



Claire McCaskill

Missouri State Auditor

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March 2006

State of Missouri

Single Audit

Year Ended  
June 30, 2005



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

March 2006

**The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Single Audit includes the federal awards expended by all state agencies, except for the public universities and various financing authorities which provide their financial information directly to the federal government. State agencies expended \$8.59 billion of federal grant funds during the year ended June 30, 2005. Expenditures of federal awards have increased significantly over the past five years. Although nineteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (96 percent). These six departments are: Social Services, Transportation, Labor and Industrial Relations, Elementary and Secondary Education, Health and Senior Services, and Public Safety. Overall, the state expended federal awards in 316 different programs.**

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Unallowable costs were charged to the State Homeland Security Grant Program, including costs of \$33,320 for the 2004 Governor's Meth Summit. These costs were improperly charged to the Federal Fiscal Year 2003 State Homeland Security Grant Program (SHSGP) Part II – Critical Infrastructure Protection (CIP) allocation during the year ended June 30, 2005. These costs were questioned because the summit did not provide specific CIP training. Additionally, during the year ended June 30, 2005, cellular phone, wireless personal digital assistants, and satellite phone monthly service fees totaling \$38,684 were improperly charged to the same grant program by the city of St. Louis.

In addition, the State Emergency Management Agency (SEMA) has not established adequate procedures to minimize time elapsing between the transfer of funds from the U.S. Treasury and disbursement. In one instance, the SEMA mistakenly drew down \$517,400 twice resulting in a balance of over \$465,000 which took 90 days to completely disburse.

Several areas of concern were noted with the Office of the Secretary of State - Help America Vote Act grant funds including subrecipient monitoring, the amount of time elapsing between the transfer of funds from the state and subsequent disbursement by the subrecipients, recording of capital assets, and compliance with federal requirements over maintenance of effort, suspension and debarment, and federal reporting.

YELLOW SHEET

The Department of Mental Health – Office of Audit Services performed a review and questioned costs of \$18,731 of the Missouri Statewide Parent Advisory Network. Questioned costs included services not being properly documented, employee time being charged and billed to more than one funding agency, and payment of conference expenses that were not approved.

Eligibility and payment documentation could not be located for some Department of Social Services (DSS)-Children's Division (CD) Foster Care Title IV-E cases reviewed. We reviewed eligibility documentation for 62 Foster Care benefit recipients. Their Foster Care assistance totaled \$425,508 during the year ending June 30, 2005. We could not locate invoices or other adequate supporting documentation for some payments on 63 percent of cases reviewed. We questioned costs of \$23,748. A similar condition was also noted in our prior report.

Included in the single audit report are recommendations related to subrecipient monitoring in the Department of Elementary and Secondary Education, State Emergency Management Agency, and the Department of Social Services – Children's Division. Recommendations regarding cost allocation procedures and food stamp quality control review documentation at the Department of Social Services are also included.

Also included in the report are recommendations, and in some cases questioned costs, related to federal programs previously included in other reports issued by the Missouri State Auditor's Office. These include Department of Social Services - Family Support Services undistributed child support collections (Report No. 2005-56), the Parents' Fair Share Program (Report No. 2004-90), and the Vocational Rehabilitation Program at the Department of Social Services - Family Support Division - Rehabilitation Services for the Blind (Report No. 2005-93).

**All reports are available on our website: [www.auditor.mo.gov](http://www.auditor.mo.gov)**

STATE OF MISSOURI  
SINGLE AUDIT

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## INTRODUCTION AND SUMMARY

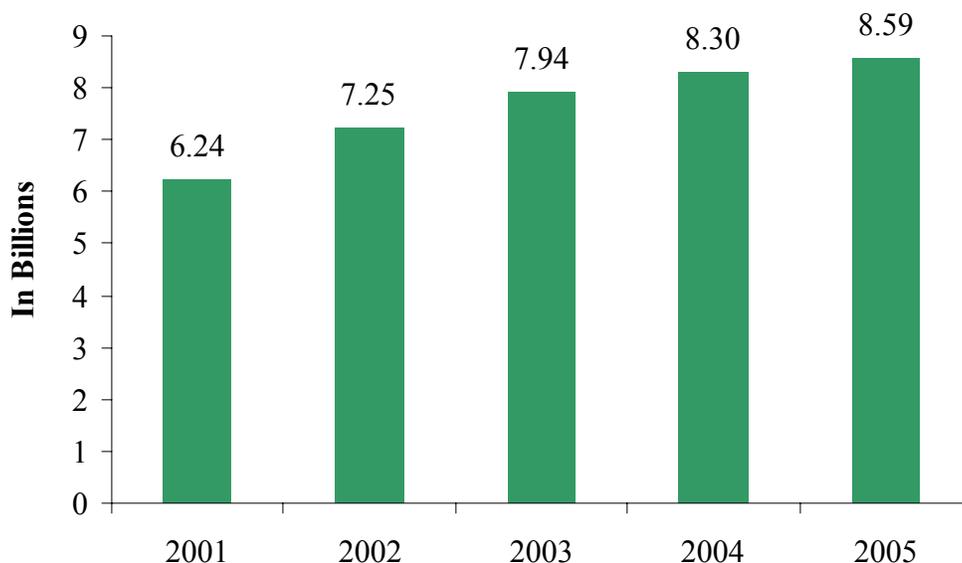
## INTRODUCTION AND SUMMARY

The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Office of Management and Budget (OMB) issued Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* to set forth standards for obtaining consistency and uniformity among federal agencies for the audit of non-federal entities expending federal awards. The single audit requires an audit of the state's financial statements and expenditures of federal awards. The audit is required to determine whether:

- The state's basic financial statements are presented fairly in all material respects in conformity with generally accepted accounting principles.
- The schedule of expenditures of federal awards is presented fairly in all material respects in relation to the financial statements taken as a whole.
- The state has adequate internal controls to ensure compliance with federal award requirements.
- The state has complied with the provisions of laws, regulations, and contracts or grants that could have a direct and material effect on federal awards.

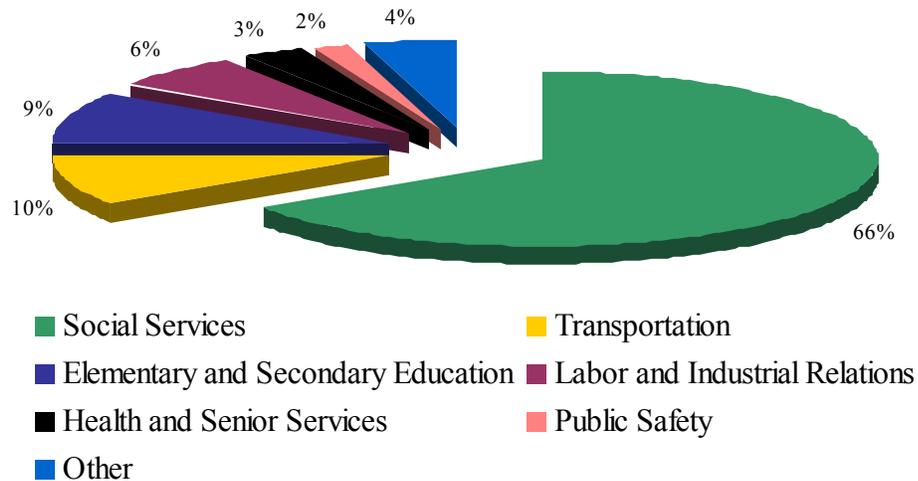
The Single Audit report includes the federal awards expended by all state agencies that are part of the primary government. The report does not include the component units of the state, which are the public universities and various financing authorities. These component units have their own separate OMB Circular A-133 audits conducted by other auditors. The state expended \$8.59 billion in federal awards during the year ended June 30, 2005. Expenditures of federal awards have increased significantly over the past five years.

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



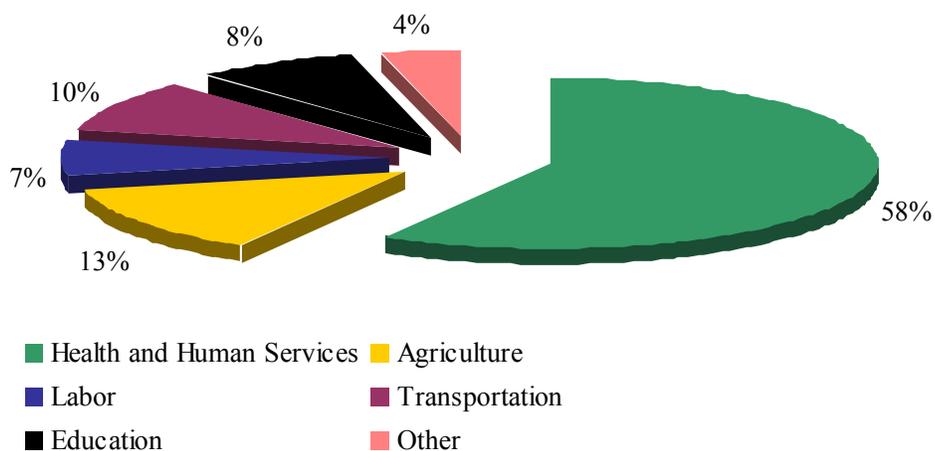
Although nineteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (96 percent).

### Expenditures of Federal Awards by State Department



The state received federal awards from 22 different federal agencies. Most of the federal awards (96 percent) came from five federal agencies.

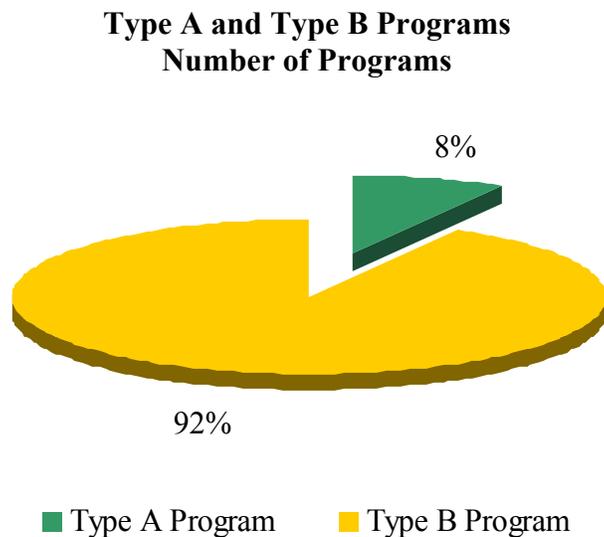
### Expenditures of Federal Awards by Federal Department



Overall, the state expended federal awards in 316 different programs. Under the audit requirements of OMB Circular A-133, federal programs are divided into Type A and Type B programs based on a dollar threshold. For the state of Missouri, OMB Circular A-133 defines the dollar threshold to distinguish between Type A programs and Type B programs at three-tenths of one percent (.003) of total awards expended.

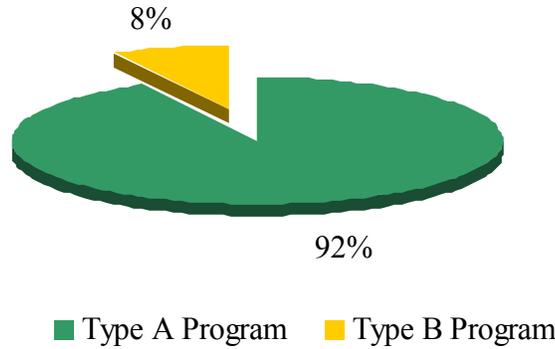
<b>Determination of Type A Programs</b>	
Total expenditures of federal awards	\$ 8,587,097,649
Three-tenths of one percent	.003
<b>Dollar Threshold</b>	<b>\$ 25,761,293</b>

We rounded the dollar threshold to \$25.7 million. Programs with federal expenditures over \$25.7 million are Type A programs and the programs under \$25.7 million are Type B programs. Of the 316 different federal award programs, 26 were Type A programs and 290 were Type B programs.



The 26 Type A programs had expenditures of federal awards totaling \$7.9 billion, which was 92 percent of the total expenditures for all programs. The 290 Type B programs had expenditures of federal awards totaling \$665 million, which was only 8 percent of the total expenditures for all programs.

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



OMB Circular A-133 requires the auditor to use a risk-based approach to determine which federal award programs to audit as major programs. We performed a risk assessment on each Type A program and determined that 13 of the 26 Type A programs were low risk and did not need to be audited as major, based on the guidance in OMB Circular A-133.

OMB Circular A-133 requires the auditor to perform risk assessments on the larger Type B programs to determine which ones to audit as major in place of the Type A programs that are not audited as major. The dollar threshold to determine the larger Type B programs is three-hundredths of one percent (.0003) of total awards expended (\$8.59 billion times .0003 = \$2.57 million). We performed risk assessments on the 64 larger Type B programs that were over \$2.57 million and determined that 17 of them were high risk. In accordance with OMB Circular A-133, we audited 9 (greater than one-half) of these 17 high risk Type B programs as major. As a result of the risk-based approach required under OMB Circular A-133, we audited 13 Type A programs and 9 Type B programs as major.

**Major and Non-major Programs**

Audit Coverage by Type of Program	Number of Programs	Expenditures	Percentage of Expenditures
Type A major programs	13	\$ 5,927,790,421	
Type B major programs	9	94,380,156	
Total major programs	22	6,022,170,577	70%
Type A non-major programs	13	1,994,629,208	
Type B non-major programs	281	570,297,864	
Total non-major programs	294	2,564,927,072	30%
Total all programs	316	\$ 8,587,097,649	100%

STATE OF MISSOURI  
SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Program Name	Federal Grantor Agency	Federal Awards Expended
	Food Stamp Cluster:		
10.551	Food Stamps	Agriculture	\$ 722,378,284
10.561	State Administrative Matching Grants for Food Stamp Program	Agriculture	40,193,948
	Child Nutrition Cluster:		
10.553	School Breakfast Program	Agriculture	35,694,015
10.555	National School Lunch Program	Agriculture	126,958,541
10.556	Special Milk Program for Children	Agriculture	458,965
10.559	Summer Food Service Program for Children	Agriculture	6,689,464
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture	71,559,022
10.558	Child and Adult Care Food Program	Agriculture	38,662,867
14.228	Community Development Block Grants/State's Program	Housing and Urban Development	34,645,407
17.225	Unemployment Insurance	Labor	537,176,916
	Workforce Investment Act Cluster:		
17.258	Workforce Investment Act - Adult Program	Labor	16,664,593
17.259	Workforce Investment Act - Youth Activities	Labor	19,677,884
17.260	Workforce Investment Act - Dislocated Workers	Labor	25,558,032
20.205	Highway Planning and Construction	Transportation	763,718,290
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency	28,641,353
84.010	Title I Grants to Local Educational Agencies	Education	180,640,630
	Special Education Cluster:		
84.027	Special Education - Grants to States	Education	189,543,285
84.173	Special Education - Preschool Grants	Education	4,061,046
84.032	Federal Family Education Loans	Education	71,972,539
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Education	53,449,919
84.367	Improving Teacher Quality State Grants	Education	51,019,303
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	Health and Human Services	27,860,614
93.558	Temporary Assistance for Needy Families	Health and Human Services	174,711,929
93.563	Child Support Enforcement	Health and Human Services	46,499,360
93.568	Low-Income Home Energy Assistance	Health and Human Services	46,801,348
	Child Care and Development Fund Cluster:		
93.575	Child Care and Development Block Grant	Health and Human Services	67,211,016
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services	52,905,214
93.658	Foster Care - Title IV-E	Health and Human Services	57,154,991
93.659	Adoption Assistance	Health and Human Services	30,370,235
93.667	Social Services Block Grant	Health and Human Services	54,889,443
93.767	State's Children's Insurance Program	Health and Human Services	87,197,583
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	Health and Human Services	908,002
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Human Services	13,253,418
93.778	Medical Assistance Program	Health and Human Services	4,179,620,228
96.001	Social Security - Disability Insurance	Social Security Administration	32,049,756
	Homeland Security Cluster:		
16.007	State Homeland Security Grant Program	Department of Justice	16,622,947
83.564	Citizen Corps	Federal Emergency Mangement Agency	206,542
97.004	State Domestic Preparedness Equipment Support Program	Department of Homeland Security	14,283,056
97.053	Citizen Corps	Department of Homeland Security	72,989
97.067	Homeland Security Grant Program	Department of Homeland Security	436,655
	Total Type A Programs (expenditures greater than \$25.7 million)		7,922,419,629
	Total Type B Programs (expenditures less than \$25.7 million)		664,678,020
	Total Expenditures of Federal Awards		\$ <u>8,587,097,649</u>

STATE AUDITOR'S REPORTS



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

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

Honorable Matt Blunt, Governor  
and  
Members of the General Assembly

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2005, which collectively comprise the state's basic financial statements, and have issued our report thereon dated January 19, 2006. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, and the Transportation Self-Insurance Plan which represent 79 percent and 12 percent of the assets and revenues, respectively, of the governmental activities. We did not audit the State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 41 percent and 59 percent of the assets and revenues, respectively, of the business-type activities. We did not audit the component units. We did not audit the pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represents 95 percent and 97 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors. Our report expressed a qualified opinion on the basic financial statements because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 caused by error or fraud in amounts that would be material in relation to the 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.

### Compliance and Other Matters

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

The State Auditor's office regularly issues management reports on the various programs, agencies, divisions, and departments of the state of Missouri. The conditions mentioned in those management reports were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the basic financial statements. Our reports of these conditions do not modify our report dated January 19, 2006, on the basic financial statements.

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



Claire McCaskill  
State Auditor

January 19, 2006 (fieldwork completion date)



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

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

Honorable Matt Blunt, 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, 2005. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the state's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the state's compliance with those requirements.

As described in item 2005-1 in the accompanying schedule of findings and questioned costs, the state of Missouri did not comply with requirements regarding equipment and real property management that are applicable to its Help America Vote Act grant programs. As described in item 2005-4 in the accompanying schedule of findings and questioned costs, the

state of Missouri did not comply with requirements regarding cash management that are applicable to its Homeland Security grant programs. Compliance with such requirements is necessary, in our opinion, for the state of Missouri to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the state of Missouri complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2005-3 through 2005-7, 2005-10 and 2005-11.

### 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 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 judgment, could adversely affect the state's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2005-1, 2005-2, and 2005-4.

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 the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud 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 items 2005-1, 2005-2, and 2005-4 to be material weaknesses.

### Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the

aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2005, which collectively comprise the state's basic financial statements, and have issued our report thereon dated January 19, 2006. We did not audit the financial statements of the Missouri Department of Transportation, the Consolidated Health Care Plan, the State Employees' Insurance Plan, the Transportation Employees' and Highway Patrol Insurance Plan, and the Transportation Self-Insurance Plan which represent 79 percent and 12 percent of the assets and revenues, respectively, of the governmental activities. We did not audit the State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 41 percent and 59 percent of the assets and revenues, respectively, of the business-type activities. We did not audit the component units. We did not audit the pension (and other employee benefit) trust funds and Missouri Department of Transportation Local Fund, which represents 95 percent and 97 percent of the assets and additions, respectively, of the fiduciary funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to these amounts, are based on the reports of the other auditors. Our report expressed a qualified opinion on the basic financial statements because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the state of Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. The state of Missouri has excluded federal award expenditures of public universities 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 basic 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 basic financial statements taken as a whole.

