



Susan Montee, CPA
Missouri State Auditor

State of Missouri

Single Audit

Year Ended
June 30, 2007

March 2008
Report No. 2008-17



auditor.mo.gov



Office of
Missouri State Auditor
Susan Montee, CPA

March 2008

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 that provide their financial information directly to the federal government. State agencies expended \$8.8 billion of federal grant funds during the year ended June 30, 2007. Expenditures of federal awards have increased steadily 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 (95 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 308 different programs.

There are concerns regarding subrecipient monitoring in multiple departments, including Natural Resources, Public Safety, Social Services, and Transportation. Problems with subrecipient monitoring include not adequately ensuring audit reports are received timely and that adequate corrective action is taken on findings, not following up on audit report information that differs from grant records, not ensuring that expenditures of subrecipients were allowable, not adequately documenting monitoring visits, and not ensuring equipment purchased is properly used. In addition, the Department of Social Services does not consider certain entities to be subrecipients and, as a result, does not require the subrecipients to obtain audits in accordance with OMB Circular A-133.

The departments of Elementary and Secondary Education, Public Safety, and Social Services do not ensure that all entities paid more than \$25,000 are not suspended or debarred from receiving federal funds, as required by federal guidelines.

Several findings summarize prior reports issued by the State Auditor's Office that related to various federal programs including *Department of Health and Senior Services - Bioterrorism Program, Department of Health and Senior Services - Protecting Children at Child Care Providers, Early Childhood Development, Education, and Care Fund, and Social Service Child Support Delinquencies.*

Also included in the single audit report are recommendations related to the Department of Agriculture - State Mediation Grants, Department of Mental Health - Block Grants for Prevention and Treatment of Substance Abuse, and Department of Social Services - Adoption Assistance, Child Care Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care Development Fund, Temporary Assistance for Needy Families, and Rehabilitation Services - Vocational Rehabilitation Grants to States.

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

YELLOW SHEET

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. A single audit requires an audit of the state's financial statements and expenditures of federal awards. The audit is required to determine whether:

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

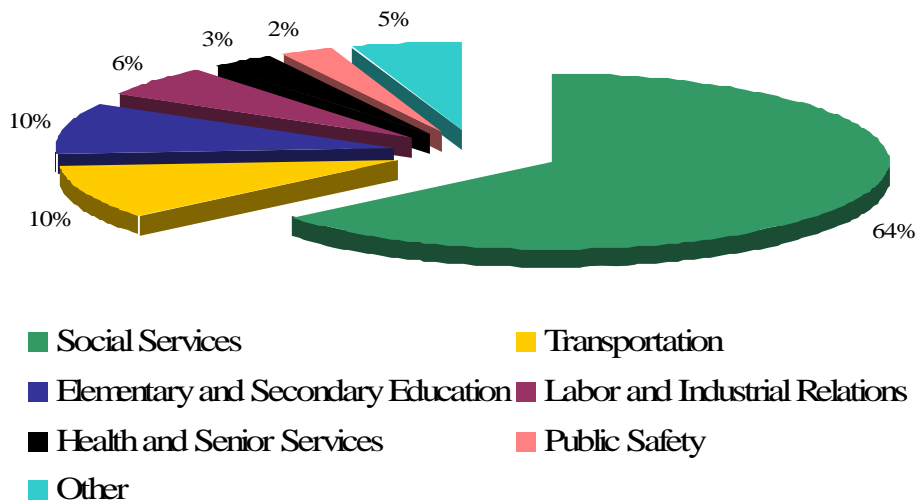
The Single Audit report includes the federal awards expended by all state agencies that are part of the primary government. The report does not include the component units of the state, which are the public universities and various financing authorities. These component units have their own separate OMB Circular A-133 audits conducted by other auditors. The state expended \$8.81 billion in federal awards during the year ended June 30, 2007. Expenditures of federal awards have increased over the past five years.

