: Department of Education
State Agency: Department of Higher Education (DHE)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
84.032	Federal Family Education Loans (FFEL)	\$9,962

Two expenditures totaling \$19,131 were charged entirely to the Federal Family Education Loans (FFEL) program. It appears these expenditures were joint costs and \$9,565 should not have been charged to the FFEL program. Additionally, one expenditure was not allocated to the FFEL program according to the established allocation percentages and no documentation was retained for the deviation. As a result, \$397 was overcharged to the FFEL program.

Recommendation:

The DHE resolve the questioned costs with the grantor agency. In addition, the DHE should ensure that all expenditures are properly allocated to the correct program and document the basis for any deviations from the established allocation percentages.

Status of Finding:

On August 17, 1998 the DHE received a letter from the U. S. Department of Education instructing the DHE to repay the \$9,962 or appeal the finding and questioned costs within forty-five days. On September 29, 1998 the DHE appealed the finding and the related questioned costs. On December 14, 1999 the U. S. Department of Education responded to the appeal and did not require the DHE to repay any funds.

Status of Questioned Costs:

See above.

Preparer's Signature: Raye Ann Leune Phone number: (573) 751-2361

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1996

96-9. Cooperative Agreement Compliance

Federal Agency: Department of Defense
State Agency: Department of Public Safety - Adjutant General

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
12.401	National Guard Military Operations and Maintenance Projects	\$17,351

Refunds were not determined and remitted to the U.S. Treasury on a timely basis for unspent cooperative agreement advance payments.

Recommendation:

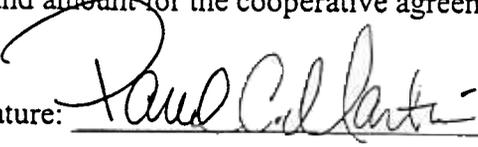
The Department of Public Safety - Adjutant General resolve the questioned costs with the grantor agency. In addition, the Department of Public Safety - Adjutant General should establish procedures to ensure the appropriate refund is determined for each cooperative agreement and remitted to the U.S. Treasury in a timely manner.

Status of Finding: All of the appendices to the master cooperative agreement concerning FY's 95 and 96 that have final closeout have been refunded.

In regards to established procedures to ensure the appropriate refund is determined for each cooperative agreement and remitted to the U.S. Treasury in a timely manner. All programs are required to reconcile internal records with state reports on a monthly basis. No more than 90 days after the end of the federal fiscal year they are required to submit an internal closeout form and include supporting documentation proving deposits and expenditures. Once received by this office (State Resources) the figures are verified using the state reports and internal records. The process has worked well in the closing of FY 99 agreements.

Status of Questioned Costs:

The unpaid refund amount for the cooperative agreements for which refunds were determined have been paid.

Preparer's Signature:  Phone number: 638-9609

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1996

96-12 A Questionable Assistance Payments

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services - Division of Family Services (DFS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.560	Family Support Payments to States - Assistance Payments	\$ 9,197

Five non-resident clients received \$15,328 in benefits resulting in questioned costs totaling \$9,197.

Recommendation:

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should investigate the five cases noted and determine if recoupment claims for inappropriate benefits should be initiated. The DFS should also consider possible enhancements in its fraud prevention and detection efforts.

Status of Finding

We have determined that no further action could be taken on 96-12.A.

Status of Questioned Costs:

In the previous response, the DFS explained the status on each specified client where benefit payments were in question. Only one recipient was determined to be ineligible for benefits based on the issue of residency. The client is not active in our system, so repayment has not been made on the previously established claim of \$1,724.50. It is not known whether the individual is even residing in Missouri at this time.

In a letter issued in July of 1997, the Department of Health & Human Services categorized the questioned costs of this finding as non applicable (N/A). Additionally, in December of 1997, the Office of Inspector General issued a clearance document showing the questioned costs relating to this finding as a non issue.

Preparer's Signature



Phone number: 751-3124

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1996

96-12 B. Questionable Assistance Payments

Federal Agency: Department of Health and Human Services
State Agency: Department of Social Services - Division of Family Services (DFS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
93.560	Family Support Payments to States - Assistance Payments	\$ 5,929

Nine clients who were ineligible as a result of receiving lottery prize or worker's compensation payments received \$9,882 in benefits resulting in questioned costs totaling \$5,929.

Recommendation:

The DFS resolve the questioned costs with the grantor agency. In addition, the DFS should review the cases noted above and recoup inappropriate assistance payments that were disbursed to ineligible clients. In addition, the DFS should establish adequate procedures to appropriately identify and respond to clients receiving lump sum income.

Status of Finding:

Remains "partially corrected".

Status of Questioned Costs:

In a letter issued in July of 1997, the Department of Health & Human Services categorized the questioned costs of this finding as non applicable (N/A). Additionally, in December of 1997, the Office of Inspector General issued a clearance document showing the questioned costs relating to this finding as a non issue.

Preparer's Signature: 

Phone number: 751-3124

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - 1996

96-13 Food Stamp Duplicate Issuances

Federal Agency: Department of Agriculture
State Agency: Department of Social Services - Division of Family Services (DFS)

<u>CFDA Number</u>	<u>Program Name</u>	<u>Questioned Costs</u>
10.551	Food Stamps	\$0

The local DFS offices did not take appropriate action upon notification of food stamp duplicate issuances for six of twenty-five (24 percent) cases reviewed.

Recommendation:

The DFS ensure the local DFS offices take timely action to investigate duplicate issuances, establish a Claims Accounting and Restitution System claim on all improper duplicate issuances, and report promptly to the Mail Issuance Unit.

Status of Finding:

The following corrective action has been taken:

Of the six cases with duplicate issuances, restitution has been make in full for four of the cases.

Of the two remaining cases, partial restitution has been made. Neither of the two cases are in active status, but recoupment can continue when the cases are in active status.

Each of the counties involved in the audit findings has developed a corrective action plan to track duplicate issuances to ensure timely follow up of duplicate issuance reports. Duplicate issuance claims have a priority status.

The Food Assistance Program office reports a significant increase in timely resolution of duplicate issuance reports.

We request that audit finding #96-13 be considered complete. Restitution has been initiated and completed in all but two of the cases involved. The county offices involved in the audit have successfully developed procedures to track duplicate issuance reports. Duplicate issuance claims have priority status.

Preparer's Signature



Phone number:

10-21-99

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