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



Claire McCaskill  
State Auditor

February 3, 2006 (fieldwork completion date)

SUPPLEMENTARY SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS

STATE OF MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Office of National Drug Control Policy			
07	HIDTA	3,017,581	1,627,647
Total Office of National Drug Control Policy		3,017,581	1,627,647
Department of Agriculture			
10	School Lunch Commodity Refund	5,428	5,428
10.025	Plant and Animal Disease, Pest Control, and Animal Care	837,657	0
10.069	Conservation Reserve Program	97,013	0
10.072	Wetland Reserve Program	400,000	0
10.153	Market News	5,936	0
10.156	Federal-State Marketing Improvement Program	38,262	6,150
10.163	Market Protection and Promotion	7,040	0
10.435	State Mediation Grants	18,020	0
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	395,995	0
10.477	Meat, Poultry, and Egg Products Inspection	17,910	0
10.550	Food Donation	20,647,868	19,981,463
10.551	Food Stamps	722,378,284	0
10.553	School Breakfast Program	35,694,015	35,694,015
10.555	National School Lunch Program	126,958,541	125,581,943
10.556	Special Milk Program for Children	458,965	458,965
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	71,559,022	14,187,998
10.558	Child and Adult Care Food Program	38,662,867	38,294,578
10.559	Summer Food Service Program for Children	6,689,464	6,544,405
10.560	State Administrative Expenses for Child Nutrition	2,746,878	1,052,651
10.561	State Administrative Matching Grants for Food Stamp Program	40,193,948	0
10.565	Commodity Supplemental Food Program	602,651	494,470
10.568	Emergency Food Assistance Program (Administrative Costs)	992,630	936,318
10.569	Emergency Food Assistance Program (Food Commodities)	7,236,100	7,236,100
10.572	WIC Farmers' Market Nutrition Program (FMNP)	183,461	167,960
10.574	Team Nutrition Grants	94,387	12,526
10.576	Senior Farmers' Market Nutrition Program	143,478	143,478
10.664	Cooperative Forestry Assistance	1,921,538	257,302
10.665	Schools and Roads - Grants to States	3,727,803	3,727,803
10.769	Rural Business Enterprise Grants	23,592	0
10.916	Watershed Rehabilitation Program	305,024	0
Total Department of Agriculture		1,083,043,776	254,783,552
Department of Defense			
12	Troops to Teachers	66,855	25,996
12.AAG	Drug Interdiction and Counter Drug Activities (Note 4)	54,166	54,166
12.104	Flood Plain Management	10,902	0
12.112	Payments to States in Lieu of Real Estate Taxes	1,013,248	1,013,248
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	983,109	0
12.401	National Guard Military Operations and Maintenance Projects	15,270,081	0
Total Department of Defense		17,398,361	1,093,410
Department of Housing and Urban Development			
14.228	Community Development Block Grants/State's Program	34,645,407	33,743,268
14.231	Emergency Shelter Grants Program	1,319,814	1,319,814
14.238	Shelter Plus Care	4,828,138	4,828,138
14.241	Housing Opportunities for Persons with AIDS	491,219	491,219
14.401	Fair Housing Assistance Program - State and Local	640,287	0
Total Department of Housing and Urban Development		41,924,865	40,382,439

STATE OF MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
<b>Department of the Interior</b>			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	84,056	0
15.252	Abandoned Mine Land Reclamation Program	873,601	98,884
15.605	Sport Fish Restoration	5,550,191	0
15.611	Wildlife Restoration	6,239,573	0
15.615	Cooperative Endangered Species Conservation Fund	78,801	0
15.616	Clean Vessel Act	26,127	26,127
15.617	Wildlife Conservation and Appreciation	9,471	0
15.622	Sportfishing and Boating Safety Act	102,645	102,645
15.633	Landowner Incentive	119,618	0
15.634	State Wildlife Grants	2,257,288	0
15.635	Neotropical Migratory Bird Conservation	86,250	0
15.807	Earthquake Hazards Reduction Program	56,803	0
15.808	U.S. Geological Survey - Research & Data Acquisition	178,748	0
15.810	National Cooperative Geologic Mapping Program	216,880	0
15.904	Historic Preservation Fund Grants-In-Aid	552,248	59,001
15.916	Outdoor Recreation - Acquisition, Development and Planning	1,674,002	1,568,970
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	301,016	0
15.FFB	Webless Migratory Game Bird Research Program	119,309	0
15.FFC	Fish and Wildlife Coordination Act	23,000	0
Total Department of the Interior		18,549,627	1,855,627
<b>Department of Justice</b>			
16.007	State Homeland Security Grant Program	16,622,947	15,563,953
16.011	Urban Areas Security Initiative	4,881,979	4,881,979
16.202	Offender Reentry Program	507,456	0
16.523	Juvenile Accountability Incentive Block Grants	2,975,615	2,909,330
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	1,161,987	1,019,780
16.542	Part D - Research, Evaluation, and Technical Assistance and Training	713,582	0
16.543	Missing Children's Assistance	92,675	0
16.548	Title V - Delinquency Prevention Program	338,251	338,251
16.549	Part E-State Challenge Activities	138,113	130,393
16.550	State Justice Statistics Program For Statistical Analysis Centers	26,955	0
16.554	National Criminal History Improvement Program	1,111,814	459,424
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	96,090	96,090
16.564	Crime Laboratory Improvement-Combined Offender DNA Index System Backlog Reduction	91,449	87,890
16.575	Crime Victim Assistance	7,126,837	6,990,627
16.576	Crime Victim Compensation	1,573,927	0
16.579	Byrne Formula Grant Program	10,029,318	9,357,791
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	503,067	199,384
16.585	Drug Court Discretionary Grant Program	4,074	0
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	2,979,584	0
16.588	Violence Against Women Formula Grants	2,312,355	2,227,109
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	111,458	111,458
16.592	Local Law Enforcement Block Grants Program	260,288	257,513
16.593	Residential Substance Abuse Treatment for State Prisoners	1,228,094	1,228,094
16.606	State Criminal Alien Assistance Program	442,862	0
16.607	Bulletproof Vest Partnership Program	3,307	3,307
16.610	Regional Information Sharing Systems	3,951,684	3,951,684
16.710	Public Safety Partnership and Community Policing Grants	1,639,023	0
16.727	Enforcing Underage Drinking Laws Program	475,571	421,143
Total Department of Justice		61,400,362	50,235,200

STATE OF MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
<b>Department of Labor</b>			
17.002	Labor Force Statistics	1,946,776	0
17.005	Compensation and Working Conditions	204,866	0
17.203	Labor Certification for Alien Workers	104,430	0
17.207	Employment Service	16,808,521	235,685
17.225	Unemployment Insurance	537,176,916	0
17.235	Senior Community Service Employment Program	2,155,428	2,134,649
17.245	Trade Adjustment Assistance - Workers	10,641,678	0
17.258	Workforce Investment Act - Adult Program	16,664,593	14,845,052
17.259	Workforce Investment Act - Youth Activities	19,677,884	16,547,645
17.260	Workforce Investment Act - Dislocated Workers	25,558,032	23,112,008
17.264	Migrant & Seasonal Farm Workers	182,249	59,105
17.267	Workforce Investment Act - Incentive Grants - Section 503 Grants to States	44,029	44,029
17.504	Consultation Agreements	1,052,741	0
17.600	Mine Health and Safety Grants	314,190	0
17.801	Disabled Veterans' Outreach Program	1,116,724	0
17.804	Local Veterans' Employment Representative	1,766,247	0
<b>Total Department of Labor</b>		<b>635,415,304</b>	<b>56,978,173</b>
<b>Department of Transportation</b>			
20.106	Airport Improvement Program	13,505,974	13,327,881
20.205	Highway Planning and Construction	763,718,290	95,931,992
20.217	Motor Carrier Safety	572,698	0
20.218	National Motor Carrier Safety	2,773,964	956,044
20.219	Recreational Trails Program	911,616	860,928
20.500	Federal Transit - Capital Investment Grants	6,086,108	6,086,108
20.505	Federal Transit - Metropolitan Planning Grants	4,661,004	4,525,997
20.509	Formula Grants for Other Than Urbanized Areas	6,804,786	6,256,837
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	1,100,988	1,019,675
20.516	Job Access - Reverse Commute	2,044,292	2,044,292
20.600	State and Community Highway Safety	4,242,069	2,435,686
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	940,744	761,635
20.602	Occupant Protection	223,396	948
20.603	Federal Highway Safety Data Improvements Incentive Grants	10,017	1,176
20.604	Safety Incentive Grants for Use of Seatbelts	492,923	392,511
20.607	Alcohol Open Container Requirements	13,599,715	9,024,575
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	183,635	161,870
20.700	Pipeline Safety	264,982	0
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	288,788	250,311
<b>Total Department of Transportation</b>		<b>822,425,989</b>	<b>144,038,466</b>
<b>Equal Employment Opportunity Commission</b>			
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	568,919	0
<b>Total Equal Employment Opportunity Commission</b>		<b>568,919</b>	<b>0</b>
<b>General Services Administration</b>			
39.003	Donation of Federal Surplus Personal Property (Note 4)	1,698,439	1,427,583
39.011	Election Reform Payments	5,594,289	5,311,909
<b>Total General Services Administration</b>		<b>7,292,728</b>	<b>6,739,492</b>
<b>National Foundation of Arts and the Humanities</b>			
45.025	Promotion of the Arts - Partnership Agreements	579,746	232,514
45.310	State Library Program	2,475,504	1,160,833
<b>Total National Foundation of Arts and the Humanities</b>		<b>3,055,250</b>	<b>1,393,347</b>

STATE OF MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
<b>Department of Veterans Affairs</b>			
64.005	Grants to States for Construction of State Home Facilities	867,346	0
64.015	Veterans State Nursing Home Care	24,771,408	0
64.123	Vocational Training for Certain Veterans Receiving VA Pension	473,143	0
64.203	State Cemetery Grants	86,156	0
Total Department of Veterans Affairs		<u>26,198,053</u>	<u>0</u>
<b>Environmental Protection Agency</b>			
66.032	State Indoor Radon Grants	166,597	10,019
66.433	State Underground Water Source Protection	139,172	0
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative			
66.436	Agreements - Section 104(b)(3) of the Clean Water Act	661,189	144,867
66.438	Construction Management Assistance	769	0
66.454	Water Quality Management Planning	169,550	22,961
66.458	Capitalization Grants for Clean Water State Revolving Funds	28,641,353	28,635,299
66.460	Nonpoint Source Implementation Grants	3,954,718	2,796,804
66.461	Regional Wetland Program Development Grants	140,773	52,049
66.463	Water Quality Cooperative Agreements	113,955	0
66.468	Capitalization Grants for Drinking Water State Revolving Funds	7,519,295	6,242,771
State Grants to Reimburse Operators of Small Water Systems for Training and Certification			
66.471	Costs	287,528	19,307
66.474	Water Protection Grants to the States	86,597	0
66.500	Environmental Protection - Consolidated Research	380,270	338,229
66.605	Performance Partnership Grants	11,275,505	1,109,154
66.606	Surveys, Studies, Investigations and Special Purpose Grants	804,616	165,595
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	92,465	0
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	76,805	0
66.707	TSCA Title IV State Lead Grants - Certification of Lead-Based Paint Professionals	303,632	306
66.708	Pollution Prevention Grants Program	48,745	0
66.709	Multi-Media Capacity Building Grants for States and Tribes	111,052	0
66.714	Pesticide Environmental Stewardship Regional Grants	1,195	0
66.717	Source Reduction Assistance	5,628	0
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	2,366,239	96,333
66.805	Leaking Underground Storage Tank Trust Fund Program	1,543,757	0
Alternative or Innovative Treatment Technology Research, Demonstration, Training, and			
66.813	Hazardous Substance Research Grants	58,072	0
66.817	State and Tribal Response Program Grants	1,364,812	0
66.951	Environmental Education Grants	2,055	0
Total Environmental Protection Agency		<u>60,316,344</u>	<u>39,633,694</u>
<b>Department of Energy</b>			
81.039	National Energy Information Center	7,002	0
81.041	State Energy Program	329,267	4,000
81.042	Weatherization Assistance for Low-Income Persons	6,038,024	5,699,440
81.092	Weldon Springs Site Remedial Action Project	310,258	0
81.104	Office of Environmental Cleanup and Acceleration	131,883	0
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and			
81.117	Technical Analysis/Assistance	14,599	0
81.119	State Energy Program Special Projects	53,514	37,052
81.902	State Environmental Oversight & Monitoring	33,790	0
Total Department of Energy		<u>6,918,337</u>	<u>5,740,492</u>
<b>Federal Emergency Management Agency</b>			
83.012	Hazardous Materials Assistance Program	2,769	2,769
83.544	Public Assistance Grants	21,507,695	20,448,701
83.548	Hazard Mitigation Grant	6,767,176	5,413,714
83.557	Pre-Disaster Mitigation	289,416	289,286
83.563	Emergency Operations Center	440,447	0
83.564	Citizen Corps	206,542	189,151
Total Federal Emergency Management Agency		<u>29,214,045</u>	<u>26,343,621</u>

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
<b>Department of Education</b>			
84	Cooperative System Grant	10,485	0
84.002	Adult Education - State Grant Program	10,023,103	9,526,513
84.010	Title I Grants to Local Educational Agencies	180,640,630	178,057,393
84.011	Migrant Education-State Grant Program	1,595,980	1,585,042
84.013	Title I Program for Neglected and Delinquent Children	1,222,953	1,222,953
84.027	Special Education - Grants to States	189,543,285	186,528,905
84.032	Federal Family Education Loans	71,972,539	0
84.048	Vocational Education - Basic Grants to States	23,762,407	22,672,758
84.069	State Student Incentive Grant Program (Gallagher)	1,353,822	1,339,400
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	53,449,919	91,682
84.169	Independent Living - State Grants	294,133	226,014
84.173	Special Education - Preschool Grants	4,061,046	4,061,046
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	616,197	0
84.181	Special Education - Grants for Infants and Families with Disabilities	7,584,721	7,584,721
84.184	Safe and Drug-Free Schools and Communities - National Programs	1,196,264	1,196,264
84.185	Byrd Honors Scholarships	795,250	0
84.186	Safe and Drug-Free Schools and Communities - State Grants	7,617,278	7,281,400
84.187	Supported Employment Services for Individuals with Severe Disabilities	584,675	0
84.196	Education for Homeless Children and Youth	950,019	948,383
84.213	Even Start - State Educational Agencies	3,695,278	3,695,278
84.215	Fund for the Improvement of Education	583,751	583,751
84.235	Rehabilitation Services Demonstration and Training Programs	449,960	0
84.243	Tech-Prep Education	2,158,201	2,118,905
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	70,246	0
84.281	Eisenhower Professional Development State Grants	106	106
84.282	Charter Schools	142,072	139,078
84.287	Twenty-First Century Community Learning Centers	11,982,243	11,747,604
84.298	State Grants for Innovative Programs	5,034,222	4,961,630
84.318	Education Technology State Grants	8,366,966	8,366,966
84.323	Special Education-State Program Improvement Grants for Children With Disabilities	1,031,180	1,031,180
84.326	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children With Disabilities	260,284	260,284
84.330	Advanced Placement Program	15,600	15,600
84.331	Grants to States for Incarcerated Youth Offenders	365,496	0
84.332	Comprehensive School Reform Demonstration	5,181,873	5,181,873
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	808,238	494,116
84.336	Teacher Quality Enhancement Grants	401,175	398,476
84.348	Title I Accountability Grants	158,918	158,918
84.357	Reading First State Grants	18,029,824	17,436,929
84.358	Rural Education	2,242,954	2,094,859
84.365	English Language Acquisition Grants	2,525,239	2,525,239
84.366	Mathematics and Science Partnerships	414,378	410,851
84.367	Improving Teacher Quality State Grants	51,019,303	50,739,721
84.369	Grants for State Assessments and Related Activities	7,139,925	1,062,868
<b>Total Department of Education</b>		<b>679,352,138</b>	<b>535,746,707</b>
<b>National Archives and Records Administration</b>			
89.003	National Historical Publications and Records Grants	123,367	105,170
<b>Total National Archives and Records Administration</b>		<b>123,367</b>	<b>105,170</b>
<b>Elections Assistance Commission</b>			
90.401	Help America Vote Act Requirements Payments	4,608,076	540,716
<b>Total Elections Assistance Commission</b>		<b>4,608,076</b>	<b>540,716</b>

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YEAR ENDED JUNE 30, 2005

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Health and Human Services			
93.000	Mammography Inspections	191,741	0
93.003	Public Health and Social Services Emergency Fund	6,045,271	5,890,906
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	148,971	49,998
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	75,905	75,905
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	307,719	49,044
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	454,946	454,946
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	7,287,032	6,382,281
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	12,514,776	12,514,776
93.048	Special Programs for the Aging - Title IV and Title II Discretionary Projects	1,696	1,696
93.051	Alzheimer's Disease Demonstration Grants to States	228,282	225,865
93.052	National Family Caregiver Support	3,063,809	3,063,809
93.053	Nutrition Services Incentive Program	4,009,584	4,009,584
93.103	Food and Drug Administration Research	132,231	0
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	3,301,447	3,129,019
93.110	Maternal and Child Health Federal Consolidated Programs	340,745	75,975
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	528,736	133,296
93.127	Emergency Medical Services for Children	78,108	0
93.130	Primary Care Services - Resource Coordination and Development	209,343	70,000
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention	63,379	0
93.136	Injury Prevention and Control Research and State and Community Based Programs	1,302,855	1,068,360
93.150	Projects for Assistance in Transition from Homelessness (PATH)	724,799	708,644
93.161	Health Program for Toxic Substances and Disease Registry	24,019	0
93.162	National Health Service Corps Loan Repayment Program	100,000	100,000
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	763,736	397,684
93.204	Surveillance of Hazardous Substance Emergency Events	58,075	0
93.206	Human Health Studies - Applied Research and Development	36,787	20,870
93.226	Research on Healthcare Costs, Quality and Outcomes	211,418	91,728
93.230	Consolidated Knowledge Development and Application (KD&A) Program	753,022	617,722
93.234	Traumatic Brain Injury - State Demonstration Grant Program	22,006	0
93.235	Abstinence Education	1,346,977	1,346,977
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	226,375	0
93.240	State Capacity Building	603,873	91,365
93.241	State Rural Hospital Flexibility Program	275,376	162,350
93.243	Substance Abuse and Mental Health Services-Projects of Regional and National Significance	3,202,659	2,214,144
93.251	Universal Newborn Hearing Screening	260,315	0
93.256	State Planning Grant - Health Care Access for the Uninsured	526,184	297,137
93.259	Rural Access to Emergency Devices Grant	211,422	135,688
93.260	Family Planning - Personnel Training	14,989	0
93.268	Immunization Grants (Note 4)	24,822,934	22,323,848
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	27,860,614	11,207,393
93.283-95-0026	Uniform Alcohol and Drug Abuse Grants	56,751	56,751
93.301	Small Rural Hospital Improvement Grants	166,156	156,408
93.556	Promoting Safe and Stable Families	8,944,241	0
93.558	Temporary Assistance for Needy Families	174,711,929	0
93.563	Child Support Enforcement	46,499,360	10,550,958
93.566	Refugee and Entrant Assistance - State Administered Programs	2,623,411	0
93.568	Low-Income Home Energy Assistance	46,801,348	21,565,149
93.569	Community Services Block Grant	17,716,700	17,585,082
93.571	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	45,766	0
93.575	Child Care and Development Block Grant	67,211,016	1,002,354
93.576	Refugee and Entrant Assistance-Discretionary Grants	337,093	184,407
93.584	Refugee and Entrant Assistance - Targeted Assistance	1,548,690	0