Total Expenditures of Federal Awards Five Year Comparison



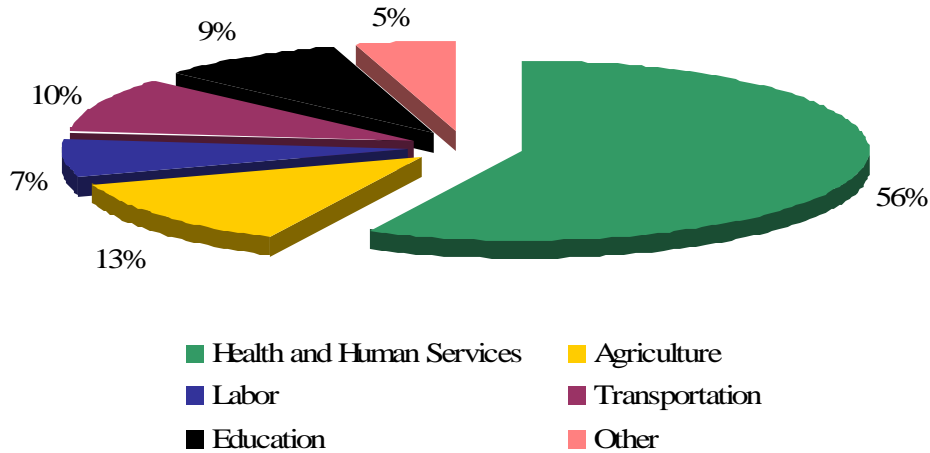
Although nineteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (95 percent).

Expenditures of Federal Awards by State Department



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

Expenditures of Federal Awards by Federal Department



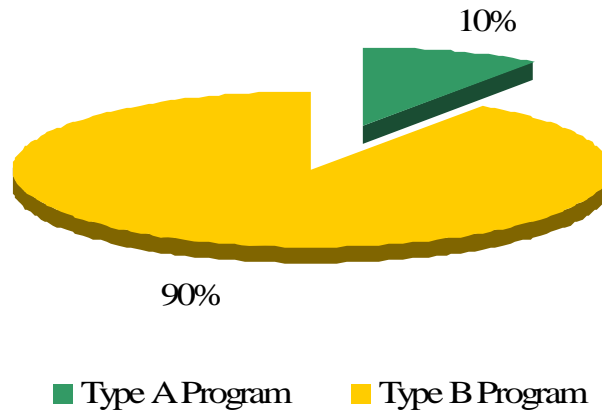
Overall, the state expended federal awards in 308 different programs. Under the audit requirements of OMB Circular A-133, federal programs are divided into Type A and Type B programs based on a dollar threshold. For the state of Missouri, OMB Circular A-133 defines the dollar threshold to distinguish between Type A programs and Type B programs at three-tenths of one percent (.003) of total awards expended.

Determination of Type A Programs

Total expenditures of federal awards	\$ 8,807,333,984
Three-tenths of one percent	.003
Dollar Threshold	\$ 26,422,002

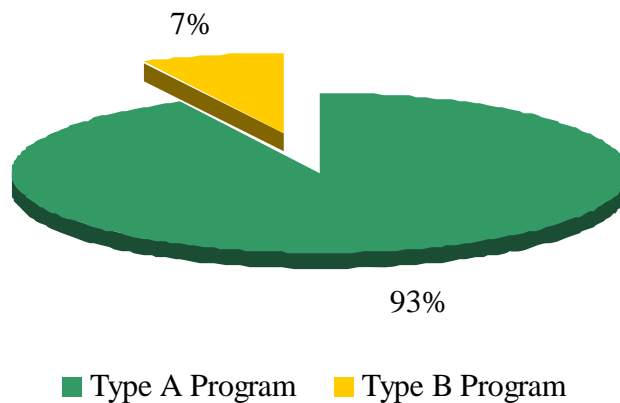
Programs with federal expenditures over \$26,422,002 are Type A programs and the programs under \$26,422,002 are Type B programs. Of the 308 different federal award programs, 30 were Type A programs and 278 were Type B programs.

Type A and Type B Programs Number of Programs



The 30 Type A programs had expenditures of federal awards totaling \$8.2 billion, which was 93 percent of the total expenditures for all programs. The 278 Type B programs had expenditures of federal awards totaling \$648 million, which was only 7 percent of the total expenditures for all programs.