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CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
93.585	Empowerment Zones Program	224,600	224,600
93.586	State Court Improvement Program	253,493	0
93.590	Community-Based Family Resource and Support Grants	477,315	477,315
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	52,905,214	48,963
93.597	Grants to States for Access and Visitation Programs	171,130	0
93.599	Chafee Education and Training Vouchers Program (ETV)	275,285	0
93.600	Head Start	343,843	247,486
93.603	Adoption Incentive Payments	396,752	0
93.617	Voting Access for Individuals With Disabilities - Grants to States	232,185	0
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,369,841	828,780
93.643	Children's Justice Grants to States	193,216	0
93.645	Child Welfare Services - State Grants	5,871,699	0
93.652	Adoption Opportunities	91,018	0
93.658	Foster Care - Title IV-E	57,154,991	0
93.659	Adoption Assistance	30,370,235	0
93.667	Social Services Block Grant	54,889,443	0
93.669	Child Abuse and Neglect State Grants	320,453	0
	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	1,658,865	0
93.671	States and Indian Tribes	1,658,865	0
93.674	Chafee Foster Care Independent Living	3,055,098	0
93.767	State Children's Insurance Program	87,197,583	0
	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	565,494	0
93.768	Disabilities	565,494	0
93.769	Demonstration to Maintain Independence and Employment	626,281	0
93.775	State Medicaid Fraud Control Units	908,002	0
93.777	State Survey and Certification of Health Care Providers and Suppliers	13,253,418	0
93.778	Medical Assistance Program	4,179,620,228	0
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	568,524	104,108
93.786	State Pharmaceutical Assistance Programs	61,096	0
93.865	Child Health and Human Development Extramural Research	237,577	229,334
93.889	National Bioterrorism Hospital Preparedness Program	2,643,110	2,090,509
93.913	Grants to States for Operation of Offices of Rural Health	138,364	0
93.917	HIV Care Formula Grants	10,879,050	9,627,141
	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	140,518	75,008
93.938	Spread of HIV and Other Important Health Problems	140,518	75,008
93.940	HIV Prevention Activities - Health Department Based	3,875,121	2,717,106
	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Syndrome (AIDS) Surveillance	895,532	275,564
93.944	Surveillance	895,532	275,564
93.945	Assistance Programs for Chronic Disease Prevention and Control	1,178,578	633,025
93.952	Improving EMS/Trauma Care in Rural Areas	75,331	0
93.958	Block Grants for Community Mental Health Services	7,167,152	6,865,494
93.959	Block Grants for Prevention and Treatment of Substance Abuse	24,024,958	21,165,484
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	2,329,492	550,586
	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	424,258	104,536
93.988	Surveillance Systems	424,258	104,536
93.991	Preventive Health and Health Services Block Grant	2,862,734	756,026
93.994	Maternal and Child Health Services Block Grant to the States	13,959,497	6,531,679
	<b>Total Department of Health and Human Services</b>	<b>5,032,881,192</b>	<b>181,564,864</b>
<b>Corporation for National Service</b>			
94.003	State Commissions	335,273	6,435
94.004	Learn and Serve America - School and Community Based Programs	241,177	174,094
94.006	AmeriCorps	1,998,285	1,998,285
94.007	Planning and Program Development Grants	48,805	48,805
94.009	Training and Technical Assistance	61,231	56,899
	<b>Total Corporation for National Service</b>	<b>2,684,771</b>	<b>2,284,518</b>
<b>Social Security Administration</b>			
96.001	Social Security - Disability Insurance	32,049,756	0
96.008	Social Security - Benefits Planning, Assistance, and Outreach Program	305,097	0
	<b>Total Social Security Administration</b>	<b>32,354,853</b>	<b>0</b>

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CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Homeland Security			
97.004	State Domestic Preparedness Equipment Support Program	14,283,056	14,135,664
97.008	Urban Areas Security Initiative	1,375,098	1,375,098
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants	62,090	62,090
97.021	Hazardous Materials Assistance Program	4,135	4,135
97.023	Community Assistance Program - State Support Services Element	128,475	0
97.034	Disaster Unemployment Assistance	15,090	0
97.041	National Dam Safety Program	52,137	0
97.042	Emergency Management Performance Grants	1,918,261	1,918,261
97.053	Citizen Corps	72,989	39,115
97.063	Pre-Disaster Mitigation Disaster Resistant Universities	264	264
97.067	Homeland Security Grant Program	436,655	436,655
97.070	Map Modernization Management Support	5,461	0
Total Department of Homeland Security		<u>18,353,711</u>	<u>17,971,282</u>
Total Expenditures of Federal Awards		\$ <u><u>8,587,097,649</u></u>	<u><u>1,369,058,416</u></u>

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 programs administered by public universities which are legally separate component units of the state of Missouri. Federal financial assistance provided to public universities has been excluded from this audit. The public universities were audited by other auditors under OMB Circular A-133.

B. Basis of Presentation

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

The schedule presents both Type A and B federal assistance programs administered by the state of Missouri. OMB Circular A-133 establishes the formula for determining the level of expenditures or disbursements to be used in defining Type A and B federal financial assistance programs. For the state of Missouri, Type A programs are those which exceed \$25.7 million in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in OMB Circular A-133.

C. Basis of Accounting

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

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

The state received cash rebates from an infant formula manufacturer, totaling \$30,726,902 on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants and Children Program (CFDA No. 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. The state was able to extend program benefits to more persons than could have been served this fiscal year in the absence of the rebate contract.

3. Unemployment Insurance Expenditures

Expenditures of federal awards for the Unemployment Insurance program (CFDA No. 17.225) include unemployment benefit payments from the State Unemployment Compensation Fund totaling \$494,598,605 and \$42,218,311 funded by federal grants.

4. Nonmonetary Assistance

The Department of Health and Senior Services distributes vaccines to local health agencies and other health care professionals under the Immunization Grants program (CFDA No. 93.268). Distributions are valued at the cost of the vaccines paid by the federal government and totaled \$22,435,882.

The State Agency for Surplus Property distributes federal surplus property (CFDA No. 39.003) to eligible donees under the Donation of Federal Surplus Personal Property program. Property distributions totaled \$7,289,439 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 (\$1,698,439), which approximates the fair market value of the property at the time of distribution as determined by the General Services Administration.

The Department of Public Safety distributes excess Department of Defense equipment to state and local law enforcement agencies under the Department of Defense Surplus Property program (CFDA No. 12.AAG). Property distributions totaled \$232,470 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 (\$54,166), 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, 2005

**Section I - Summary of Auditor's Results**

**Financial Statements**

The auditor's report on the financial statements was qualified.

The audit did not note any reportable conditions in the internal control over financial reporting.

The audit did not note any noncompliance material to the financial statements.

**Federal Awards**

The auditor's report on compliance on the major programs was qualified.

The audit identified reportable conditions in the internal controls over major programs.

Some of these reportable conditions were considered to be material weaknesses.

The audit identified findings related to compliance on major programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

The state of Missouri did not qualify as a low-risk auditee under the provisions of OMB Circular A-133.

The dollar threshold to distinguish between Type A programs and Type B programs was **\$25,700,000**.

The following programs were audited as major programs:

CFDA

Number

Name of Federal Program or Cluster

Food Stamp Cluster:

10.551

Food Stamps

10.561

State Administrative Matching Grants for Food Stamp Program

Child Nutrition Cluster:

10.553

School Breakfast Program

10.555

National School Lunch Program

10.556

Special Milk Program for Children

10.559

Summer Food Service Program for Children

10.558

Child and Adult Care Food Program

Workforce Investment Act Cluster:

17.258 Workforce Investment Act - Adult Program

17.259 Workforce Investment Act - Youth Activities

17.260 Workforce Investment Act - Dislocated Workers

39.011 Election Reform Payments

84.010 Title I Grants to Local Education 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 the States

84.181 Special Education - Grants for Infants and Families with Disabilities

84.186 Safe and Drug-Free Schools and Communities - State Grants

84.287 Twenty-First Century Community Learning Centers

84.357 Reading First State Grants

84.367 Improving Teacher Quality State Grants

90.401 Help America Vote Act Requirements Payments

93.283 Centers for Disease Control and Prevention – Investigations and Technical Assistance

93.556 Promoting Safe and Stable Families

93.658 Foster Care – Title IV-E

93.767 State Children's Insurance Program

Medicaid Cluster:

93.775 State Medicaid Fraud Control Units

93.777 State Survey and Certification of Health Care Providers and Suppliers

93.778 Medical Assistance Program

Homeland Security Cluster:

16.007 State Homeland Security Grant Program

97.004 State Domestic Preparedness Equipment Support Grant

97.053/83.564 Citizen Corp

97.067 Homeland Security Grant Program

97.008/16.011 Urban Areas Security Initiative

## **Section II - Financial Statement Findings**

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

### Section III - Federal Award Findings and Questioned Costs

<b>2005-1.</b>	<b>Help America Vote Act Grants</b>
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Federal Agency: General Services Administration, Election Assistance Commission, and Department of Health and Human Services

Federal Program: 39.011 Election Reform Payments  
39.011 Title I Section 101, Federal Fiscal Year 2003  
39.011 Title I Section 102, Federal Fiscal Year 2003  
90.401 Help America Vote Act Requirements Payments  
90.401 Title II Section 251, Federal Fiscal Year 2004  
93.617 Voting Access for Individual With Disabilities - Grants to States  
G-0303MOVOTE, Federal Fiscal Year 2003

State Agency: Office of Secretary of State (SOS)

The SOS's oversight of subrecipients was not adequate. Also, the SOS did not complete a physical inventory of capital assets and failed to record in the capital asset records over \$800,000 of assets purchased. Finally, the SOS needs to improve its internal controls to ensure compliance with federal requirements for maintenance of effort, suspension and debarment, and reporting. During the year ended June 30, 2005, the SOS expended Help America Vote Act (HAVA) grant funds (CFDA No. 39.011, 90.401, and 93.617) totaling over \$10 million.

- A. The SOS did not adequately monitor subrecipients or advise them of applicable grant administration requirements. Grant awards totaling over \$5.8 million were advanced to subrecipients during the year ended June 30, 2005 (CFDA No. 39.011 and 90.401).

Formal written policies and procedures for monitoring subrecipients were not developed prior to distributing grant funds to subrecipients, and monitoring policies and procedures are still being developed. Thus, the SOS has not performed any significant monitoring activities, such as reviewing voting equipment purchases to ensure allowable equipment was obtained (CFDA No. 39.011) or requiring reports from subrecipients regarding the use of grant monies advanced to them for election related activities (CFDA No. 39.011 and 90.401). In addition, the SOS has not developed a system to ensure subrecipients obtain A-133 audits, when applicable, and submit these audit reports to the SOS for review.

Also, applicable compliance requirements, such as cash management, financial or performance reporting requirements, and equipment and property management requirements were not adequately communicated to subrecipients. Further, the SOS did not inform subrecipients about A-133 audit requirements.

Office of Management and Budget (OMB) Circular A-133, section .400(d) requires the SOS to inform subrecipients of all applicable compliance requirements. This section also provides that the SOS monitor subrecipient activities to ensure the subrecipients administer the grant awards in compliance with applicable laws, regulations, and provisions of the grant agreements and that the program performance goals are achieved.

- B. The SOS did not require subrecipients to implement procedures for minimizing the time elapsing between the transfer of funds from the state and subsequent disbursement by the subrecipients. Funds advanced to subrecipients by the SOS for election administration improvement activities (CFDA No. 39.011) were made available to the subrecipients without restrictions on timing of the related expenditures. Other funds were advanced to subrecipients with the restriction that funds should be disbursed within 30 days of receipt (CFDA No. 39.011 and 90.401). The restrictions, if any, established by the SOS do not appear to effectively minimize the time elapsing between the transfer and disbursement of HAVA funds.

Federal regulation 31 CFR 205.33a stipulates that states should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102. Also, 41 CFR 105-71.120(b)(7) requires procedures for minimizing the time elapsing between the transfer of funds and disbursement by grantees and subgrantees whenever advance payment procedures are used. In addition, grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

- C. The SOS needs to improve its records and procedures for capital assets. According to the Statewide Advantage for Missouri (SAM II) System, the SOS had purchased capital assets totaling approximately \$899,000 from HAVA funds (CFDA No. 90.401) as of June 30, 2005.
1. The SOS has not performed a physical inventory of its capital assets on an annual basis as required by state regulations. Physical inventories have not been performed for over two years.
  2. Capital assets, totaling over \$800,000 have not been recorded in the capital asset records. Only purchases of computers, servers, and related data processing equipment for the automated central voter registration, totaling \$71,000, are recorded in the capital asset records. In addition, the SOS reconciliation of the general ledger capital assets account to the capital asset subsystem for June 30, 2005, had not been completed as of December 31, 2005.

Federal regulation 34 CFR 80.32(b) indicates a state will use, manage, and dispose of equipment acquired under a grant by the state in accordance with state laws and procedures. The Code of State Regulations, at 15 CSR 40-2.031, requires an annual physical inventory of capital assets, and the reconciliation of this inventory with the capital asset records and with the prior annual physical inventory. The state regulation also requires state agencies to maintain adequate capital asset records.

D. The SOS needs to improve its internal controls to ensure compliance with federal program requirements.

1. Although the maintenance of effort base year calculation was prepared on the state fiscal year, the current calculation for maintenance of effort was prepared and reported on a calendar year basis. The requirements payments grant award (CFDA No. 90.401) requires the SOS to maintain expenditures for election activities at amounts expended during fiscal year 2000 (base calculation). The SOS reported maintenance of effort for the year ended December 31, 2004, on the annual financial status report.

According to SOS personnel, federal guidance does not specify if the state is to calculate the base year expenditures on the state fiscal year or the federal fiscal year or how and when to report maintenance of effort. The SOS has not clarified these issues with the federal program staff.

Requirements for calculating and reporting maintenance of effort should be clarified with the federal program staff and an amended financial status report should be submitted if necessary.

2. Although SOS personnel indicated they check vendors and subrecipients on the Excluded Parties List System (EPLS) maintained by the General Services Administration for suspension or debarment before payments are approved for federal grant programs, the review is not documented. Federal regulations 41 CFR 105-68 (CFDA No. 39.011 and 90.401) and 45 CFR 76 (CFDA No. 93.617) require recipients of federal awards to verify contractors paid more than \$25,000 are not suspended or debarred by reviewing the EPLS, collecting a certification from the entity, or adding a clause or condition to the contract with the entity. The SOS should document their reviews for suspension and debarment to demonstrate compliance with the federal regulation.
3. Federal reports were not always complete, and the supervisory review of the reports is not documented.

For example, grant disbursements totaling approximately \$582,000 were not included in the amounts reported on the December 31, 2004, annual financial status report for election reform payments (CFDA No 39.011).

Also, the annual financial status report for the requirements payments (CFDA No 90.401) was prepared as of December 31, 2004; however, the grant award document requires an annual financial status report as of September 30 of each year.

According to SOS personnel, although reviews are not documented, federal reports are prepared by the fiscal staff and reviewed by a supervisor before the reports are submitted to the federal program staff.

Reviews of reports should be thorough and should ensure the reports are complete and that reporting is performed in compliance with the terms of the grant awards.

**WE RECOMMEND** the SOS:

- A. Develop formal written policies and procedures to monitor subrecipient activities. Specific compliance requirements including cash management, reporting, and equipment/property management should be fully communicated to the subrecipients. In addition, the SOS needs to ensure subrecipient monitoring is performed and documented.
- B. Establish procedures to ensure subrecipients minimize the time elapsing between the transfer of funds from the state and disbursement by the subrecipients.
- C.1. Conduct an annual physical inventory of the capital assets, reconcile the physical inventory to the capital asset records, and resolve any discrepancies. Also, the documentation of the physical inventories should be retained to show compliance with state regulations.
  - 2. Ensure all capital assets are recorded in the capital asset records. Additionally, the annual reconciliation between the general ledger capital assets and the capital assets subsystem should be completed in a timely manner.
- D.1. Clarify procedures for calculating and reporting maintenance of effort with the federal program staff and submit amended financial status reports if necessary.
  - 2. Document the reviews of vendors and subrecipients for suspension and debarment.
  - 3. Document reviews of federal grant reports, ensure that reports are complete and accurate, and ensure that reporting is performed in compliance with the terms of the grant awards.

**AUDITEE'S RESPONSE**

A,B

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

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

<b>2005-2.</b>	<b>Subrecipient Monitoring</b>
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Federal Agency:	Department of Agriculture Department of Education
Federal Program:	10.553 School Breakfast Program - 2005, 2004, 2003 -3MO300304 10.555 National School Lunch Program - 2005, 2004, 2003 -3MO300304 10.556 Special Milk Program for Children - 2005, 2004, 2003 -3MO300304 84.010 Title I-Grants to Local Educational Agencies - 2005-S010A0400225B, 2004-S010A0300225B, and 2003- S010A0200225B 84.027 Special Education-Grants to States - 2005-H027A040040A, 2004-H027A030040A, and 2003- H027A020040A 84.173 Special Education-Preschool Grants - 2005-H173A040103, 2004-H173A030103, and 2003- H173A020103 84.181 Special Education-Grants for Infants and Families with Disabilities - 2005-H181A040022 and 2004-H181A030022 84.048 Vocational Education-Basic Grants to States - 2005-V048A040025A and 2004-V048A030025A 84.186 Title IV-Safe and Drug-Free Schools and Communities 2005-S186A040026, 2004-S186A030026, and 2003- S186A020026 84.287 Twenty-First Century Community Learning Centers - 2005-S87C040025, 2004-S87C030025, and 2003- S87C020025 84.357 Reading First State Grants - 2005-S357A040026A, 2004-S357A030026A, and 2005- S357A020026A

84.367 Title II-Improving Teacher Quality -  
2005-S358B040025, 2004-S3566B030026, 2003-  
S35B020026

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

The DESE has not established adequate controls over subrecipient monitoring. The DESE does not review supporting documents for expenditures of subrecipients to ensure all costs are allowable. In addition, the DESE does not ensure that subrecipient monitoring is adequately completed and documented and that subrecipients take corrective action on findings. The DESE does not review school district audit reports in a timely manner.

- A. The DESE does not adequately monitor the Twenty-First Century Community Learning Centers grant and the Reading First grant to ensure subrecipients are in compliance with federal guidelines nor have they established internal controls to ensure the subrecipients' expenditures for these two grants and the Special Education grant are allowable in accordance with federal guidelines.

Without adequate internal controls, such as reviewing invoices or supporting documentation for expenditures, any noncompliance with federal guidelines that might occur is likely to be undetected. In addition, to prevent a reduction in the future grant amount due to noncompliance with federal guidelines, the DESE should adequately monitor the subrecipients.

- B. The DESE does not adequately document the subrecipient monitoring visits for the Vocational Education grant. Backup documentation of subrecipient monitoring visits should be maintained to support any findings in the monitoring visit report.

In addition, the DESE does not require all Title grant subrecipients to submit action plans nor do they ensure Vocational Education grant subrecipients take corrective actions on the findings noted during the monitoring visits. Although the DESE follows-up by telephone on all findings noted during the Title grant monitoring visits, it is not adequately documented.

To ensure the subrecipients are in compliance with federal regulations, the DESE should require subrecipients to submit action plans, follow-up on the findings in the monitoring visit reports, and document all monitoring activities.

- C. The DESE is not reviewing independent CPA audit reports for subrecipients on a timely basis. DESE policy is to review one third of all 524 school district audit reports each year in detail to ensure the reports include necessary information and also to verify all financial data on the report with the agency data system. As of December 31, 2005, only 42 of 175 (24 percent) reports scheduled for review had been reviewed. These reports for the year ended June 30, 2004, were due to the DESE by October 31, 2004. To comply with agency policy, the DESE should

establish adequate procedures to ensure all audit reports are reviewed in a timely manner.

Section .400(d)(3) of the OMB Circular A-133 requires the DESE to monitor subrecipients "... to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts and grant agreements and that performance goals are achieved."

**WE RECOMMEND** the DESE:

- A. Implement procedures to obtain and review, on a test basis, the invoices of the subrecipients to ensure grants are spent in accordance with federal guidelines. In addition, the DESE should perform periodic monitoring for the Twenty-First Century Community Learning Centers grant and the Reading First grant subrecipients to ensure schools and community-based organizations are providing programs that are in compliance with federal guidelines.
- B. Ensure subrecipient monitoring is adequately documented and subrecipients take corrective action on the findings in the monitoring report.
- C. Establish procedures to ensure all CPA audit reports are reviewed in a timely manner in accordance with the DESE policy.

**AUDITEE'S RESPONSE**

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

**2005-3.**

**Costs Questioned by Internal Auditors**

Federal Agency:	Department of Health and Human Services
Federal Program:	93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) St. Louis Transitions Grant - #6 U79 SM56220-01-1, Contract periods - October 1, 2003 to September 30, 2004 and October 1, 2004 to September 30, 2005 Show-Me Kids Grant - #1 U79 SM54505-01, Contract periods - October 1, 2003 to September 30, 2004 and October 1, 2004 to September 30, 2005
State Agency:	Department of Mental Health (DMH) - Division of Comprehensive Psychiatric Services
Questioned Costs:	\$18,731

In September 2005, the DMH's Office of Audit Services issued a report (No. 06-005), related to a review it had conducted of the Missouri Statewide Parent Advisory Network (MO-SPAN), a service provider for the above referenced program. The review covered the period from January 1, 2004 to November 30, 2004. In December 2005, the Office of Audit Services issued a revised report which recommended the DMH recoup a total of \$23,370 in questioned costs from this service provider.

The questioned costs reported by the internal auditors related to various problems, including: services not being properly documented, employee time being charged and billed to more than one funding agency, the payment of conference expenses that were not approved as well as instances where such expenses were paid for individuals who did not attend the applicable conference, and instances where the person receiving the service was not identified. Although this service provider received funding from several grants/funding sources, it appears at least \$18,731 of the questioned costs pertained to this grant program. Therefore, we have questioned the applicable costs noted in the internal auditor's report.

The department has indicated it plans to review the controls and monitoring efforts at two subrecipient agencies which disbursed money to this service provider to help ensure this situation does not reoccur at this or other service providers.

**WE RECOMMEND** the DMH take steps to address the documentation and other problems identified by its internal auditors related to this program, and recoup the questioned costs from the applicable service provider.

**AUDITEE'S RESPONSE**

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

<b>2005-4.</b>	<b>Homeland Security Grants</b>
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Federal Agency:	Department of Homeland Security
Federal Program:	16.007 State Homeland Security Grant Program - 2003-TE-CX-0159 and 2003-MU-T3-0003
	16.011 Urban Areas Security Initiative - 2003-EU-T3-0030
	97.004 Homeland Security Grant Program - 2004-GE-T4-0049
	97.008 Urban Areas Security Initiative - 2004-TU-T4-0007
State Agency:	Department of Public Safety (DPS) - State Emergency Management Agency (SEMA)
Questioned Costs:	\$72,004

The SEMA has not established a tracking system to monitor and ensure program subrecipients obtain and submit audits to the SEMA when applicable. In addition, the SEMA has not established adequate procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. Further, we noted some unallowable costs were charged to the State Homeland Security Grant Program.

- A. The SEMA has not established a tracking system to monitor and ensure program subrecipients obtain and submit audits to the SEMA, when applicable. As a result, the SEMA did not obtain and review audits from applicable subrecipients, such as the city of Kansas City, the city of St. Louis, East-West Gateway Council, Mid-America Regional Council, and St. Louis County, all of which expended over \$500,000 in a one-year period.

OMB Circular A-133 requires grant recipients to ensure that subrecipients obtain an A-133 audit when grant expenditures exceed \$500,000 in a fiscal year.

- B. The SEMA has not established adequate procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. Adequate supervisory review of the SEMA's grant tracking spreadsheets could have ensured that the time elapsing between transfer and disbursement was minimized. The OMB Circular A-133 requires that when funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

We reviewed transfers of funds from the U.S. Treasury for the State Homeland Security Grant Program, the Homeland Security Grant Program, and the Urban Areas Security Initiative during the year ended June 30, 2005, and noted 18 instances in which the SEMA received transfers of funds from the U.S. Treasury and had not completely disbursed the balance of the transfers within a period of at least three days. These undisbursed balances ranged from \$325 to \$499,024 and took up to 90 days to completely disburse. These instances included one in which the SEMA mistakenly drew down \$517,400 twice. The second of these drawdowns resulted in an undisbursed balance of \$465,934 which took 90 days to completely disburse. The SEMA should implement adequate procedures, including supervisory review of grant tracking spreadsheets, to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

- C. Unallowable costs were charged to the State Homeland Security Grant Program.
  - 1) Costs totaling \$33,320 for the 2004 Governor's Meth Summit were improperly charged to the Federal Fiscal Year 2003 State Homeland Security Grant Program (SHSGP) Part II - Critical Infrastructure Protection (CIP) allocation during the year ended June 30, 2005. The stated goal of the summit was to provide valuable training for the fight against "meth." SEMA officials indicated the costs were charged to the grant program because portions of the seminar were related to homeland

security. Although the summit did provide some sessions that addressed homeland security in general, the summit did not provide specific CIP training.

DHS - Office of Domestic Preparedness (ODP) Information Bulletin No. 84 states that "CIP training must be designed to enhance the capabilities to protect and secure critical infrastructure."

We question the \$33,320 for 2004 Governor's Meth Summit costs improperly charged to the SHSGP - (CIP) allocation.

- 2) Cellular phone, wireless personal digital assistant, and satellite phone monthly service fees totaling \$38,684 were improperly charged to the Federal Fiscal Year 2003 SHSGP Part II during the year ended June 30, 2005, by the city of St. Louis. SEMA officials indicated they allowed these costs to be charged to the grant because they believed grant guidelines were not clear on this issue. The DHS - ODP program guidelines for the Federal Fiscal Year 2003 SHSGP Part II do not authorize expenditures for cellular phone, wireless personal digital assistant, and satellite phone monthly service fees.

We question the \$38,684 for monthly service fees improperly charged to the SHSGP Part II.

The Missouri State Auditor's Office is currently performing an audit of Missouri's Homeland Security Program. Additional recommendations relating to the federal Homeland Security Program will be made in that report and the report will be forwarded to the appropriate federal agencies upon completion.

**WE RECOMMEND** the Department of Public Safety, through the State Emergency Management Agency:

- A. Ensure all subrecipients submit an A-133 audit, when applicable.
- B. Implement adequate procedures, including supervisory review of grant tracking spreadsheets, to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.
- C. Resolve the questioned costs with the grantor agency. In addition, the SEMA should comply with the DHS - ODP program guidelines.

**AUDITEE'S RESPONSE**

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

Federal Agency: Department of Health and Human Services  
 Federal Program: 93.658 Foster Care - Title IV-E  
 2005-G0501MO1401  
 2004-G0501MO1401  
 State Agency: Department of Social Services (DSS) -  
 Children's Division (CD)  
 Questioned Costs: \$23,748

Eligibility and payment documentation could not be located for some cases reviewed, and payments were made on behalf of ineligible individuals in four cases. During the year ending June 30, 2005, the CD provided Foster Care benefits totaling approximately \$35 million for 8,511 foster children. Benefits may include subsidies for maintenance, clothing, day care, respite care, legal expenses, and transportation.

To qualify for benefits, the child must be eligible for Aid to Families with Dependent Children (AFDC) benefits, and eligibility ceases at age 18, unless the child is expected to graduate from a secondary education institution before his or her nineteenth birthday, as required by 42 USC 672(a) and 45 CFR 233.90(b)(3), respectively. The DSS's policy is to perform eligibility re-determinations at least on an annual basis. Also, 45 CFR 1356.21(b)(2) provides that a judicial determination regarding reasonable efforts to finalize the permanency plan be made within 12 months of the date on which the child is considered to have entered Foster Care.

In addition, 45 CFR 1356.71(g)(1) requires that if the child is placed in a private home, the Foster Care provider must be licensed or certified by the proper state Foster Care licensing authority and 45 CFR 1356.30(a) and (b) requires that the provider be subjected to and satisfactorily meet criminal records checks (required for initial license and each renewal).

To test compliance with these requirements, we reviewed eligibility and expenditure documentation for 62 Foster Care benefit recipients. The 62 recipients received Foster Care assistance totaling \$425,508 during the year ending June 30, 2005. In eight cases selected, there was no placement of a child outside of the family, and, as a result, the family was the benefit recipient, and one case involved adoption. Thus, eligibility was not applicable for these nine cases and in four cases a permanency plan was not required. For the other 49 cases, documentation of efforts to finalize the permanency plan was not found for 1 (2 percent) case and efforts to finalize the permanency plan were completed after 12 months for 4 (8 percent) other cases. In addition, annual re-determinations were needed for 50 cases, but were not performed in 4 (8 percent) of these cases. Also, children were placed with private Foster Care providers in 39 of the cases tested. The current license documentation for the private providers was not located for 2 (5 percent) providers and there was no documentation of the proper background checks, including

fingerprinting, for 9 (23 percent) providers. However, the division's computer system indicated the providers were currently licensed.

In addition, we could not locate invoices or other supporting documentation for some payments on 29 of 46 (63 percent) cases where payment documentation was required. Also, in 9 of the 62 (15 percent) cases reviewed, a benefit payment was incorrectly calculated based on standard rates of care, placement information, and other supporting documentation, and benefit payments were made for ineligible children in 4 of 62 (6 percent) cases. Two of these cases related to clients who were determined to be ineligible for Foster Care benefits, and the other 2 cases related to paying for adoption and guardianship subsidies with Foster Care monies rather than other appropriate federal or state funding sources. The expenditures related to the abovementioned errors totaled \$38,931. We question the federal share of \$23,748 (61 percent).

Similar conditions were also noted in our prior report.

The CD should ensure efforts to finalize a permanency plan for Foster Care placements are performed within 12 months from when the child enters care, the documentation of the effort is retained, and re-determinations of eligibility are performed on an annual basis. Also, license and background check documentation should be retained in the proper files. In addition, the CD should ensure that all payments are correctly computed, paid from appropriate funding sources on behalf of eligible clients only, and supported by adequate documentation.

**WE RECOMMEND** the CD resolve the questioned costs with the grantor agency. The CD should ensure efforts to finalize a permanency plan are completed within 12 months from when the child enters care, documentation of the effort is retained, and eligibility re-determinations are performed on an annual basis. Also, documentation for licenses and background checks of Foster Care providers needs to be retained in appropriate files. Additionally, all payments should be properly calculated and funded, made on behalf of eligible clients, and supported by adequate documentation.

### **AUDITEE'S RESPONSE**

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

Federal Agency: Department of Health and Human Services  
Federal Program: 93.556 Promoting Safe and Stable Families -  
2005-G0501MO00FP,  
2004-G0501MO00FP  
State Agency: Department of Social Services (DSS) -  
Children's Division (CD)

The DSS does not identify local community partnerships, receiving funding from the Promoting Safe and Stable Families (PSSF) grant, as subrecipients. Thus, the Schedule of Expenditures of Federal Awards (SEFA) prepared by the DSS did not report any amounts provided to partnerships as funding to subrecipients. The DSS provides funding to local community partnerships, for the state's Caring Communities Program, through various federal grants (including the PSSF grant) in coordination with several other state agencies. Approximately \$9 million of PSSF funds were distributed to the partnerships for the year ended June 30, 2005.

The partnership contracts explicitly state the partnerships are not considered subrecipients within the meaning of the OMB Circular A-133. Thus, the partnerships are not furnished applicable federal regulations and are not required to obtain A-133 audits, when needed. The DSS believes the partnerships do not meet the definition of a subrecipient under OMB Circular A-133.

However, we believe, based upon the substance of the arrangements, the arrangements with the partnerships represent a subrecipient relationship. Based on guidance in OMB Circular A-133, section .210, it appears the partnerships should be considered subrecipients because: 1) the partnerships have their performance (core results) measured against contract objectives, and some of these objectives directly relate to the PSSF's objectives; 2) the partnerships make programmatic decisions related to their core results; 3) the allowable costs under the contracts are evaluated by the DSS based upon allowable costs under the PSSF grant; 4) the partnerships administer a large portion of the state's PSSF grant; and 5) the DSS establishes the expectations and terms and conditions of the arrangement with the partnerships. In addition, it appears the DSS monitors these partnerships as if they were subrecipients. The DSS has developed a written monitoring program to evaluate the partnerships activities and requires audits of the partnerships be submitted to the DSS, for their review. Section .210 also states that when evaluating whether a subrecipient relationship exists, the "substance of the relationship is more important than the form of the agreement."

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

**WE RECOMMEND** the DSS classify the local community partnerships as subrecipients and report funds provided to subrecipients correctly on the SEFA. The subrecipients should be appropriately notified of grant funding sources and regulations and should be required to obtain A-133 audits, when applicable.

**AUDITEE'S RESPONSE**

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

<b>2005-7.</b>	<b>Cost Allocation Procedures</b>
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Federal Agency:	Department of Agriculture (USDA) Department of Health and Human Services
Federal Program:	10.561 State Administrative Matching Grants for Food Stamp Program 2004 and 2005 - IS251443, 2004 and 2005 - IE251843, and 2004 and 2005 - IS252043 93.558 Temporary Assistance for Needy Families 2004 and 2005 - G0501MOTANF 93.575 Child Care and Development Block Grant 2004 and 2005 - G0501MOCCDF 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 2004 and 2005 - G0501MOCCDF 93.778 Medical Assistance Program 2004 and 2005 - 05-0505 MO 5048
State Agency:	Department of Social Services (DSS) - Division of Budget and Finance (DBF) and Family Support Division (FSD)

Some costs were allocated to the various state and federal programs based on incomplete data and an improper methodology. The DBF allocates these costs through a cost allocation plan (CAP). Our review of the CAP and supporting documentation showed that time study data utilized to allocate joint costs of the Income Maintenance programs was incomplete because some caseworkers did not provide requested information. In addition, computer system operational costs were improperly allocated by using a methodology approved for allocating developmental costs. Also, some allowable Food Stamp administrative costs, totaling approximately \$230,000, were not claimed for federal reimbursement due to an error made by the DBF.

- A. Some employees failed to complete and submit the Income Maintenance time study information which is used by the DBF to allocate various costs among the Income Maintenance programs. These costs totaled approximately \$145 million during the year ended June 30, 2005.

The Income Maintenance program costs are allocated based upon the percentage of time a sample group of employees work on each program. A time study is conducted by the FSD on a monthly basis, with a sample of caseworkers selected each day to participate. During each month of fiscal year 2005, 350 of the division's approximately 2,300 caseworkers based in the 6 different regions throughout the state were selected to participate. Selected caseworkers receive an email from the division director requesting they track and record their time spent on various programs in 15-minute intervals during the day selected, and submit the information electronically on the DSS Intranet website. FSD personnel estimate it takes about 15 minutes to prepare and submit the time study information. Quarterly results are given to the DBF and used to allocate the costs among the various programs.

During the year ended June 30, 2005, the time study overall response rate was 97 percent. Our review of the time study process noted that the response rate for the St. Louis region employees was 91 percent, which is much lower than the statewide response rate. Of the 145 caseworkers who did not submit their time study information, 107 caseworkers (74 percent) were from the St. Louis region. The caseworkers in this region account for approximately 28 percent of the total caseworker population. FSD personnel indicated response rates for this region are generally lower and believe this is likely because they have a higher caseload. When a significant portion of the population has a high non-response rate, there is a potential that the time study results are not an accurate reflection of the time actually worked during the period.

The DSS's approved CAP states that the time study is to be based on a sample that is representative of the work done by all Income Maintenance workers. Without requiring that all employees selected complete the time study, FSD cannot ensure the results are representative of the time actually worked and that costs are properly allocated to the various Income Maintenance programs.

- B. The USDA - Food and Nutrition Service (USDA-FNS) conducted a post-implementation review of the DSS's Family Assistance Management Information System (FAMIS), and issued a report in December 2004. The USDA-FNS found that the DBF was incorrectly allocating FAMIS operational costs to various programs. We followed-up on the USDA-FNS report and found that the DBF had not addressed the recommendations related to FAMIS operational costs allocations. FAMIS operational costs totaled approximately \$3.7 million during the year ended June 30, 2005.

The DBF allocates all FAMIS costs (developmental and operational) to the various state and federal programs which utilize the system. The costs are allocated using the FAMIS development project cost allocation methodology outlined in the FAMIS Advanced Planning Document and approved by the USDA-FNS. This formula was developed in 1998 when the FAMIS project was initiated. It was approved by the USDA-FNS as a basis for allocating FAMIS

design, development, and implementation costs. It was not intended to be used for allocating operational costs.

The DBF continues to apply the FAMIS developmental cost allocation methodology to both FAMIS developmental and operational costs without federal approval. The DBF officials responsible for allocating the FAMIS costs on the CAP indicated they were not aware of the USDA-FNS findings.

OMB Circular A-87 requires that where employees work on multiple activities or cost objectives, a distribution of their salaries or wages has to be supported by personnel activity reports or equivalent documentation, or another substitute system approved by the cognizant Federal agency. Although the USDA-FNS had approved the allocation process for FAMIS developmental costs, they had not approved the formula to be applied to the FAMIS operational costs. The USDA-FNS recommended that FAMIS operational costs be reflective of a methodology approved by the Department of Health and Human Services' Division of Cost Allocation.

- C. The DBF failed to properly record allowable Food Stamp nutrition education program expenditures on the quarter ended September 30, 2004 CAP, resulting in expenditures totaling approximately \$230,000 not being claimed for federal reimbursement. The DSS contracted with the Department of Health and Senior Services (DHSS) for nutrition education program services through the Nutrition Network Service Agreement. The DSS paid the DHSS for services provided during January through June 2004; however, the DBF recorded an incorrect amount for these payments on the CAP which supported the claim for federal reimbursement. A similar error was not noted for the additional three quarterly reports for the year ended June 30, 2005.

**WE RECOMMEND:**

- A. The DSS-FSD require all caseworkers selected in the random sample process to prepare and submit the Income Maintenance time study information.
- B. The DSS-DBF comply with the provisions of OMB Circular A-87 and allocate costs based on the actual time spent on FAMIS operations for the various programs, or another substitute methodology approved by the cognizant Federal agency.
- C. The DSS-DBF pursue collection of the unreimbursed amount with the grantor agency.

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

**2005-8. Undistributed Child Support Collections**

Federal Agency: Department of Health and Human Services  
 Federal Program: 93.563 Child Support Enforcement  
                           2004 and 2005 - G0504MO4004  
 State Agency: Department of Social Services – Family Support  
                           Division (FSD)

In August 2005, the Missouri State Auditor's Office issued audit report No. 2005-56, ***Management of Undistributed Child Support Collections***. (A copy of the complete audit report can be obtained from: Missouri State Auditor's Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the internet at [www.auditor.mo.gov](http://www.auditor.mo.gov).) The report discussed why state officials held child support money owed to custodial and non-custodial parents and did not distribute it as soon as possible. As of February 2005, the state was holding \$2.5 million in payments collected over a 7-year period ending in 2004. The report included the following findings which have been summarized:

A. While the Missouri Automated Child Support System (MACSS) has been programmed to automatically initiate the computerized search function to find a non-custodial parent's new address, similar programming has not been done for custodial parents. Effective December 2004, the division's revised policy no longer allowed caseworkers to search for new custodial parent addresses using the computerized address search function. Instead, policy instructed caseworkers to close cases with missing or expired custodial parent addresses, once other criteria was met.

The division has not expanded MACSS data matches to other available databases. In addition, the division has not investigated the possibility of utilizing the U.S. Postal Service's automated "address change service" to forward mail, electronically update address changes, and remove undeliverable addresses.

B. The division has not established a target goal for undistributed collections. Although the division has conducted two special projects, which resulted in some reduction in child support held, no sustained effort to resolve and release undistributed collections has occurred. The division has not permanently assigned employees to work exclusively on releasing held child support payments. Prior to revisions to division policy in December 2004 and the development of new reports in 2005, central office employees worked only 1 to 2 hours per day on held payments, had not prioritized which payments to work first,

and had no requirements or timeframes to follow. In addition, recommendations made in a 2001 report issued by the federal oversight agency have not been fully implemented. The recommendations were designed to more effectively assess and manage undistributed collections by setting target goals, organizing strategies, and monitoring and measuring progress.

- C. A review of 106 cases with child support on hold as of August 2004 disclosed that various errors were made in case management and appropriate action was not always taken, resulting in monies remaining in a hold status. Discussions with personnel in two field offices disclosed they did not know they should manually place a custodial parent in the computerized address search function, or how to initialize this function, as required by prior policy. Division personnel did not always review cases completely prior to closing them to further IV-D services. Payouts of intercepted tax refunds were delayed because caseworkers did not follow up to resolve issues, recalculate unpaid child support (arrear), and release payments to custodial parents or refund over-collections to non-custodial parents once it had been determined refunds should be made. Incorrect balances of arrear on some cases resulted in non-custodial parent tax refunds being inappropriately intercepted.
- D. In November 2004, the division's Program and Policy Deputy Director stated the division decided to start using an electronic payment card, on a voluntary basis, and expected the card would greatly reduce future payments held because of invalid addresses. However, as of April 2005, the division still had no timeline for implementing an electronic card process.
- E. Court clerk errors caused some records of undistributed collections to be overstated. Division personnel had not been aware of discrepancies between division records and clerk bank account records until our review. In addition, case testing disclosed two court clerks incorrectly recorded non-cash credits for IV-D cases on MACSS although state law requires only the division to record these credits.