Type A and Type B Programs Expenditures of Federal Awards



OMB Circular A-133 requires the auditor to use a risk-based approach to determine which federal award programs to audit as major programs. We performed a risk assessment on each Type A program and determined that 10 of the 30 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 (\$8.81 billion times .0003 = \$2,642,200). We performed risk assessments on the 56 larger Type B programs that were over \$2,642,200 and determined that 10 of them were high risk. In accordance with OMB Circular A-133, we audited 5 (one-half) of these 10 high risk Type B programs as major. As a result of the risk-based approach required under OMB Circular A-133, we audited 20 Type A programs and 5 Type B programs as major.

Audit Coverage by Type of Program	Major and Non-major Programs		Percentage of Expenditures
	Number of Programs	Expenditures	
Type A major programs	20	\$ 5,277,902,892	
Type B major programs	5	81,003,767	
Total major programs	25	\$ 5,358,906,659	61%
Type A non-major programs	10	2,881,217,112	
Type B non-major programs	273	567,210,213	
Total non-major programs	283	3,448,427,325	39%
Total all programs	308	\$ 8,807,333,984	100%

STATE OF MISSOURI
SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

CFDA Number	Federal Program Name	Federal Grantor Agency	Federal Awards Expended
	Food Stamp Cluster:		
10.551	Food Stamps	Agriculture	\$ 751,383,538
10.561	State Administrative Matching Grants for Food Stamp Program	Agriculture	45,806,064
	Child Nutrition Cluster:		
10.553	School Breakfast Program	Agriculture	40,687,594
10.555	National School Lunch Program	Agriculture	136,113,514
10.556	Special Milk Program for Children	Agriculture	450,162
10.559	Summer Food Service Program for Children	Agriculture	7,521,983
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture	72,209,815
10.558	Child and Adult Care Food Program	Agriculture	39,167,800
14.228	Community Development Block Grants/State's Program	Housing and Urban Development	27,878,779
17.225	Unemployment Insurance	Labor	481,532,724
	Workforce Investment Act Cluster:		
17.258	Workforce Investment Act - Adult Program	Labor	19,278,662
17.259	Workforce Investment Act - Youth Activities	Labor	18,637,948
17.260	Workforce Investment Act - Dislocated Workers	Labor	27,320,208
20.205	Highway Planning and Construction	Transportation	794,175,019
64.015	Veterans State Nursing Home Care	Veterans Affairs	26,992,757
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency	43,331,535
84.010	Title I Grants to Local Educational Agencies	Education	187,281,959
	Special Education Cluster:		
84.027	Special Education - Grants to States	Education	218,786,281
84.173	Special Education - Preschool Grants	Education	6,013,302
84.032	Federal Family Education Loans - Guaranty Agencies	Education	116,181,041
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	Education	55,223,772
84.367	Improving Teacher Quality State Grants	Education	47,544,189
93.268	Immunization Grants	Health and Human Services	42,312,616
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	Health and Human Services	28,579,564
93.558	Temporary Assistance for Needy Families	Health and Human Services	172,670,793
93.563	Child Support Enforcement	Health and Human Services	41,582,032
93.568	Low-Income Home Energy Assistance	Health and Human Services	63,032,278
	Child Care and Development Fund Cluster:		
93.575	Child Care and Development Block Grant	Health and Human Services	57,114,416
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Health and Human Services	62,337,045
93.658	Foster Care - Title IV-E	Health and Human Services	59,516,165
93.659	Adoption Assistance	Health and Human Services	31,637,047
93.667	Social Services Block Grant	Health and Human Services	54,866,052
93.767	State's Children's Insurance Program	Health and Human Services	79,309,704
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	Health and Human Services	1,207,043
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Human Services	14,315,934
93.778	Medical Assistance Program	Health and Human Services	4,144,623,629
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Health and Human Services	27,543,065

STATE OF MISSOURI
SUMMARY OF TYPE A PROGRAMS AND TOTAL EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

CFDA Number	Federal Program Name	Federal Grantor Agency	Federal Awards Expended
96.001	Social Security - Disability Insurance	Social Security Administration	27,775,814
	Homeland Security Cluster:		
16.007	Homeland Security Grant Program	Department of Justice	2,308,422
97.004	State Domestic Preparedness Equipment Support Program	Department of Homeland Security	6,544,034
97.008	Urban Areas Security Initiative	Department of Homeland Security	1,237,106
97.053	Citizen Corps	Department of Homeland Security	135,148
97.067	Homeland Security Grant Program	Department of Homeland Security	17,668,191
97.071	Metropolitan Medical Response System	Department of Homeland Security	163,511
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	Department of Homeland Security	4,552,613
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Department of Homeland Security	54,569,136
	Total Type A Programs (expenditures greater than \$26,422,002)		8,159,120,004
	Total Type B Programs (expenditures less than \$26,422,002)		648,213,980
	Total Expenditures of Federal Awards		\$ <u>8,807,333,984</u>

STATE AUDITOR'S REPORTS



SUSAN MONTEE, CPA
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, 2007, which collectively comprise the state's basic financial statements, and have issued our report thereon dated February 28, 2008. Our report was modified to include a reference to other auditors. Our report also expressed a qualified opinion on the basic financial statements because the financial statements of the Deferred Compensation 401(a) and 457 Plans have not been audited and because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As described in our report on the state of Missouri's financial statements, with the exception of the financial statements of the Deferred Compensation 401(a) and 457 Plans, other auditors audited the financial statements of:

1. The Missouri Department of Transportation and blended transportation corporations, the Missouri Consolidated Health Care Plan, the Missouri State Employees' Insurance Plan, the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan, and the Transportation Self-Insurance Plan, which represent 77 percent and 13 percent of the assets and revenues, respectively, of the governmental activities.

2. The State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 42 percent and 60 percent of the assets and revenues, respectively, of the business-type activities.
3. The component units.
4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represent 96 percent and 99 percent of the assets and additions, respectively, of the fiduciary funds.

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

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

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

The State Auditor's office regularly issues management reports on the various programs, agencies, divisions, and departments of the state of Missouri. The conditions mentioned in those management reports were considered in determining the nature, timing, and extent of the audit tests to be applied in our audit of the basic financial statements. Our reports of these conditions do not modify our report dated February 28, 2008, on the basic financial statements.

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



Susan Montee, CPA
State Auditor

February 28, 2008



SUSAN MONTEE, CPA
Missouri State Auditor

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

Honorable 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, 2007. The state's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the state's management. Our responsibility is to express an opinion on the state's compliance based on our audit.

Our compliance audit, described below, did not include the operations of the component units and related organizations that expended federal financial assistance during the year ended June 30, 2007, because they engaged other auditors to perform audits in accordance with OMB Circular A-133.

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

As described in finding numbers 2007-6 through 2007-8 in the accompanying Schedule of Findings and Questioned Costs, the state of Missouri did not comply with requirements regarding subrecipient monitoring that are applicable to the Weatherization Assistance Program for Low-Income Persons, the State Homeland Security Grant Program, the Urban Areas Security Initiative, the State Domestic Preparedness Equipment Support Grant, and the Disaster Grants – Public Assistance (Presidentially Declared Disasters). 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, 2007. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2007-1, 2007-9, 2007-10, and 2007-17.

Internal Control Over Compliance

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

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

A control deficiency in the state's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the state's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the state's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2007-2 and 2007-6 through 2007-8 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the state's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs, we consider finding numbers 2007-2 and 2007-6 through 2007-8 to be material weaknesses.

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

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

A handwritten signature in cursive script, appearing to read "Susan Montee".

Susan Montee, CPA
State Auditor

February 28, 2008



SUSAN MONTEE, CPA
Missouri State Auditor

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

Honorable Matt Blunt, Governor
and
Members of the General Assembly

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the state of Missouri, as of and for the year ended June 30, 2007, which collectively comprise the state's basic financial statements, and have issued our report thereon dated February 28, 2008. Our report was modified to include a reference to other auditors. Our report also expressed a qualified opinion on the basic financial statements because the financial statements of the Deferred Compensation 401(a) and 457 Plans have not been audited and because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As described in our report on the state of Missouri's financial statements, with the exception of the financial statements of the Deferred Compensation 401(a) and 457 Plans, other auditors audited the financial statements of:

1. The Missouri Department of Transportation and blended transportation corporations, the Missouri Consolidated Health Care Plan, the Missouri State Employees' Insurance Plan, the Missouri Department of Transportation and Missouri State Highway Patrol Medical and Life Insurance Plan, and the Transportation Self-Insurance Plan, which represent 77 percent and 13 percent of the assets and revenues, respectively, of the governmental activities.
2. The State Lottery and the Petroleum Storage Tank Insurance Fund, which represent 42 percent and 60 percent of the assets and revenues, respectively, of the business-type activities.