Automated functions the division relies on to release payments to families have not always worked as intended. Although the division was aware since mid-2004 of a non-functioning program component affecting new addresses, personnel did not correct the malfunction until February 2005. As a result of our request to investigate non-working automated functions, computer personnel discovered an additional system glitch they believed had been corrected in 1999. This malfunction was also corrected in February 2005.

The Division of Budget and Finance (DBF) has not reconciled accounting records of undistributed child support with cash in the State Treasurer's account, despite a prior recommendation by our office to ensure bank reconciliations be done and discrepancies investigated. In addition, only two reconciliations of undistributed child support to cash in the trust account have been attempted in five years and

the discrepancies were not investigated. Although the division generates a summary report of undistributed collections in the State Treasurer's account, it is not used by the DBF to reconcile to the division's records. A summary report of undistributed collections for the trust account has not been generated.

Federal regulations require states to disburse child support payments within two days of receipt. For payments that cannot be processed within that time frame, due to missing or expired addresses or other specific issues, guidance from the federal oversight agency has included recommendations to states on ways to reduce and manage undistributed collections. As state and federal laws require most child support payments be processed through the division, the division has a fiduciary responsibility to safeguard, accurately account for, and timely distribute all payments received. To meet this responsibility, the division should maintain accurate balances of arrears, search for addresses as diligently as possible, and ensure other issues halting distribution are researched and resolved as quickly as possible.

**WE RECOMMEND** the FSD establish a higher priority and sustained efforts to disburse undistributed collections by:

- A. Maximizing existing resources by reprogramming MACSS to automatically search for custodial parent addresses and keeping all cases with payments on hold open longer so MACSS' computerized address search functions can be utilized. In addition, previous recommendations to expand MACSS ability to match with other available databases should be implemented to maximize the potential effectiveness of the computerized search function. The FSD should investigate services available from the U. S. Postal Service to automate the process of updating address changes.
- B. Setting goals and establishing and using additional management reports to focus staff efforts on cases needing timely follow-up and to monitor progress in reducing undistributed collections.
- C. Ensuring FSD personnel are adequately trained and knowledgeable of FSD policy for resolving undistributed collections and making refunds in a timely manner. This should include a clear understanding of the importance of making certain arrears balances are correct and inappropriate enforcement activity does not occur.
- D. Establishing a plan to implement a voluntary program to deliver child support payments using an electronic payment card, which could reduce future payments being held due to missing or invalid addresses.

- E. Ensuring records of undistributed collections are correct and accurately reflect the amount of child support payments in a hold status by:
- Limiting the circuit clerks' ability to alter financial records to those duties required by statute,
  - Promptly correcting computer system malfunctions when they are identified to ensure automated functions the FSD relies on work as intended, and
  - Working with the Division of Budget and Finance to develop summary reports of undistributed collections to be reconciled with cash balances at least periodically to ensure records are in balance and sufficient cash is available to pay all liabilities.

**AUDITEE'S RESPONSE**

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

**2005-9.**

**Food Stamps Quality Control Review**

Federal Agency: Department of Agriculture  
Federal Program: 10.551 Food Stamps - 2004 and 2005  
State Agency: Department of Social Services - Family Support Division (FSD)

The FSD Quality Control/Quality Assurance Unit performs reviews of food stamp cases to meet federal requirements for self-assessment. These reviews are performed by the case analysts located in the regional offices and reviewed by their supervisors. While not required to satisfy federal requirements, FSD procedures require that the case analyst supervisor in the Central Office also monitor certain quality control reviews of food stamp cases. However, no documentation is retained to document the Central Office supervisor's review. As a result, documentation of the reviews is not sufficient to demonstrate compliance with FSD procedures.

The Central Office supervisor sends an email to the applicable regional office when the quality control review has been reviewed and approved; however, copies of these emails are not retained. Although not required by FSD policy or federal requirements, the FSD considers the Central Office supervisory review a significant final step to ensure the accuracy of the quality control review results. Maintaining documentation of this review is necessary to demonstrate compliance with FSD procedures.

**WE RECOMMEND** the FSD ensure the Central Office supervisor's monitoring of quality control reviews of food stamp cases is documented.

## **AUDITEE'S RESPONSE**

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

**2005-10.**

### **Parents' Fair Share Program**

Federal Agency: Department of Health and Human Services  
Federal Program: 93.558 Temporary Assistance for Needy Families -  
2004 and 2005 G0501MOTANF  
State Agency: Department of Social Services - Family Support Division (FSD)  
Department of Economic Development - Division of Workforce  
Development (DWD)

On December 8, 2004, the Missouri State Auditor's Office issued audit report No. 2004-90, **Parents' Fair Share Program**. (A copy of the complete audit report can be obtained from: Missouri State Auditor's Office, P.O. Box 869, Jefferson City, MO 65102-0869, or on the internet at [www.auditor.mo.gov](http://www.auditor.mo.gov).) The report indicated the FSD and the DWD have expended Temporary Assistance for Needy Families funds on the Parents' Fair Share (PFS) Program to help non-custodial parents (NCPs) to obtain jobs and become involved in their children's lives, including paying child support. The report included the following findings:

- A. Impediments existed in referring eligible NCPs to the PFS Program resulting in a decrease in referrals and program participation. The Department of Social Services (DSS) staff said high caseloads prevented caseworkers from having time to identify and refer NCPs to the program and the DSS program coordinator said caseworkers may not refer NCPs to the program because of the low enrollment rate. In addition, DSS and DWD program staff said after a DSS policy change, child support caseworkers were no longer required to refer NCPs to the program before referring them to the Attorney General's office or prosecuting attorneys for prosecution. They also said child support caseworkers were less likely to refer NCPs to the program because PFS program workforce specialists were no longer in the same facility with them and were not reminded of the program.
- B. Software limitations in the DWD's computerized system resulted in DWD officials not adequately tracking or determining whether the program had improved NCPs ability to pay child support. Although DWD policy provided the criteria to use in determining success, DWD officials did not document whether participants successfully completed the program through much of fiscal year 2004. The DWD's computer software used for program management did not include a field to track the participant's success status when completing the program. Program staff were instructed to enter a comment in the computer system regarding the participant's status beginning February 2004; however, the system did not have the capability to compile this data for reporting purposes.

In addition, program officials lacked data on job-related training by participants because of software limitations. As a result, the officials could not easily (1) track or analyze what was spent on training per participant, (2) determine the reasonableness of those costs, and (3) analyze trends regarding which program workforce specialists had sent participants to job-related training.

- C. The DWD has not complied with key provisions of its cooperative agreement with DSS for management of the program resulting in (1) statistical data not being provided to DSS as part of program monitoring and reporting, and (2) access to program information not being restricted to program staff.

The cooperative agreement requires the division to provide DSS monthly statistical information analyzing the progress of program referrals and participants. However, the computer software used to manage all division training programs did not have the capability to provide the detailed information outlined in the cooperative agreement.

- D. The computer software used to manage the PFS program was missing critical data entry validation checks needed to prevent intentional or unintentional errors and ensure the program operates effectively. Missing validation checks include:

- Identification of payments being authorized for overlapping time periods.
- A limit to the number of days paid for transportation-related expenses to no more than the number of days in the pay period.
- Identification of payments being authorized for individuals no longer active in the program.
- The payment mailing address does not have to be the address on record for the program participant.

The DWD computer software program used to manage and store data for the DWD's various work and training programs was modified to accommodate the three DSS training programs that transferred to the DWD in 2003. DSS and DWD program coordinators said the PFS program was the smallest of the three programs transferred and received a lower priority for program updating and enhancements from information systems staff after its initial integration into the DWD computer software.

In addition, the computer software did not permit transportation-related expense payments to be entered accurately due to payment recording limitations. The software did not allow different payment amounts on different days during the same payment period.

- E. DWD program supervisors performed limited or no review of transportation-related expenses and work-related expenses during fiscal year 2004 because DWD procedures did not require it.

Our analysis of transportation-related expenses disclosed one program workforce specialist approved 25 percent of all transportation-related expenditures during fiscal year 2004. Our review of nine case files selected for this employee disclosed he approved transportation-related expenses that a program participant reported occurred on Thanksgiving and Christmas. DWD officials reviewed these approvals after we brought them to their attention. They said at least one of the payments had not been appropriate because the participant had submitted a resume through the mail or email on the reported date, but had incurred no travel costs.

The DWD program coordinator said a supervisory case file review process was used for other DWD training programs, but as of May 2004, it had not been used for the PFS program because of the program's limited size. He also said he trusted his staff to manage PFS cases appropriately.

- F. There existed no procedures allowing DWD fiscal staff to verify program coordinator approvals of work-related expenses before making the payment.

All work-related expense payments were to be approved by the DWD program coordinator usually by an email message to the program workforce specialist, but documentation of the approval was not required to be retained. Work-related expense purchases were made by the specialist through a procurement card or purchase voucher with payment being made directly to the vendor.

**WE RECOMMEND:**

- A. The Director of the DSS evaluate barriers to PFS program referrals and make any changes needed to improve the referral process.

The Director of the Department of Economic Development:

- B. Make software changes to the computerized system that would ensure the division had the capability to accumulate statistical information on the success of participants, as well as information on training received by participants.
- C. Ensure compliance with the cooperative agreement with DSS including:
- Preparing or compiling statistical data used as part of program monitoring and reporting, and
  - Limiting access to participant information to only those individuals with a legitimate need to know the information.

- D. Ensure the computer software used to manage the program meets program needs and limits data entry mistakes. Areas to be improved include:
- Reviewing the computer software to ensure all critical data entry validation checks are included, and
  - Improving the flexibility of data entry for transportation-related expenses payments.
- E. Establish case file review procedures for the PFS program. Those procedures should cover review of transportation- and work-related expenses authorized, and require program workforce specialists verify a sample of reported work searches and document the review.
- F. Create a system that allows fiscal staff to verify program coordinator approvals of work-related expenses before making the payment.

**AUDITEE'S RESPONSE**

*The DSS provided the following response:*

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

*The DWD provided the following response:*

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

<b>2005-11.</b>	<b>Vocational Rehabilitation Program</b>
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Federal Agency:	Department of Education
Federal Program:	84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States 2004-H126A040037, 2003-H126A030037, 2002-H126A020037, 2001-H126A010037
State Agency:	Department of Social Services (DSS) – Family Support Division (FSD) – Rehabilitation Services for the Blind (RSB)
Questioned Costs:	\$125,852

In December 2005, the Missouri State Auditor's Office issued audit report No. 2005-93, ***Department of Social Services, Family Support Division, Blind Pension Fund and Rehabilitation Services for the Blind***. (A copy of the complete audit report can be obtained from: Missouri State Auditor's Office, P.O. Box 869, Jefferson City, MO)

65102-0869, or on the internet at [www.auditor.mo.gov](http://www.auditor.mo.gov).) The report included the following findings:

- A.1. Supplemental Security Income (SSI) claims were not always filed on a timely basis, and some claims may not be paid because they were not filed during the allowable timeframe. Federal regulation 20 CFR 416.2216 requires SSI reimbursement claims be filed within one year after a nine month employment requirement is met.
2. The Vocational Rehabilitation (VR) financial records shows that SSI reimbursements were not always disbursed in the year they were received. However, the department's quarterly federal financial reports show that all SSI reimbursements were disbursed in the year the monies were received. In addition, the balance of unspent program income from SSI reimbursements is not known.

The SSI reimbursements are considered program income of the VR program. Federal regulation 34 CFR 361.63(c) indicates program income, whenever received, must be used, in the year received, for the provision of VR services and the administration of the VR State Plan.

3. A case file for a RSB district supervisor's case could not be located. As a result, we were unable to determine whether the employee was eligible for VR services, whether the services provided were reasonable and necessary to meet the case goals, and whether the case was reviewed annually. Federal regulation 34 CFR 80.42(b)(1) provides final programmatic records are to be retained for three years.
4. An unqualified RSB employee was appointed to serve as a VR counselor. Federal regulation 34 CFR 361.18(c)(1) indicates the VR state plan must include the state agency's policies and describe the procedures the state agency will undertake to establish and maintain standards to ensure that all professional and paraprofessional personnel needed are appropriately and adequately prepared and trained. The VR state plan requires all direct client-service positions have a Master's Degree in either rehabilitation or a related field and the counseling staff have a Master's Degree in rehabilitation, counseling, social work or a related discipline, or are working toward achieving this requirement.
5. Some inactive cases were not closed because annual reviews were not performed. Annual reviews were not performed for 2 of 52 VR cases reviewed that had been open for over a year. Federal regulation 34 CFR 361.45(d)(5) requires an annual review of an individualized plan for employment (IPE) to assess the individual's progress in achieving the identified employment outcome.
6. Equipment expenditures exceeding program limits were not always properly authorized. Additionally, although invoices for the equipment purchases are maintained in the case file, a cumulative total of equipment purchases is not prepared.

The program guidelines provide that cumulative equipment purchases in excess of \$10,000 per case must be approved by the applicable district supervisor and cumulative equipment purchases in excess of \$14,000 per case must be approved by the RSB deputy director or his/her designee. Proper authorization is necessary to ensure costs are reasonable and proper.

7. Policies regarding payment of dental services were not adequately documented and enforced. For 2 of 60 VR cases reviewed, the payments for dental services exceeded rates established by the Department of Elementary and Secondary Education, Division of Vocational Rehabilitation (DESE-DVR). The VR program guidelines provide that dental services are to be paid at Medicaid rates; however, office personnel indicated the policy was revised to pay dental services based on the DESE-DVR's rate schedule, if a dentist was willing to accept the rates.

Any change in program guidelines/policies regarding the payment of dental services should be formally documented and be consistently enforced to ensure all clients are treated equitably and costs are reasonable and necessary.

8. Some VR services and/or expenditures were not approved by appropriate personnel. To ensure services and expenditures are reasonable and necessary, the RSB should ensure all disbursements are approved by authorized personnel.
9. The RSB overpaid a client \$2,160 for personal incidental expenses. From September 2002 to April 2004, the client was paid \$500 per month for housing and meal expense plus up to \$120 per month for personal incidental expenses while attending college. However, state regulations at 13 CSR 40-91(14)(B)3 provide the total for housing, meals, and incidentals should not exceed \$500 per month.

The RSB should consistently enforce payment limits to ensure all clients are treated equitably and costs are reasonable and necessary. We question the federal share of \$1,700 (78.7 percent) for the overpayments.

10. Some information reported on quarterly cumulative caseload status reports was incorrect. The RSB was not using the status code assigned to identify cases for clients that had an approved IPE but had not started receiving services. Although the RSB identified the number of cases in this status and reported this information on the reports, these cases were already included in the totals reported for cases of eligible clients without an approved IPE or for cases of clients receiving services. Therefore, some cases were counted twice on the reports, under two different case status categories.

Section 4.17 of the VR state plan indicates the RSB will submit reports in the form and level of detail required by the grantor regarding applicants for and eligible individuals receiving services under the state plan, as required by 34 CFR 361.40.

11. Some expenditures reported on the quarterly federal financial reports for innovation and expansion activities did not appear to be used for these purposes. These amounts included travel costs for conducting on-site monitoring visits of personal vocational adjustment (PVA) facilities that provide services to RSB's VR clients.

Federal regulation 34 CFR 361.35(a)(1) provides that the RSB must use a portion of VR grant funding for the development and implementation of innovative approaches to expand and improve the provision of vocational rehabilitation services. Expenditures for routine PVA facility monitoring visits do not appear to meet this requirement and should not be included in the innovation and expansion expenditure totals listed on the quarterly federal financial report.

- B.1. We identified expenditures totaling \$45,826 that did not appear reasonable and necessary to prepare for, secure, retain, or regain employment.

- The RSB paid \$34,258 for dental restoration expenses for a client. The dental work did not appear necessary for the client to retain employment.
- The RSB paid \$703 for lodging less than 15 miles from an employee's home, for training funded through their VR case. However, department policy provides that lodging costs be reimbursed when the distance traveled is more than 50 miles from the employee's official domicile.
- The RSB reimbursed a client \$10,865 for 20 head of cattle purchased for an existing farm operation. It does not appear additional cattle were necessary for the client to sustain this self-employment.

Section 103(a) of the Rehabilitation Act of 1973 indicates allowable VR services are those necessary to prepare for, secure, retain, or regain employment. The expenditures listed above do not appear to meet this criteria and/or department policy. We question the federal share of \$36,065 (78.7 percent).

2. In April 2002, the RSB purchased a copier which was no longer being used by a client and placed the copier in storage. In February 2000, the RSB contributed \$12,000 toward the purchase of an \$18,245 color copier for a VR client. In January 2002, the RSB was notified that the copier had been repossessed, because the client stopped making the required payments in July 2000. The RSB purchased the copier for \$7,300, but did not put it into use. The RSB should ensure purchases are reasonable and necessary. In addition, 34 CFR 80.32(c) indicates that when equipment provided to a subgrantee is no longer needed for

the original project, it may be used in other activities currently or previously supported by a federal agency. The copier should be put into service or surplus.

3. Some costs for a staff meeting, held at a resort at the Lake of the Ozarks in November 2004, did not appear reasonable or necessary. Lodging costs for 26 staff members domiciled in Jefferson City were \$2,517, and \$676 was charged for 13 unused rooms that were not canceled on a timely basis. If this meeting had been held in Jefferson City, expenditures for lodging, mileage, and some, if not all meals would not have been incurred for Jefferson City staff.

OMB Circular A-87, Attachment A, Section C.1.a. indicates that to be allowable under federal awards, costs must be reasonable and necessary for proper and efficient performance and administration of federal awards. We question the federal share of \$2,513 (78.7 percent) for lodging of Jefferson City staff and unused rooms.

4. It is not clear that VR cases for RSB employees are appropriate. We identified 24 RSB employees that had cases open during the three years ended June 30, 2004. Equipment purchases for these cases totaled approximately \$132,000. As an employer, it appears that the RSB should provide its employees with the equipment necessary to perform their duties.

Additionally, some VR counselors and district supervisors are approving expenditures for employees in their district office and for members of the State Rehabilitation Advisory Council. To ensure services and expenditures for employees and council members cases are reasonable, necessary, and comparable to those provided for non-employee/non-council member cases, VR expenditures for employees and council members should be reviewed and approved by the assistant deputy director of the RSB.

- C.1. The onsite monitoring visits for out-of-state PVA facilities are not always performed during each annual contract period or within six months after the end of the contract period, as required by the RSB's policy. Also, to help reduce monitoring costs, the RSB should consider contracting with the VR agency in the home state of each PVA facility to perform the onsite monitoring.
2. The RSB does not ensure all deficiencies, including any unallowable costs, are properly resolved prior to approving new contracts or renewing contracts with the PVA facilities.
- D.1. The RSB used the VR grant to pay the salary and fringe benefits of an employee that worked for a state program. The salary and fringe benefits paid totaled \$99,971 for the three years ended June 30, 2004. In addition, the state used these payments to claim indirect costs totaling \$8,764 for the three years ended June 30, 2004.

OMB Circular A-87, Attachment A, Section E.2.a. indicates direct charges for compensation of employees must be for time devoted and identified specifically to the performance of the federal program. We question the federal share of \$85,574 (78.7 percent) for salary, fringe benefit, and indirect costs improperly charged to the VR grant.

2. The Deputy Director of RSB is not serving the RSB on a full-time basis. Federal regulation 34 CFR 361.13(b)(1)(ii) requires the director of the state RSB agency to be a full-time director.
- E.1. The RSB is not completing a physical inventory of its capital assets on an annual basis as required by state regulations.
2. Some purchases were not recorded in the capital asset records, and invoices were not always itemized to provide the cost of each item purchased.

Federal regulation 34 CFR 80.32(b) indicates a state will use, manage, and dispose of equipment acquired under a grant by the state in accordance with state laws and procedures. The Code of State Regulations at 15 CSR 40-2.031, requires an annual physical inventory of capital assets and the reconciliation of this inventory with the capital asset records and with the prior annual physical inventory. The state regulation also requires state agencies to maintain adequate capital asset records.