3. The component units.
4. The pension (and other employee benefit) trust funds and the Missouri Department of Transportation Local Fund, which represent 96 percent and 99 percent of the assets and additions, respectively, of the fiduciary funds.

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

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

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



Susan Montee, CPA
State Auditor

February 28, 2008

SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Office of National Drug Control Policy			
07.	HIDTA	2,504,325	1,816,096
Total Office of National Drug Control Policy		2,504,325	1,816,096
Department of Agriculture			
10.	School Lunch Commodity Refund	6,107	6,107
10.025	Plant and Animal Disease, Pest Control, and Animal Care	1,191,777	0
10.066	Livestock Assistance Program	2,726,909	0
10.069	Conservation Reserve Program	138,251	0
10.072	Wetland Reserve Program	699,000	0
10.153	Market News	15,724	0
10.156	Federal-State Marketing Improvement Program	51,357	0
10.163	Market Protection and Promotion	7,827	0
10.435	State Mediation Grants	27,922	0
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	585,630	0
10.477	Meat, Poultry, and Egg Products Inspection	32,000	0
10.550	Food Donation	20,147,837	19,969,899
Food Stamp Cluster:			
10.551	Food Stamps	751,383,538	0
10.561	State Administrative Matching Grants for Food Stamp Program	45,806,064	0
Total Food Stamp Cluster		797,189,602	0
Child Nutrition Cluster:			
10.553	School Breakfast Program	40,687,594	40,687,594
10.555	National School Lunch Program	136,113,514	134,610,603
10.556	Special Milk Program for Children	450,162	450,162
10.559	Summer Food Service Program for Children	7,521,983	7,209,769
Total Child Nutrition Cluster		184,773,253	182,958,128
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	72,209,815	14,045,950
10.558	Child and Adult Care Food Program	39,167,800	38,658,096
10.560	State Administrative Expenses for Child Nutrition	2,535,594	879,935
10.565	Commodity Supplemental Food Program	647,157	554,322
Emergency Food Assistance Cluster:			
10.568	Emergency Food Assistance Program (Administrative Costs)	1,045,035	936,318
10.569	Emergency Food Assistance Program (Food Commodities)	4,045,544	4,045,544
Total Emergency Food Assistance Cluster		5,090,579	4,981,862
10.572	WIC Farmers' Market Nutrition Program (FMNP)	56	0
10.574	Team Nutrition Grants	74,712	43,094
10.600	Foreign Market Development Cooperator Program	12,560	0
10.664	Cooperative Forestry Assistance	1,562,214	281,073
Schools and Roads Cluster:			
10.665	Schools and Roads - Grants to States	5,045,148	5,045,148
Total Schools and Roads Cluster		5,045,148	5,045,148
10.680	Forest Health Protection	11,880	0
10.769	Rural Business Enterprise Grants	8,006	0
10.902	Soil and Water Conservation	123,841	0
10.912	Environmental Quality Incentives Program	64,058	0
Total Department of Agriculture		1,134,146,616	267,423,614
Department of Defense			
12.AAG	Drug Interdiction and Counter Drug Activities	31,796	31,796
12.	Troops to Teachers	113,249	65,380
12.112	Payments to States in Lieu of Real Estate Taxes	1,153,290	1,153,290
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	978,150	41,785
12.401	National Guard Military Operations and Maintenance Projects	21,656,289	0
Total Department of Defense		23,932,774	1,292,251
Department of Housing and Urban Development			
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	27,878,779	26,860,705
14.231	Emergency Shelter Grants Program	1,477,759	1,477,759
14.238	Shelter Plus Care	6,304,293	6,304,293
14.241	Housing Opportunities for Persons with AIDS	352,229	352,229
14.401	Fair Housing Assistance Program - State and Local	623,641	0
14.905	Lead Hazard Reduction Demonstration Grant Program	48,217	0
Total Department of Housing and Urban Development		36,684,918	34,994,986