**WE RECOMMEND** the DSS-FSD, through the RSB:

- A.1. Ensure SSI reimbursement claims are filed within one year, as required by federal regulation.
2. Establish procedures to ensure receipts, disbursements, and the unspent balance of SSI reimbursement monies are properly accounted for and accurately reported on federal financial reports. Also, the RSB should work with the DBF to identify the unspent balance of SSI reimbursement monies and should ensure program income is disbursed prior to spending grant funds and state monies.
3. Ensure all case files are retained in accordance with federal regulation.
4. Ensure counseling duties are only assigned to individuals meeting the qualifications specified in the VR state plan.
5. Establish procedures to ensure all open cases are reviewed annually and cases are closed on a timely basis.

6. Require the cumulative equipment expenditures be documented in the client's case file. The RSB should also establish procedures to ensure proper authorization is received prior to exceeding cumulative equipment expenditure limits.
  7. The RSB should document all policy changes related to dental services and ensure these policies are consistently applied to all clients.
  8. Ensure disbursements for services and other expenditures are only approved by authorized personnel.
  9. Resolve the questioned costs with the grantor agency and ensure payments for maintenance and personal incidental expenses do not exceed the limit set by state regulation.
  10. Use case status codes to track all case status information necessary to prepare quarterly cumulative caseload status reports and ensure each case is only reported under one status category.
  11. Discontinue reporting routine PVA facility monitoring costs as innovation and expansion expenditures.
- B.1. Resolve the questioned costs with the grantor agency and ensure services provided to VR clients are appropriate. The services should enable clients to prepare for, secure, retain, or regain employment and meet applicable department policy.
2. Ensure purchases are reasonable and necessary. In addition, the used copier purchased in 2002 should be put into service or surplus.
  3. Resolve the questioned costs with the grantor agency and review expenditures for future staff meetings and ensure the costs are reasonable and necessary.
  4. Review the practice of allowing RSB employees to have VR cases. In addition, the RSB should require its assistant deputy director to review and approve all VR expenditures for its employees and council members.
- C.1. Establish procedures to ensure PVA facility onsite monitoring visits are conducted on a timely basis. Also, to help reduce costs, the RSB should consider contracting with the VR agency in the facility's home state to perform the monitoring visit.
2. Establish procedures to ensure all deficiencies cited in the PVA facility monitoring reports are adequately addressed. In addition, the RSB should ensure all concerns are resolved prior to approving or renewing contracts with the facilities.

- D.1. Resolve the questioned costs with the grantor agency and establish procedures to ensure funding for employees' salaries and benefits is appropriate, based on the employees' job duties.
- 2. Ensure the Deputy Director serves the RSB on a full-time basis, as required by federal regulation.
- E.1. Conduct an annual physical inventory of the capital assets, reconcile the physical inventory to the capital asset records, and resolve any discrepancies. Also, the documentation of the physical inventories should be retained to show compliance with state regulations.
- 2. Establish procedures to ensure all capital assets are tagged and recorded in the capital asset records. Additionally, disbursements for capital assets should be supported by itemized documentation.

**AUDITEE'S RESPONSE**

*A.1-8,10-11,*

*B.2,4,C&E. We agree with the auditor's findings. Our Corrective Action Plan includes our planned actions to address the findings.*

*B.3&D.2. We disagree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement.*

*A.9,B.1&*

*D.1. We partially agree with the auditor's findings. Our Corrective Action Plan includes an explanation and specific reasons for our disagreement and any planned actions to address the findings.*

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

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

Our prior audit report issued for the year ended June 30, 2004, included no audit findings that *Government Auditing Standards* require to be reported for an audit of financial statements.

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

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

Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings in the prior audit for the year ended June 30, 2004, and the findings from the prior audits for the years ended June 30, 2003 and 2002, 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, 2003, is as follows:

Findings numbered 1, 2, 3, 7A&B, and 8B were corrected.

Findings numbered 4, 5, 6, 7C-H, 8A,C&D, and 9 are included in the Summary Schedule of Prior Audit Findings.

For the year ended June 30, 2002, all of the findings were corrected, no longer valid, or did not warrant further action.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### 2003-4. Employee Cost Allocation

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.566 - Refugee and Entrant Assistance - State Administered Programs  
**State Agency:** Department of Social Services - Family Support Division (FSD)  
**Questioned Costs:** \$30,418

Our review of the department's procedures for assigning employees to federal grants noted that charges for one employee had been in error for almost a year. We questioned the federal share of \$30,418 (100 percent) for salaries, benefits, and indirect costs improperly charged to the Refugee and Entrant Assistance - State Administered Programs grant from July 2002 through May 2003.

#### **Recommendation:**

The FSD resolve the questioned costs with the grantor agency.

#### **Status of Finding:**

*Resolved at this time.*

#### **Status of Questioned Costs:**

*In a letter directed to Jacqueline White, and date-stamped "received" by (our) Office of Administration 07-25-2005 pertaining to (CIN): A-07-04-78861, the Director of the DHHS/ACF Office of Refugee Resettlement (Nguyen Van Hanh, Ph.D.) stated "The questioned cost is sustained. No collection will be made at this time. However, we reserve the right to review and act on this issue in the future."*

**Contact Person:** D. Wayne Osgoode

**Phone number:** (573) 526-0967

### 2003-5. Eligibility for Adoption Assistance Payments

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.659 - Adoption Assistance  
**State Agency:** Department of Social Services - Children's Division (CD)  
**Questioned Costs:** \$5,996

We reviewed eligibility documentation, subsidy contracts, and expenditure documentation for 60 Adoption Assistance recipients. The 60 recipients received Adoption Assistance totaling \$266,032 during the year ending June 30, 2003. Payments were made after contract authorization expired for two of sixty (3 percent) cases reviewed. Authorization for the payments expired in February and March 2002, respectively. In addition, we could not locate invoices or other supporting documentation for some payments on nine of thirty-one (29 percent) cases reviewed. Division personnel determined the payment for one case was a \$40 overpayment, and initiated corrective action to recoup the payment. The expenditures related to the remaining errors totaled

\$9,829 for March 2002 through June 2003. We questioned the federal share of \$5,996 (61 percent).

**Recommendation:**

The CD resolve the questioned costs with the grantor agency. In addition, the CD should ensure payments are not made after contract authorization expires and ensure all payments are supported by adequate documentation.

**Status of Finding:**

*We were able to find the majority of the documentation that was missing on these cases.*

*This finding has been satisfactorily resolved according to Administration for Children and Families.*

**Status of Questioned Costs:**

*All corrections and deductions have been processed.*

**Contact Person:** Patrick Luebbering

**Phone number:** (573) 522-2664

**2003-6. Foster Care Matching and Activities Unallowed**

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

**Federal Program:** 93.658 - Foster Care - Title IV-E

**State Agency:** Department of Social Services - Children's Division (CD)

**Questioned Costs:** \$469,713

- A. Indirect costs related to training expenses were charged to the Foster Care - Title IV-E grant at an incorrect rate. We questioned the overpayment of \$34,161 for indirect costs erroneously charged to the Foster Care Title IV-E grant at the FFP rate of 75 percent, instead of 50 percent, from July 2002 through March 2003.
- B. Residential treatment center training costs were improperly charged to the Foster Care - Title IV-E grant. We questioned the federal share of \$429,208 (75 percent) for residential treatment center training costs improperly charged to the Foster Care Title IV-E grant.
- C. During the year ending June 30, 2003, the CD provided Foster Care benefits totaling approximately \$37 million for 10,401 foster children. We could not locate invoices or other adequate supporting documentation for some payments on twenty-five of fifty (50 percent) cases reviewed. The expenditures related to these errors totaled \$10,400. We questioned the federal share of \$6,344 (61 percent).

**Recommendation:**

The CD resolve the questioned costs with the grantor agency and ensure all payments are supported by adequate documentation.

**Status of Finding:**

*A&B. DSS does not agree with this finding. The current policy of the grantor agency was adopted July 1, 2003. We do not agree that any further corrective action beyond that is necessary.*

*C. DSS found appropriate documentation for all cases except 4. With regard to the 4 cases, the following issues were addressed in a memorandum to field staff: All county offices were instructed to attach receipts to payment authorizations and to store this information for 5 years. For those offices where space is a concern, staff were instructed to send payments to state archives.*

**Status of Questioned Costs:**

*A&B. Questioned costs have not been resolved with the grantor agency.*

*C. All questioned costs have been resolved with the grantor agency.*

**Contact Person:** Patrick Luebbering and Roger Backes  
**Phone number:** (573) 522-2664 and 751-2170

**2003-7C. Foster Care Monitoring**

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.658 - Foster Care - Title IV-E  
**State Agency:** Department of Social Services - Children's Division (CD)

Local division offices had no central tracking process to determine the number and location of foster children.

**Recommendation:**

The CD develop and establish a centralized tracking process for use at all local offices. The process should be designed to continuously identify and track the status and location of each child brought into state custody.

**Status of Finding:**

*The division has for years utilized a central tracking system, the Alternative Care Tracking System (ACTS), to identify and track the status and locations of each child in the custody or under the supervision of the division. ACTS is a statewide system, but data entry and access are done at the local level and we recognize that the system is dependent upon timely and accurate data. The system now provides caseload listings for staff and supervisors, but we plan to enhance this tracking system as we develop the State Automated Child Welfare Information System (SACWIS).*

*The division has established a visitation work group, which among other charges, will look at how best to implement an ongoing inventory of children in care to assure that our children are where the system reports them to be. The work group will also look into how best to document, through SACWIS, that staff are visiting children in their caseloads. SACWIS is now under development and is expected to be completed in February 2007.*

*Additionally, we shall reiterate to agency staff and foster care contractors the importance of accurately identifying and tracking the status and locations of each child in the custody, or under the supervision of the division.*

*We believe no further action is necessary regarding this recommendation.*

*This finding has been resolved per Administration for Children and Families.*

**Contact Person:** Jim Harrison  
**Phone number:** (573) 751-2502

**2003-7D.**                    Foster Care Monitoring

**Federal Agency:**     Department of Health and Human Services  
**Federal Program:**    93.658 - Foster Care - Title IV-E  
**State Agency:**        Department of Social Services - Children's Division (CD)

Several problems were noted with the inventory of foster children.

**Recommendation:**

The CD reassess the results of the division's statewide inventory to ensure all problems or inconsistencies identified are corrected, and take steps to improve the timeliness of system updates to accurately show the current status of each child.

**Status of Finding:**

*The division notes the inventory referenced in the audit report showed no missing children. We recognize that tracking of the status and location of children is handled primarily through the Alternative Care Tracking System and staff are expected to keep the information system current and with accurate information. Since payment to the placement provider is dependent on an accurate tracking system, staff are diligent in updating the child's location. The division has established a visitation work group, which among other charges, will look at how best to implement an ongoing inventory of children in care to assure that our children are where the system reports them to be. The work group will also look into how best to document, through the State Automated Child Welfare Information System (SACWIS), that staff are visiting children in their caseloads. SACWIS is now under development and is expected to be completed in February 2007.*

*Additionally, we shall reiterate to agency staff and foster care contractors the importance of accurately identifying and tracking the status and locations of each child in the custody, or under the supervision of the division.*

*We believe no further action is necessary regarding this recommendation with the exception of improving our SACWIS database.*

*This finding has been resolved per Administration for Children and Families.*

**Contact Person:** Jim Harrison  
**Phone number:** (573) 751-2502

**2003-7E.**                    Foster Care Monitoring

**Federal Agency:**     Department of Health and Human Services  
**Federal Program:**    93.658 - Foster Care - Title IV-E  
**State Agency:**        Department of Social Services - Children's Division (CD)

Family support team meetings did not occur as often as required and often did not include all required parties or the foster child.

**Recommendation:**

The CD improve the process of arranging and scheduling team meetings to achieve better attendance and documentation. One method could include establishing focus groups of the primary stakeholders to obtain appropriate input.

**Status of Finding:**

*The division has implemented this recommendation.*

*The 2004 Foster Care Reform Bill (HB 1453) emphasized the importance of Family Support Team (FST) meetings and who should be invited to such meetings. New policy was implemented to specify who must be invited to the FST. The parents, legal counsel for the parents, foster parents, the legal guardian for the child, the Guardian ad Litem, and the CASA volunteer shall be provided notice of the meeting. Family members, (other than alleged perpetrator), or other community formal or informal service providers may be invited at the discretion of the family. The parents, legal counsel for the parent, legal guardian/custodian, and foster parents may request that other individuals, other than alleged perpetrators, be permitted to attend such meetings. Once a person is provided notice of a meeting, the Children's Division worker or the conveyor of the meeting shall provide notice of subsequent meetings. Families may determine whether individuals invited at their discretion shall continue to be invited.*

*Additionally, the new law and resulting policy requires the division to arrange for a FST meeting prior to, or within, 24 hours following the protective custody hearing. The division shall arrange additional FST meetings prior to taking any action relating to the placement of such child except in emergency and then the division may make a temporary*

*placement and shall schedule a FST meeting within 72 hours. In addition to being required before or immediately after an impending move, FST meetings are to occur within 30 days of a child coming into division custody, convened monthly until adjudication, and every 6 months thereafter.*

*We have revised the Case Plan, Form CS-1, to be used at the conclusion of any meeting held in relation to a child placed in the custody of the state for documenting the decisions rendered by the team. A completed CS-1 is now distributed to parents and any other party within five days of meeting.*

*In accordance to the Program Improvement Plan (PIP), we have enhanced our current information system to better track FST meetings and we have asked our circuit managers to recruit a pool of qualified volunteers (staff not assigned to a case and community stakeholders) to participate as third party reviewers for the FST meetings which are designated as the six month permanency planning reviews.*

*The PIP also calls for us to strengthen workers' family engagement skills through training and supervision to enhance the Family Support Team (FST) process and assist in assuring those at the table have a voice in planning. Focus groups composed of workers, supervisors and circuit managers were conducted in four circuits to identify clinical support needs. The Family Assessment and Service Planning training for workers and Supplemental Supervisory training are currently being utilized in the field to assist staff in engaging families and in case plan development. The overall outcome of this effort will be to improve the engagement of families in the treatment process and improve foster parent participation in this process.*

*In order to improve the quality of services, it is important to receive feedback from the children and families served by the division. Input from consumers is obtained through surveys which are system generated and mailed from the Department of Social Services' Research and Evaluation Unit. A self-addressed stamped envelope accompanies the survey to facilitate a higher response rate and assure confidentiality. Information from returned surveys is entered into a database, aggregated, and sent in report form to the county and regional offices for review through their Continuous Quality Improvement (CQI) process.*

*This finding has been resolved per the Administration for Children and Families.*

**Contact Person:** Jim Harrison

**Phone number:** (573) 751-2502

**2003-7F.**                      Foster Care Monitoring

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

**Federal Program:**      93.658 - Foster Care - Title IV-E

**State Agency:**         Department of Social Services - Children's Division (CD)

Runaway foster children were not consistently managed by social workers. In addition, social workers did not always follow up with foster families to understand why the youth fled.

**Recommendation:**

The CD ensure local offices follow consistent policy when dealing with foster children who have run away from foster homes. The policy to be followed should include giving appropriate considerations to the child's continuing safety, reasons for leaving the assigned foster home, and reporting a runaway child for custody apprehension.

**Status of Finding:**

*In September 2004, new policy through memorandum CD04-85, was disseminated to all staff to address issues with runaway youth, youth running to unapproved placements, and providing specific instructions for continual search efforts and case documentation. This memorandum and policy update also addressed child abduction.*

*Regional managers will be asked to monitor the success of this revised policy and report back on their findings.*

*The division has implemented this recommendation.*

*This finding has been resolved per Administration for Children and Families.*

**Contact Person:** Jim Harrison  
**Phone number:** (573) 751-2502

**2003-7G.**                      Foster Care Monitoring

**Federal Agency:**      Department of Health and Human Services  
**Federal Program:**      93.658 - Foster Care - Title IV-E  
**State Agency:**        Department of Social Services - Children's Division (CD)

The division did not always initiate termination of parental rights action on a timely basis.

**Recommendation:**

Where appropriate, the CD should take steps to ensure local offices increase the timeliness for requesting termination of parental rights and where not appropriate, the CD should ensure the case records document the required compelling reason for not requesting termination. In addition, greater emphasis should be given to concurrent planning to ensure the stage is properly set for beginning the termination process in a timely fashion if it becomes necessary.

**Status of Finding:**

*The division has implemented this recommendation.*

*The Child and Family Service Review findings indicated the most significant barrier to achieving adoptions was the failure to file for TPR in a timely manner, which is consistent with the audit findings. Filing issues and court docket management are best resolved when completed on a circuit-by-circuit basis. However, the first step to ensuring the timeliness for requesting TPR is for the division and the court to have a common understanding on the criteria a case must meet in order to pursue TPR. Pursuant to the Program Improvement Plan, the division will be developing policy outlining supervisor and staff responsibilities in filing TPR, including documentation of compelling reasons for not filing. Each division circuit will be meeting with their judiciary to establish a process for expeditious filing of TPR cases.*

*Concurrent planning will help expedite the achievement of the case goal in that equal efforts are occurring simultaneously for two different goals. In addition to the existing training provided to new and existing staff on concurrent planning, the division will be utilizing technical assistance through the National Resource Center for Family-Centered Practice and Permanency Planning.*

*Regional training conferences were held during the spring of 2005 which covered a variety of practice and procedural issues for juvenile court and the division, including training on concurrent planning. This joint training was provided to court staff (including judges) and division staff and emphasized the need for timely court hearings and TPR filing. The Supreme Court mandated the attendance of the juvenile and family court judges.*

*This finding has been resolved per Administration for Children and Families.*

**Contact Person:** Jim Harrison

**Phone number:** (573) 751-2502

**2003-7H.**                      Foster Care Monitoring

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

**Federal Program:**      93.658 - Foster Care - Title IV-E

**State Agency:**         Department of Social Services - Children's Division (CD)

Foster parent background checks could be improved and expanded. A review of foster parent files noted 15 of 44 (34 percent) applicable tested foster parent files did not contain current (within the last two years) criminal and child abuse and neglect record checks.

**Recommendation:**

The CD augment the foster parent background checking process by adding a step to review circuit court records for indications of possible problems as identified by having orders of protection recorded against the foster parent.

**Status of Finding:**

*The division has implemented this recommendation.*

*The division's current policy on background screening requires staff to check on Missouri Case.net and with the local circuit clerk in regard to orders of protection filed against prospective and current foster parents in addition to potential and current relative care providers.*

*This finding has been resolved per Administration for Children and Families.*

**Contact Person:** Jim Harrison  
**Phone number:** (573) 751-2502

**2003-8A.**                      Foster Care Monitoring

**Federal Agency:**      Department of Health and Human Services  
**Federal Program:**      93.658 - Foster Care - Title IV-E  
**State Agency:**        Department of Social Services - Children's Division (CD)

Division personnel overpaid residential facilities by over \$22,000 for 246 days of service for 27 children who had ran away from residential care facilities as of October 14, 2002.

**Recommendation:**

The CD discontinue reimbursing residential facilities for runaway children during their flight status. The CD should take action to amend current contracts if feasible, and delete the contract language in future contract bids.

**Status of Finding:**

*Corrective action planned is as follows:*

*Effective with the renewal of residential contracts, we will strengthen contract language whereby payments made for runaways is specifically addressed.*

***Status of corrective action:***

*The original and current payment policy regarding the length of time for which a residential facility may receive payment for a child who is in runaway status is contained in the Residential Treatment contract. Based on the directive of the finding by Regional Office, the CD will revise contract language to comply with the Regional Administrator's decision (see below).*

*A contract amendment is in effect as of 2/1/06. This amendment addresses the number of days which a facility can be reimbursed in the event of a runaway. The facility can be reimbursed up to a maximum of 7 days for a child in runaway status, if the child returns to that facility.*

*Regional Administrator's Decision: The Regional Office sustains the auditor's findings and directs the grantee to comply with the National External Audit Review (NEAR) recommendation to develop and implement procedures to ensure payment is made only for services rendered and to repay the questioned costs of \$22,000. This finding is resolved.*

**Contact Person:** Patrick Luebbering  
**Phone number:** (573) 751-4206

**2003-8C.** Foster Care Monitoring

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.658 - Foster Care - Title IV-E  
**State Agency:** Department of Social Services - Children's Division (CD)  
**Questioned Costs:** \$2,175

Division workers disregarded criminal convictions documented in background checks and inappropriately licensed three foster parents. Background checks in the division's files disclosed one foster parent had assault and stealing charges and two foster parents had drug convictions within five years. Two of the foster parents received no federal funding and one received funding totaling \$3,565. Timely supervisory review of the three foster parent applications could have prevented these problem. We questioned the federal share of \$2,175 (61 percent).