Department of the Interior			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	258,371	0
15.252	Abandoned Mine Land Reclamation Program	1,070,475	381,012
Fish and Wildlife Cluster:			
15.605	Sport Fish Restoration	8,654,697	0
15.611	Wildlife Restoration	6,255,976	0
	Total Fish and Wildlife Cluster	<u>14,910,673</u>	<u>0</u>
15.615	Cooperative Endangered Species Conservation Fund	88,931	0
15.616	Clean Vessel Act	64,524	64,524
15.622	Sportfishing and Boating Safety Act	79,039	79,039
15.623	North American Wetlands Conservation Fund	94,000	0
15.633	Landowner Incentive	283,416	0
15.634	State Wildlife Grants	1,463,930	0
15.808	U.S. Geological Survey - Research and Data Collection	93,809	0
15.810	National Cooperative Geologic Mapping Program	135,727	0
15.904	Historic Preservation Fund Grants-In-Aid	697,308	36,334
15.916	Outdoor Recreation - Acquisition, Development and Planning	1,669,640	743,823
15.921	Rivers, Trails and Conservation Assistance	911	0
15.922	Native American Graves Protection and Repatriation Act	5,836	0
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	334,507	0
15.FFB	Webless Migratory Game Bird Research Program	17,387	0
15.FFC	Fish and Wildlife Coordination Act	31,502	0
	Total Department of the Interior	<u>21,299,986</u>	<u>1,304,732</u>
Department of Justice			
16.	Domestic Cannabis Eradication	442,568	0
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	882,785	0
16.523	Juvenile Accountability Block Grants	1,382,775	1,327,571
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	1,035,236	858,531
16.542	Part D - Research, Evaluation, Technical Assistance and Training	1,406,392	0
16.548	Title V - Delinquency Prevention Program	224,682	224,682
16.549	Part E - State Challenge Activities	75,342	75,342
16.550	State Justice Statistics Program for Statistical Analysis Centers	9,553	0
16.554	National Criminal History Improvement Program (NCHIP)	861,458	210,948
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	214,794	214,794
16.575	Crime Victim Assistance	7,220,152	7,075,182
16.576	Crime Victim Compensation	1,590,970	0
16.579	Edward Byrne Memorial Formula Grant Program	3,266,394	3,258,075
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	91,261	90,269
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	4,514,904	0
16.588	Violence Against Women Formula Grants	2,465,826	2,370,514
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	60,534	35,270
16.592	Local Law Enforcement Block Grants Program	456	456
16.593	Residential Substance Abuse Treatment for State Prisoners	347,614	347,614
16.601	Corrections Training and Staff Development	500	0
16.606	State Criminal Alien Assistance Program	95,939	0
16.610	Regional Information Sharing Systems	4,935,165	4,935,165
16.710	Public Safety Partnership and Community Policing Grants	3,205,363	0
16.726	Juvenile Mentoring Program	117,454	99,954
16.727	Enforcing Underage Drinking Laws Program	371,601	332,094
16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant Program	1,039,111	0
16.738	Edward Byrne Memorial Justice Assistance Grant Program	4,942,502	4,573,910
16.740	Statewide Automated Victim Information Notification (SAFIN) Program	176,068	0
16.741	Forensic DNA Capacity Enhancement Program	458,379	0
16.743	Forensic Casework DNA Backlog Reduction Program	20,398	0
	Total Department of Justice	<u>41,456,176</u>	<u>26,030,371</u>
Department of Labor			
17.002	Labor Force Statistics	1,620,769	0
17.005	Compensation and Working Conditions	186,973	0
Employment Service Cluster:			
17.207	Employment Service/Wagner - Peysers Funded Activities	13,666,661	1,392,765
17.801	Disabled Veterans' Outreach Program (DVOP)	1,110,760	0
17.804	Local Veterans' Employment Representative Program	2,357,324	0
	Total Employment Service Cluster	<u>17,134,745</u>	<u>1,392,765</u>
17.225	Unemployment Insurance	481,532,724	0
17.235	Senior Community Service Employment Program	1,598,749	1,551,556
17.245	Trade Adjustment Assistance - Workers	12,055,687	0