**Recommendation:**

The CD resolve the questioned costs with the grantor agency and pursue reimbursement from the foster parent. In addition, the CD should ensure foster parents who fail to meet the applicable licensing criteria are not licensed and ensure worker licensing decisions are promptly reviewed by supervisors.

**Status of Finding:**

*We have completed fund recoupments that will return FFP to the Federal agency; however, we will not pursue any reimbursement from the foster parent. This placement was court ordered by the juvenile court.*

*This finding has been resolved according to Administration for Children and Families.*

**Status of Questioned Costs:**

*Questioned costs have been resolved with the grantor agency.*

**Contact Person:** Patrick Luebbering  
**Phone number:** (573) 522-2664

**2003-8D.** Foster Care Monitoring

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.658 - Foster Care - Title IV-E  
**State Agency:** Department of Social Services - Children's Division (CD)

Although the division conducted a series of background checks for prospective new social workers, staff did not use the Family Care Registry.

**Recommendation:**

The CD expand the background check of social workers to include a review of the Family Care Registry to identify workers who are not considered acceptable to work with children, the elderly or the mentally ill.

**Status of Finding:**

*The agency does not agree with the audit finding nor believes that corrective action is required. Explanation and specific reasons for our disagreement are as follows: Background checks are performed by the Division of Legal Services (DLS) in accordance with DLS policies and procedures including an in-depth criminal justice agency employee check which is more extensive than a review of the Family Care Registry. These policies and procedures were reviewed and approved by the Regional Office of HHS/ACF.*

*This finding has been resolved according to HHS/Administration for Children and Families.*

**Contact Person:** Patrick Luebbering  
**Phone number:** (573) 522-2664

**2003-9.** Allowable Costs

**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:** \$97,438

The total salary and fringe benefit costs for five employees were charged to the Medical Assistance Program even though these employees were primarily responsible for working with a state program called Missouri Senior Rx. During the year ended June 30, 2003, salary and fringe benefit costs of \$194,875 for these five employees were charged to the Medical Assistance Program. As a result, we questioned costs totaling \$97,438, which is the federal share of salary and fringe benefit costs.

**Recommendation:**

The DMS resolve the questioned costs with the grantor agency. In addition, the DMS should comply with the provisions of OMB Circular A-87 and allocate costs based on the actual time spent on the various federal and state programs.

**Status of Finding:**

*The Department of Social Services/Division of Medical Services (DSS/DMS) disagrees with the State Auditor's Office (SAO) interpretation that the Office of Management and Budget (OMB) Circular A-87 requires personnel activity reports to be the only acceptable allocation method. Personnel activity reports are only one of the acceptable allocation methods. OMB Circular A-87 relies on a "benefits received" concept and provides that states enter into a cost allocation plan (CAP) that specifies how costs are allocated. Missouri's approved CAP includes a specific process whereby a portion of all Medicaid salaries is excluded from the claim for federal reimbursement based on the ratio of the cost of state-only services. DSS/DMS has documented 95% of the pharmacy rebates received directly benefit the federal Medicaid program as opposed to the state Senior RX program. DSS/DMS is confident the Centers for Medicare and Medicaid Services (CMS) will recognize any state-only costs are properly allocated through the CAP and the direct benefit the rebate unit provides to the federal Medicaid program.*

**Status of Questioned Costs:**

*DSS/DMS has resolved the questioned cost and this audit finding is closed with CMS.*

**Contact Person:** Mike Rehagen

**Phone number:** (573) 526-4383

**2004-1A.**                    Vocational Rehabilitation

**Federal Agency:**     Department of Education  
**Federal Program:**    84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States  
**State Agency:**        Department of Elementary and Secondary Education (DESE) - Division of Vocational Rehabilitation

Division guidance for closing cases was not followed.

**Recommendation:**

The DESE ensure division personnel adhere to division guidance in classifying case outcomes.

**Status of Finding:**

*We agree with the auditor's finding. MDVR revised the Policy and Procedure Manual (PPM) to provide guidance on employment verification, documentation of employment outcomes, substantial services and closure statements. MDVR previously worked with the University of Missouri-Columbia (UMC) Department of Economics to match closure information with UI (Unemployment Insurance) wage records. These prior research*

*findings at UMC supported MDVR's employment outcome retention, as well as reflected a positive return on investment. MDVR will continue to match and verify UI records with employment outcomes.*

**Contact Person:** C. Jeanne Loyd  
**Phone number:** (573) 751-3251

**2004-1B.** Vocational Rehabilitation

**Federal Agency:** Department of Education  
**Federal Program:** 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States  
**State Agency:** Department of Elementary and Secondary Education (DESE) - Division of Vocational Rehabilitation

Employment information was not adequately supported on 22 successfully closed cases reviewed. Counselors did not adequately support closure information on the closure IPE and the closure statement. Division guidance did not require counselors to obtain adequate support for employment information or document the source of employment information. In addition, the closure statements on the 22 cases also disclosed counselors had not adequately supported decisions to close the cases successfully.

**Recommendation:**

The DESE require division personnel adequately justify and document employment information on the closure IPE and closure statement.

**Status of Finding:**

*We partially agree with the auditor's finding. MDVR revised the PPM to provide guidance on proper employment verification and documentation of employment on the closure statement. The division conducted additional training on this issue. The closure statement (which contains a checklist of services) and employment verification process is in compliance with federal regulations and has previously been reviewed on numerous occasions by the Rehabilitation Services Administration (RSA). The division uses a variety of methods to verify employment information, including contacting the client, family members, job placement personnel, etc. to verify employment. In all cases, successfully employed individuals receive a copy of their closure IPE via mail and are given an opportunity to sign and/or revise any information on the IPE, including earnings, hours worked, dates of employment, etc.*

**Contact Person:** C. Jeanne Loyd  
**Phone number:** (573) 751-3251



**Recommendation:**

The DESE require division personnel obtain proof of reported income and develop guidance requiring division personnel obtain proof of current income to determine eligibility of applicants.

**Status of Finding:**

*We agree with the auditor’s finding. MDVR revised the PPM to provide guidance on determining current income verification for clients (e.g. tax records, pay stubs, award letters for comparable services, bank statements, benefit statements, etc.). MDVR developed guidance and implemented training for staff on this topic. Without being able to review the individual examples listed in the report, we are unable to determine if the individuals participated in any costs of services, were classified as dependent or independent on their financial application or had out-of-pocket disability related expenses. These circumstances would be exceptions to our financial need guidelines, as specified in our administrative rules.*

**Contact Person:** C. Jeanne Loyd  
**Phone number:** (573) 751-3251

**2004-1E.**                    Vocational Rehabilitation

**Federal Agency:**     Department of Education  
**Federal Program:**    84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States  
**State Agency:**        Department of Elementary and Secondary Education (DESE) - Division of Vocational Rehabilitation

Comparable services were not considered in all applicable cases. Case managers had not documented comparable services on 17 (65 percent) of the 26 cases requiring consideration of comparable services. The audit also noted that counselors had different explanations when defining comparable services.

**Recommendation:**

The DESE require division personnel document the consideration of comparable services for all applicable cases and clarify guidance pertaining to supported employment services.

**Status of Finding:**

*We agree with the auditor’s finding. MDVR revised the PPM to provide guidance on searching and documenting comparable services for clients, which will be summarized on the client’s IPE. MDVR has revised its guidance on comparable services and proper documentation. MDVR would like to note, however, that not all services have available comparable services, e.g. supported employment services, maintenance and transportation. Federal regulations specifically list job-related services, including follow-along (supported employment) services, exempt from obtaining comparable services.*

**Contact Person:** C. Jeanne Loyd  
**Phone number:** (573) 751-3251

**2004-1F.** Vocational Rehabilitation

**Federal Agency:** Department of Education  
**Federal Program:** 84.126 - Rehabilitation Services - Vocational Rehabilitation Grants to States  
**State Agency:** Department of Elementary and Secondary Education (DESE) - Division of Vocational Rehabilitation

Counselor's decisions to authorize services conflicted with division guidance. The audit disclosed 11 of 30 (37 percent) instances where counselors provided services based on decisions that conflicted with division guidance.

**Recommendation:**

The DESE require division personnel adhere to division guidance when authorizing services and assistance for participants.

**Status of Finding:**

*We partially agree with the auditor's finding. MDVR revised guidance and administrative rules to reflect the RSA Policy Directive which outlines policy on establishing an employment goal. This is applicable to the examples listed in the report, in which a graduate degree was authorized. This RSA Policy Directive clarifies that services will be provided consistent with their strengths, resources, priorities, concerns, abilities and capabilities including informed choice. According to the federal directive, authorization of a graduate degree program may be indicated if the individual had not reached the level of employment that is consistent with their abilities, capabilities, etc., as mentioned above.*

*The audit infers that the division may in some way be wasteful in its utilization of college training. It should be noted at UMC, the persistence to graduation rate is 57% in six years. At SMSU, the rate is 56% in six years. The division believes its persistence to graduation rate with persons with disabilities is greater than these two examples. The division will work with the Department of Higher Education to determine persistence to graduation rate with VR supported students with disabilities.*

**Contact Person:** C. Jeanne Loyd  
**Phone number:** (573) 751-3251





**2004-3A 1.**                    Federal Family Education Loan Program

**Federal Agency:**     Department of Education  
**Federal Program:**    84.032 - Federal Family Education Loans  
**State Agency:**        Department of Higher Education (DHE)

The loan servicer had not developed a system to ensure all cash transactions had been posted to the computerized accounting system and reconciled to a cash balance. In addition, DHE had not developed a system to monitor the posting and reporting of all transaction.

**Recommendation:**

The DHE ensure the loan servicer develops a system to ensure all transactions are posted to the accounting system and reconciled to a cash balance. In addition, DHE should monitor the posting of transactions to ensure un-posted and unidentified transactions are resolved in a timely manner and accounted for fully.

**Status of Finding:**

*In May 2005, the DHE performed an on-site observation of its loan servicer's reconciliation and payment posting process. The DHE noted that the servicer is successfully reconciling payment postings to cash received on a daily basis. However, the DHE noted several remaining areas of weakness and addressed these weaknesses in a report issued on June 30, 2005 and in a letter dated July 11, 2005. As a result, the servicer amended the cash reconciliation process. DHE is continuing to work closely with its servicer to enforce contractual requirements and ensure the procedures are improved as necessary.*

*The DHE continues to monitor unprocessed and unposted transactions and will continue to require the servicer to make procedural changes until the DHE can satisfactorily demonstrate that all unprocessed and unposted transactions can be validated. In addition, the DHE participates in weekly conference calls with its servicer during which the servicer must provide status reports regarding the unprocessed transactions.*

**Contact Person:**              Leanne Cardwell            
**Phone number:**               (573)751-2361          

**2004-3A 2.**                    Federal Family Education Loan Program

**Federal Agency:**     Department of Education  
**Federal Program:**    84.032 - Federal Family Education Loans  
**State Agency:**        Department of Higher Education (DHE)

The loan servicer had not developed adequate written policies and procedures for processing cash receipts and issuing refunds.

**Recommendation:**

The DHE ensure the loan servicer develops adequate policies and procedures for processing cash receipts and issuing refunds.

**Status of Finding:**

*As a result of the DHE's September 2004 on-site review, its loan servicer made significant improvements to its controls over the handling of cash receipts. The DHE observed the improved procedures in May 2005 and requested additional changes to the process. On August 1, 2005, the DHE loan servicer implemented a lockbox process that virtually eliminates cash handling. Through the lockbox process, payments are mailed directly to a bank. The bank then deposits the payments and provides the servicer with the related payment information. The DHE continues to work with the servicer to refine procedures for handling cash receipts falling outside of the lockbox process.*

*In addition, the DHE loan servicer has developed and implemented procedures for issuing refunds. The DHE continues to monitor the issuance of borrower refunds.*

**Contact Person:** Leanne Cardwell  
**Phone number:** (573)751-2361

**2004-3B.** Federal Family Education Loan Program

**Federal Agency:** Department of Education  
**Federal Program:** 84.032 - Federal Family Education Loans  
**State Agency:** Department of Higher Education (DHE)

DHE did not ensure the new loan servicer developed a quality control review process to verify that claims paid (such as for defaults, disability, bankruptcy, and death) were valid and met federal program requirements for reinsurance. In addition, DHE did not randomly test claims paid for validity, other than a limited sample performed during the September 2004 onsite review.

**Recommendation:**

The DHE ensure the loan servicer develops a quality control review process to verify the validity of claims paid. DHE should also monitor the process to ensure it is operating effectively.

**Status of Finding:**

*The DHE partially disagreed with the Auditor's finding that the DHE did not ensure that the new loan servicer developed a quality control process to verify that claims paid were valid because the loan servicing system automatically performed the following edits on each claim to ensure that claim is valid and payable: 1) the claim was filed timely; 2) the claim was paid timely; 3) the lender exercised appropriate due diligence in servicing the loan; and 4) the claim paid amount equaled the amount requested. The DHE asserted that these system edits constitute a quality control process for claim reviews that is designed to ensure that all claims paid are valid and meet federal program requirements*

*for reinsurance. This process has been in place since the contract was implemented during April 2004. In addition, on September 1, 2004 the DHE loan servicer added to its claim review quality control process a secondary, independent review of each claim. The servicer began documenting this review on the loan servicing system in February 2005.*

*The DHE agreed with the recommendation that “DHE should also monitor the [quality control review] process to ensure it is operating effectively.” DHE will continue to monitor this process by testing random samples as part of its annual contract compliance review process. In addition, the DHE is developing procedures to monitor the timeliness and accuracy of claims processing on a routine basis.*

**Contact Person:** Leanne Cardwell  
**Phone number:** (573)751-2361

**2004-3C.** Federal Family Education Loan Program

**Federal Agency:** Department of Education  
**Federal Program:** 84.032 - Federal Family Education Loans  
**State Agency:** Department of Higher Education (DHE)

The new loan servicer did not develop written policies and procedures and adequate supporting documentation for the preparation and review of required federal reports (known as Form 2000 reports). Additionally, due to the lack of supporting information, DHE has not yet developed its own written policies and procedures for vouching the reasonableness and accuracy of the federal reports.

**Recommendation:**

The DHE continue working with the loan servicer to develop written policies and procedures and produce adequate supporting documentation for the preparation and vouching of the federal reports. In addition, DHE should develop written policies and procedures for verifying the reasonableness and accuracy of the federal reports.

**Status of Finding:**

*The DHE loan servicer has developed written procedures for preparation of the Form 2000 and began providing detailed supporting documentation in October 2004. In May 2005, the DHE reported corrections relating to April through November 2004 to the U.S. Department of Education. Based on analysis of supporting data, the DHE requested additional changes in a report issued on June 30, 2005 and in a letter dated July 27, 2005. On September 19, 2005, U.S. Department of Education (USDE) auditors performed an on-site review of the DHE during which they reviewed the correction. The DHE expects to receive USDE’s written review report in early 2006.*

*In addition, the DHE has developed written policies and procedures for verifying the reasonability and accuracy of the federal reports and continues to enforce contractual requirements and identify areas of the federal reporting process that need additional refinement.*

**Contact Person:** Leanne Cardwell  
**Phone number:** (573)751-2361

**2004-4.** Subrecipient Monitoring - SAPT Block Grant

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.959 - Block Grants for Prevention and Treatment of Substance Abuse  
**State Agency:** Department of Mental Health (DMH)

The DMH did not provide some subrecipients grant award information, such as the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and amount, and name of the federal agency or applicable compliance requirements.

**Recommendation:**

The DMH provide all subrecipients grant award information such as the CFDA title and number, award name and amount, name of federal agency, and applicable compliance requirements.

**Status of Finding:**

*Corrective action was taken.*

**Contact Person:** Janet Gordon  
**Phone number:** (573)751-8050

**2004-5A.** Subrecipient Monitoring - Equipment Support Program

**Federal Agency:** Department of Homeland Security  
**Federal Program:** 97.004 - State Domestic Preparedness Equipment Support Program  
**State Agency:** Department of Public Safety - State Emergency Management Agency (SEMA)

The SEMA had not established a tracking system to monitor and ensure program subrecipients obtain and submit A-133 audits to the SEMA, when applicable. As a result, the SEMA did not obtain and review A-133 audits from applicable subrecipients.

**Recommendation:**

The SEMA ensure all subrecipients submit an A-133 audit, when applicable.

**Status of Finding:**

*SEMA is now receiving A-133 audits from subgrantees, additionally staff members are working with other SEMA branches to track A-133 audits to ensure replication of A-133 audits don't occur,*

**Contact Person:** Tom Mohr

**Phone number:** (573) 526-9245  
**2004-5B 1.** Subrecipient Monitoring - Equipment Support Program

**Federal Agency:** Department of Homeland Security  
**Federal Program:** 97.004 - State Domestic Preparedness Equipment Support Program  
**State Agency:** Department of Public Safety - State Emergency Management Agency (SEMA)

A lack of clear, written minimum staffing level requirements had resulted in understaffing on some response teams.

**Recommendation:**

The SEMA establish and enforce clear, written minimum staffing level requirements for the teams. In addition, the SEMA should take the necessary steps to ensure existing teams meet minimum staffing level requirements.

**Status of Finding:**

*Staffing levels of the teams is being reviewed based upon findings for each team in Progress Review (IPR). A committee was formed (one member from each team) to develop a Standard Operation guide for the teams, to include staffing levels.*

**Contact Person:** Tom Mohr  
**Phone number:** (573) 526-9245

**2004-5B 2.** Subrecipient Monitoring - Equipment Support Program

**Federal Agency:** Department of Homeland Security  
**Federal Program:** 97.004 - State Domestic Preparedness Equipment Support Program  
**State Agency:** Department of Public Safety - State Emergency Management Agency (SEMA)

SEMA had not established an adequate monitoring system for the State Domestic Preparedness Equipment Support Program. SEMA did not possess complete or accurate information regarding team equipment and personnel resources because some teams had not submitted their statistical information, some teams submitted incomplete reports, and some inaccuracies appeared to exist on other reports.

**Recommendation:**

The SEMA continue to work on establishing an adequate system to monitor the program, including the development of equipment and personnel resource listings and ensuring compliance with team contract provisions.

**Status of Finding:**

*SEMA contracted Titan Corp. to do an In Progress Review (IPR) of all the teams, this was completed July 31, 2005. The IPR included the monitoring of training, inventory control and evaluation of capability. Additionally the SEMA Electronic Grants*

*Management System maintains a listing of all equipment purchased with grant funds*

**Contact Person:** Tom Mohr  
**Phone number:** (573) 526-9245

**2004-6.** Cash Management - Interest Calculation Errors

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.558 - Temporary Assistance for Needy Families  
93.767 - State Children's Insurance Program  
93.778 - Medical Assistance Program  
**State Agency:** Department of Social Services (DSS) -  
Division of Budget and Finance (DBF)

The DBF had not established adequate procedures to ensure interest earned on federal grants is calculated correctly.

**Recommendation:**

The DBF implement adequate procedures to ensure interest calculations are accurate. For example, the interest calculation methods should be reasonable and consistent, and the spreadsheets should be reviewed for completeness and accuracy.

**Status of Finding:**

*Adequate internal control procedures as recommended are in place to ensure interest calculations are accurate. We do not agree that any further corrective action beyond that noted is necessary. There is no standard statewide method used to calculate CMLA interest and the Division of Budget and Finance found it necessary to eliminate the previous administratively burdensome methodology.*

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

**2004-7.** Eligibility for Adoption Assistance Payments

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.659 - Adoption Assistance  
**State Agency:** Department of Social Services - Children's Division (CD)  
**Questioned Costs:** \$12,112

Subsidy contracts, adoption decrees, and supporting documentation for some payments could not be located and some payments exceeded contract limits. We reviewed eligibility documentation, subsidy contracts, and expenditure documentation for 60 Adoption Assistance recipients. We could not locate adoption decrees for 3 of 60 (5 percent) cases reviewed. In addition, for cases that an adoption decree was available, we could not locate subsidy contracts for 2 of 57 (3 percent) cases reviewed. We could not locate invoices or other supporting documentation for some payments on five of twenty-

eight (18 percent) cases reviewed. We did not question costs for the missing adoption decrees because the case files contained other information supporting the adoptions. The expenditures relating to the remaining errors totaled \$19,856 and we questioned the federal share of \$12,112 (61 percent).

**Recommendation:**

The CD resolve the questioned costs with the grantor agency. In addition, the CD should ensure subsidy contracts are signed prior to the adoption, all subsidy contracts and adoption decrees are retained, payments do not exceed contract limits, and all payments are supported by adequate documentation. In addition, the CD should pursue reimbursement of the over payment and ensure that duplicate payments do not occur.

**Status of Finding:**

*Corrective action planned is as follows:*

*Documentation which could not be located during the initial SAO staff work period has been requested from local staff. Payment documentation for four additional cases has been found to date. A third follow-up contact with staff was made for the remaining documentation needed. This additional information has been provided to audit staff.*

**Status of Questioned Costs:**

*Some payment documentation could not be found, therefore these questioned costs will be resolved with the grantor agency.*

**Contact Person:** Linda McCutchen  
**Phone number:** (573) 751-8946

**2004-8A.**                    Foster Care Compliance

**Federal Agency:**     Department of Health and Human Services  
**Federal Program:**    93.658 - Foster Care - Title IV-E  
**State Agency:**        Department of Social Services - Children's Division (CD)  
**Questioned Costs:**    \$6,857

Eligibility and payment documentation could not be located for some cases reviewed. We reviewed eligibility documentation and expenditure documentation for 60 Foster Care benefit recipients. In four cases selected, there was no placement of a child outside of the family and, as a result, the family was the benefit recipient. Judicial determinations or voluntary placements agreements were not located for 3 of 56 (5 percent) applicable cases reviewed. Efforts to pursue termination of parental rights or compelling reasons for not pursuing the termination were not documented for 2 of 22 (9 percent) cases reviewed. In addition, we could not locate invoices or other adequate supporting documentation for some payments on 37 of 60 (62 percent) cases reviewed. The expenditures relating to the above mentioned errors totaled \$11,241 and we questioned the federal share of \$6,857 (61 percent).

**Recommendation:**

The CD resolve the questioned costs with the grantor agency and ensure Foster Care placements are supported by a judicial determination or a voluntary placement agreement, petitions to terminate parental rights are filed for parents whose children are in custody for 15 of the most recent 22 months or compelling reasons for not filing the petition are documented, and all payments are supported by adequate documentation.

**Status of Finding:**

*Corrective action planned is as follows:*

*Documentation which could not be located during the initial audit staff work period has been requested from local staff. Payment documentation for eleven additional cases has been found to date. A third follow-up contact with staff will be made for the remaining documentation needed. This information has been provided to audit staff.*

**Status of Questioned Costs:**

*Some payment documentation could not be located, therefore, these questioned costs will be resolved with the grantor agency.*

**Contact Person:** Linda McCutchen  
**Phone number:** (573) 751-8946

**2004-8B.**                      Foster Care Compliance

**Federal Agency:**      Department of Health and Human Services  
**Federal Program:**      93.658 - Foster Care - Title IV-E  
**State Agency:**        Department of Social Services - Children's Division (CD)

The CD did not verify residential facility and day care contractors paid more than \$25,000 are not suspended or debarred from participating in federal government programs.

**Recommendation:**

The CD implement procedures to ensure all Foster Care contractors paid more than \$25,000 are not suspended or debarred from participation in federal government programs.

**Status of Finding:**

*Corrective action planned is as follows:*

*Debarment language has been added to all CD contracts including those agreements and IV-E contracts with universities for graduate and undergraduate training support. These agreements are being renegotiated at this time, and CD will have the contracted universities sign new agreements with debarment language effective no later than July 1, 2006. This language is also added to contracts/agreements with any governmental entity. The language reads:*

*The provider certifies, by signing this agreement, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.*

**Contact Person:** Linda McCutchen  
**Phone number:** (573) 751-8946

**2004-9.**                    Managed Care Program - Complaint and Grievance Reports

**Federal Agency:**    Department of Health and Human Services  
**Federal Program:**    93.767 - State Children's Insurance Program (SCHIP)  
                                  93.778 - Medical Assistance Program  
**State Agency:**        Department of Social Services - Division of Medical Services (DMS)

The DMS did not review all quarterly complaint and grievance reports submitted by managed care health plans.

**Recommendation:**

The DMS review the quarterly complaint and grievance reports of each health plan in accordance with state and federal regulations.

**Status of Finding:**

*This recommendation has been implemented.*

*Quality Services staff:*

- *Input and code the MC+ Managed Care health plan's data;*
- *Perform evaluations of data from individual MC+ Managed Care health plans;*
- *Combine data from individual MC+ Managed Care health plans into regional data and evaluate regional and statewide performance; and*
- *Develop reports reflecting results from evaluation on an individual, regional and statewide basis.*

**Contact Person:** Judith Muck  
**Phone number:** (573) 526-2886

**2004-10A.**                    Managed Care Program

**Federal Agency:**     Department of Health and Human Services  
**Federal Program:**    93.767 - State Children's Insurance Program (SCHIP)  
                                  93.778 - Medical Assistance Program  
**State Agency:**        Department of Social Services - Division of Medical Services (DMS)

Officials with the DMS could not measure the utilization of covered services provided to managed care recipients and did not know if the state's total cost truly measured healthcare costs. The audit also disclosed additional concerns with the lack of controls over encounter claims data.

**Recommendation:**

The Division of Medical Services evaluate and establish "best practice" procedures to improve the quality and reliability of encounter data. Such procedures could include performing annual encounter data validation studies, working with health plans to improve the acceptance rate of submitted claims, and implementing financial penalties for rejected encounter data.

**Status of Finding:**

*We disagree with this finding. DMS measures utilization of services using data sources other than encounter data. DMS uses data from MC+ Managed Care health plans, Department of Health and Senior Services, and Department of Insurance. Use of these types of aggregate data sources to set capitation rates is a widely acceptable method that has been certified by the actuarial firm used by the DSS/DMS and approved by the Centers for Medicare and Medicaid Services (CMS).*

*DSS/DMS began an encounter data improvement project in July 2003. This project was approved by CMS and was used as a model for other States to follow. This project identified critical fields for rate setting and quality purposes as well as identified necessary system modifications. Health plans began submitting encounter data complying with the new system requirements in October 2004. Encounter acceptance rates as of the end of August 2005 stand at over 97%, an improvement of approximately 27 percent prior to the system changes. Annual encounter validation studies are also being performed through an external quality review.*

**Contact Person:**    Judith Muck  
**Phone number:**     (573) 526-2886

**2004-10B.**                    Managed Care Program

**Federal Agency:**     Department of Health and Human Services  
**Federal Program:**    93.767 - State Children's Insurance Program (SCHIP)  
                                  93.778 - Medical Assistance Program  
**State Agency:**        Department of Social Services - Division of Medical Services (DMS)

The DMS did not profile the managed care population to determine if capitation payments were made for potentially ineligible recipients, or if the absence of encounter claim records was an indication of problems with access to medical services.

**Recommendation:**

The Division of Medical Services work with the Family Support Division to identify managed care recipients with missing or invalid social security numbers in the state's computer systems at least annually so eligibility can be re-determined, since current eligibility re-determination procedures will most likely miss these recipients.

**Status of Finding:**

*Eligibility Specialists were instructed to ensure all youth in the Children's Division custody have Social Security numbers and to apply if a child does not have one. In addition, we continue to work with the Department of Health and Senior Services (DHSS) to interface and provide Social Security numbers to the Department of Social Services.*

**Contact Person:** Patrick Luebbering  
**Phone number:** (573) 751-4206

**2004-10C.**            Managed Care Program

**Federal Agency:**    Department of Health and Human Services  
**Federal Program:**    93.767 - State Children's Insurance Program (SCHIP)  
                                  93.778 - Medical Assistance Program  
**State Agency:**        Department of Social Services - Division of Medical Services (DMS)

Fraud detection activities were not performed in the managed care program even though required by federal Medicaid rules.

**Recommendation:**

The Division of Medical Services develop and implement fraud detection activities in the managed care program, as required by law, and implement procedures to improve evaluations of suspected fraud activity reported by health plans.

**Status of Finding:**

*An MC+ Managed Care Fraud and Abuse Policy Statement was developed and issued to MC+ Managed Care health plans. The Fraud and Abuse detection report, completed by the MC+ Managed Care health plans, assists in obtaining information concerning the effectiveness and impact of their MC+ Managed Care quality assessment and improvement strategy that has been approved by the Centers for Medicare and Medicaid Services (CMS). The fraud and abuse reports provide information that indicates that data is collected, analyzed and reported, and health operations are in compliance with federal and contractual requirements. In addition, changes made as a result of the encounter data improvement project and EQR encounter data validations will assist DMS in monitoring the managed care program for potential fraud and abuse by managed care providers.*

**Contact Person:** Judith Muck  
**Phone number:** (573) 526-2886

**2004-11A.** Medicaid Eligibility

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.767 - State Children's Insurance Program (SCHIP)  
93.778 - Medical Assistance Program  
**State Agency:** Department of Social Services - Family  
Support Division (FSD)  
Children's Division (CD)  
Division of Medical Services (DMS)

FSD caseworkers were not performing annual eligibility re-determinations as required by federal and state regulations.

**Recommendation:**

The Department of Social Services ensure case re-determinations are performed in accordance with federal regulation. If staffing limits compliance with these requirements, procedures should be established to ensure cases with the most risk for potential ineligibility are reviewed timely.

**Status of Finding:**

*Governor Blunt has directed the Department of Social Services to make annual Medicaid redeterminations a priority. Additionally, in SB 539, the legislature added this requirement in state statute. Further, the Department of Social Services' SFY 2006 budget calls for the reclassification of 520 Self Sufficiency Case Managers to Income Maintenance Caseworkers, with the intent that additional caseworkers will focus on redeterminations. At this time, work plans are being developed to ensure that all overdue redeterminations are completed by the end of SFY 06. As of December 31, 2005, redetermination currency had increased to 95.1%.*

**Contact Person:** Patrick Luebbering  
**Phone number:** (573) 751-4206

**2004-11B.** Medicaid Eligibility

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.767 - State Children's Insurance Program (SCHIP)  
93.778 - Medical Assistance Program  
**State Agency:** Department of Social Services - Family  
Support Division (FSD)  
Children's Division (CD)  
Division of Medical Services (DMS)  
**Questioned Costs:** \$11,767

Audit tests on food stamp cases closed during the year ended June 30, 2003, indicated 9 of 35 recipients (26 percent) had active Medicaid cases which should have closed at the time the food stamp cases closed. These recipients received medical care and had claims of approximately \$19,000 after they should have lost their eligibility. We questioned costs of \$11,767 which was the federal share of Medicaid payments.

**Recommendation:**

The Department of Social Services resolve the questioned costs with the grantor agency. In addition, the DSS should ensure policies established for caseworkers to use relevant information obtained during other assistance eligibility re-determinations to evaluate a recipient's continued Medicaid eligibility are complete. The DSS should establish monitoring procedures to ensure those policies are complied with.

**Status of Finding:**

*SB 539 contains language that annual Medicaid redeterminations may be met by completion of a Food Stamps recertification. The FSD implemented an automated method to update Medicaid eligibility (in Legacy) based on interfacing with the Food Stamps case through FAMIS earlier this year (2005).*

**Status of Questioned Costs:**

*Questioned costs have not been resolved with the grantor agency.*

**Contact Person:** Patrick Luebbering  
**Phone number:** (573) 751-4206

**2004-11C.                    Medicaid Eligibility**

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.767 - State Children's Insurance Program (SCHIP)  
93.778 - Medical Assistance Program  
**State Agency:** Department of Social Services - Family  
Support Division (FSD)  
Children's Division (CD)  
Division of Medical Services (DMS)

Caseworkers were not obtaining valid social security numbers on all applicable recipients. In addition, as of June 30, 2003, the FSD's computer system indicated 10,236 recipients' social security numbers were not verified by the Social Security Administration as required by federal regulations.

**Recommendation:**

The Department of Social Services review the available options to obtain recipient social security numbers from the Social Security Administration. Procedures should be established to obtain social security numbers for all recipients and to submit those social security numbers to the Social Security Administration for verification as federally

required. In addition, the DSS should resume receiving the monthly social security number exception report.

**Status of Finding:**

*As the Family Support Division does redeterminations, Social Security numbers are updated. As of December 31, 2005, the Division is 95.1% current with redeterminations in working toward the goal of 100%. This should go a long way to addressing this issue. In addition, we continue to work with the Department of Health and Senior Services (DHSS) to interface and provide Social Security numbers to the Department of Social Services. We are unable to provide an estimate of a completion date at this time, as this is dependent on the priorities of DHSS. In addition, Eligibility Specialists were instructed to ensure all youth in Family Support Division (FSD) custody have Social Security numbers and to apply if a child does not have one.*

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**2004-11D.**            Medicaid Eligibility

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

**Federal Program:**    93.767 - State Children's Insurance Program (SCHIP)  
                                  93.778 - Medical Assistance Program

**State Agency:**        Department of Social Services - Family  
                                  Support Division (FSD)  
                                  Children's Division (CD)  
                                  Division of Medical Services (DMS)

**Questioned Cost:**    93.767- \$173,236, 93.778 - \$644,639

Procedures to close cases with age ineligible children were not effective. Audit tests identified that as of July 2003, \$1,040,915 in Medicaid payments and \$237,864 in SCHIP payments were made for 950 recipients and 263 recipients, respectively, age 19 or older after the recipients became ineligible. We questioned costs of \$644,639 and \$173,236, which was the federal share of Medicaid payments and SCHIP payments, respectively.

**Recommendation:**

The Department of Social Services resolve the questioned costs with the grantor agency. In addition, the DSS should establish procedures to ensure recipients reaching age eligibility limits are reviewed for potential ineligibility and age exception reports are being received by caseworkers in a timely manner.

**Status of Finding:**

*Although we agree with the statement in the finding, we still disagree with the Auditor's analysis of questioned costs. The questioned costs as shown in the Single Audit are for children who have reached the age of 19 but are not removed from Medicaid coverage. Federal rules require the Division to review the eligibility of children at the point at which the child ages out of the MC+ or SCHIP program to see if they are eligible under*

any other category. At the point these cases were reviewed by the auditor, they were still categorized as children. However, the Division was still reviewing their eligibility for other categories as required by the federal government. A limited review of recipients with the highest questioned costs in this category showed that they were indeed eligible for Medicaid coverage in another category, yet the audit shows them as ineligible.

**Status of Questioned Costs:**

*Questioned costs have not been resolved with the grantor agency.*

**Contact Person:** Patrick Luebbering  
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**2004-11E.    Medicaid Eligibility**

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

**Federal Program:**    93.767 - State Children's Insurance Program (SCHIP)  
                              93.778 - Medical Assistance Program

**State Agency:**        Department of Social Services - Family  
                              Support Division (FSD)  
                              Children's Division (CD)  
                              Division of Medical Services (DMS)

**Questioned Cost:**    93.767 - \$1,457, 93.778 - \$87,941

Procedures to identify recipients who have died were not as effective as possible. Medicaid payments totaling at least \$142,000 and SCHIP payments totaling at least \$2,000 were made for 64 recipients and 2 recipients, respectively, after their death. We questioned costs of \$87,941 and \$1,457, which was the federal share of Medicaid payments and SCHIP payments, respectively.

**Recommendation:**

The Department of Social Services resolve the questioned costs with the grantor agency. In addition, the DSS should revise procedures used to match Medicaid recipients to DHSS records to include a history of prior and current month death records and allow the match criteria to be more flexible to identify more possible matches of deceased recipients. Also, the DSS should ensure caseworkers are aware of and use all available inquiries which provide death information to assist in determining an applicant's initial and continued eligibility.

**Status of Finding:**

*The FSD currently matches DHSS records and other pertinent information, such as county records, obituaries, etc. We continue to explore various options to improve the matching of Medicaid recipients to DHSS records. The Children's Division, in conjunction with the Division of Medical Services, has in place a monthly review to recover costs on applicable cases.*

**Status of Questioned Costs:**

*Questioned costs have not been resolved with the grantor agency.*

**Contact Person:** Patrick Luebbering  
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**2004-11F.**            Medicaid Eligibility

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

**Federal Program:**    93.767 - State Children's Insurance Program (SCHIP)  
                                  93.778 - Medical Assistance Program

**State Agency:**        Department of Social Services - Family  
                                  Support Division (FSD)  
                                  Children's Division (CD)  
                                  Division of Medical Services (DMS)

**Questioned Cost:**    \$1,247

Cases where children were active on Medicaid simultaneously in the FSD and the CD were not being appropriately monitored. The CD removed children from a home and the only adult on the case was kept active on Medicaid. The adult on this case should have lost her Medicaid eligibility but did not. The state paid \$2,014 in claims during the time the adult was ineligible. We questioned costs of \$1,247, which was the federal share of Medicaid payments.

**Recommendation:**

The Department of Social Services resolve the questioned costs with the grantor agency. In addition, the DSS should establish procedures to ensure recipients who are dually eligible under a separate CD case are reviewed for potential ineligibility. The children taken from the home report should be adjusted so the output is cumulative with cases from previous periods continuing to be reported until closed or resolved. Also, the DSS should establish policies to ensure costs are recovered on applicable cases when a CD recipient is determined to be ineligible.

**Status of Finding:**

*A report is generated monthly, with a cumulative output, to the FSD/Income Maintenance caseworker alerting of a child opened in Alternative Care or Division of Youth Services and also open in the IM Medicaid system - this is triggered by an in-common identifier cross (Departmental Client Number or "DCN") match. In addition, the worker gets a daily alert when the child is opened in the Children's Division (Alternative Care) or the Division of Youth Services.*

**Status of Questioned Costs:**

*Questioned costs have not been resolved with the grantor agency.*

**Contact Person:** Patrick Luebbering

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**2004-11G.**            Medicaid Eligibility

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.767 - State Children's Insurance Program (SCHIP)  
93.778 - Medical Assistance Program  
**State Agency:** Department of Social Services - Family  
Support Division (FSD)  
Children's Division (CD)  
Division of Medical Services (DMS)

Matches with the Department of Labor and Industrial Relations - Division of Employment Security to verify wages and unemployment compensation on active Medicaid recipients were stopped in July 2000.

**Recommendation:**

The Department of Social Services resume receiving the wage and unemployment matches with the Division of Employment Security and establish procedures to ensure interagency matches are functioning as intended.

**Status of Finding:**

*All actions have been completed.*

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**2004-11H.**            Medicaid Eligibility

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.767 - State Children's Insurance Program (SCHIP)  
93.778 - Medical Assistance Program  
**State Agency:** Department of Social Services - Family  
Support Division (FSD)  
Children's Division (CD)  
Division of Medical Services (DMS)  
**Questioned Cost:** \$21,676

Audit tests identified 111 recipients who were active on Medicaid as of June 30, 2003, whose Medicaid eligibility start date preceded their birth date. Of these 111 recipients, unnecessary costs totaling at least \$35,000 were noted for seven of these recipients. We questioned costs of \$21,676, which was the federal share of Medicaid payments.

**Recommendation:**

The Department of Social Services resolve the questioned costs with the grantor agency.

In addition, the DSS should correct the edit which ensures a Medicaid recipient's eligibility cannot precede his or her birth date.

**Status of Finding:**

*An edit was put in 1/26/2004 to keep caseworkers from entering a Title XIX Medicaid date prior to the date of birth.*

**Status of Questioned Costs:**

*Questioned costs have not been resolved with the grantor agency.*

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