Workforce Investment Act Cluster:			
17.258	Workforce Investment Act - Adult Program	19,278,662	17,281,423
17.259	Workforce Investment Act - Youth Activities	18,637,948	16,372,232
17.260	Workforce Investment Act - Dislocated Workers	27,320,208	22,563,317
	Total Workforce Investment Act Cluster	<u>65,236,818</u>	<u>56,216,972</u>
17.261	Workforce Investment Act - Pilots, Demonstrations, and Research Projects	170,316	0
17.266	Work Incentive Grants	308,747	293,624
17.267	Incentive Grants - WIA Section 503	414,925	414,925
17.268	H-1B High Growth Job Training Grants	1,394,110	1,342,264
17.271	Work Opportunity Tax Credit Program (WOTC) and Welfare-to-Work Tax Credit (WTWTC)	353,193	0
17.273	Temporary Labor Certification for Foreign Workers	81,781	0
17.504	Consultation Agreements	938,112	0
17.505	OSHA Data Initiative	43,259	0
17.600	Mine Health and Safety Grants	316,948	0
	Total Department of Labor	<u>583,387,856</u>	<u>61,212,106</u>
Department of Transportation			
20.	Federal Highway Administration	16,541	0
20.106	Airport Improvement Program	22,545,111	22,490,306
	Highway Planning and Construction Cluster:		
20.205	Highway Planning and Construction	794,175,019	112,597,367
	Total Highway Planning and Construction Cluster	<u>794,175,019</u>	<u>112,597,367</u>
20.217	Motor Carrier Safety	346,377	282,803
20.218	National Motor Carrier Safety	4,422,279	1,271,767
20.219	Recreational Trails Program	643,631	456,941
	Federal Transit Cluster:		
20.500	Federal Transit - Capital Investment Grants	6,722,409	6,705,427
	Total Federal Transit Cluster	<u>6,722,409</u>	<u>6,705,427</u>
20.505	Federal Transit - Metropolitan Planning Grants	5,181,462	4,991,993
20.509	Formula Grants for Other Than Urbanized Areas	10,637,088	10,049,047
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	1,527,183	1,413,198
20.516	Job Access - Reverse Commute	1,044,899	1,044,899
	Highway Safety Cluster:		
20.600	State and Community Highway Safety	5,423,513	2,987,225
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	1,326,804	1,135,745
20.602	Occupant Protection	79,258	611
20.604	Safety Incentive Grants for Use of Seatbelts	537,539	503,371
20.605	Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	18,173	18,173
20.610	State Traffic Safety Information System Improvement Grants	32,994	20,396
20.611	Incentive Grant Program to Prohibit Racial Profiling	2,809	2,809
20.613	Child Safety and Child Booster Seats Incentive Grants	147,389	0
	Total Highway Safety Cluster	<u>7,568,479</u>	<u>4,668,330</u>
20.607	Alcohol Open Container Requirements	25,450,520	2,627,466
20.700	Pipeline Safety	284,638	0
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	296,794	296,794
	Total Department of Transportation	<u>880,862,430</u>	<u>168,896,338</u>
Equal Employment Opportunity Commission			
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	604,832	0
	Total Equal Employment Opportunity Commission	<u>604,832</u>	<u>0</u>
General Services Administration			
39.003	Donation of Federal Surplus Personal Property	2,841,683	2,438,530
39.011	Election Reform Payments	1,634,141	1,512,031
	Total General Services Administration	<u>4,475,824</u>	<u>3,950,561</u>
National Foundation on the Arts and the Humanities			
45.025	Promotion of the Arts - Partnership Agreements	614,825	307,092
45.149	Promotion of the Humanities Division of Preservation and Access	130,223	0
45.310	Grants to States	3,280,421	2,016,833
	Total National Foundation on the Arts and the Humanities	<u>4,025,469</u>	<u>2,323,925</u>
Department of Veterans Affairs			
64.005	Grants to States for Construction of State Home Facilities	2,995,331	0
64.015	Veterans State Nursing Home Care	26,992,757	0
64.123	Vocational Training for Certain Veterans Receiving VA Pension	607,042	0
64.203	State Cemetery Grants	43,772	0
	Total Department of Veterans Affairs	<u>30,638,902</u>	<u>0</u>

Environmental Protection Agency			
66.032	State Indoor Radon Grants	155,532	4,908
66.034	Surveys, Studies, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	614,984	115,336
66.202	Congressionally Mandated Projects	882,785	486,541
66.419	Water Pollution Control State and Interstate Program Support	113,416	0
66.433	State Underground Water Source Protection	149,430	0
66.454	Water Quality Management Planning	167,417	38,285
66.458	Capitalization Grants for Clean Water State Revolving Funds	43,331,535	43,331,535
66.460	Nonpoint Source Implementation Grants	4,445,912	1,709,067
66.461	Regional Wetland Program Development Grants	110,944	0
66.463	Water Quality Cooperative Agreements	82,145	0
66.468	Capitalization Grants for Drinking Water State Revolving Funds	15,978,507	12,484,048
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs	273,295	196,509
66.474	Water Protection Grants to the States	166,927	0
66.500	Environmental Protection - Consolidated Research	4	0
66.605	Performance Partnership Grants	11,654,521	436,446
66.606	Survey, Studies, Investigations and Special Purpose Grants	102,925	0
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	203,006	0
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	263,015	189
66.709	Multi-Media Capacity Building Grants for States and Tribes	78,516	77,687
66.714	Pesticide Environmental Stewardship Regional Grants	16,689	0
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	1,703,494	312,340
66.805	Leaking Underground Storage Tank Trust Fund Program	1,216,560	88,161
66.817	State and Tribal Response Program Grants	1,227,540	160,946
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	167,275	158,975
	Total Environmental Protection Agency	<u>83,106,374</u>	<u>59,600,973</u>
Department of Energy			
81.039	National Energy Information Center	3,228	0
81.041	State Energy Program	260,045	1,300
81.042	Weatherization Assistance for Low-Income Persons	5,258,125	5,032,429
81.092	Weldon Springs Site Remedial Action Project	405,644	24,110
81.104	Office of Environmental Cleanup and Acceleration	175,735	1,900
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	6	0
81.119	State Energy Program Special Projects	110,161	40,645
81.902	State Environmental Oversight and Monitoring	19,649	0
	Total Department of Energy	<u>6,232,593</u>	<u>5,100,384</u>
Department of Education			
84.	Cooperative System Grant	18,423	0
84.002	Adult Education - State Grant Program	9,557,215	8,973,568
84.010	Title I Grants to Local Educational Agencies	187,281,959	185,189,084
84.011	Migrant Education-State Grant Program	1,338,650	1,338,650
84.013	Title I Program for Neglected and Delinquent Children	1,587,805	1,574,491
	Special Education Cluster:		
84.027	Special Education - Grants to States	218,786,281	216,128,397
84.173	Special Education - Preschool Grants	6,013,302	6,013,302
	Total Special Education Cluster	<u>224,799,583</u>	<u>222,141,699</u>
	Student Financial Assistance Cluster:		
84.032	Federal Family Education Loans - Guaranty Agencies	116,181,041	0
	Total Student Financial Assistance Cluster	<u>116,181,041</u>	<u>0</u>
84.048	Vocational Education - Basic Grants to States	23,681,855	22,365,591
84.069	Leveraging Educational Assistance Partnership	592,259	592,259
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	55,223,772	90,988
84.169	Independent Living - State Grants	344,528	294,120
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	501,444	0
84.181	Special Education - Grants for Infants and Families with Disabilities	5,770,719	5,770,719
84.185	Byrd Honors Scholarships	804,000	0
84.186	Safe and Drug-Free Schools and Communities - State Grants	6,391,338	6,171,673
84.187	Supported Employment Services for Individuals with Severe Disabilities	443,667	0
84.196	Education for Homeless Children and Youth	896,123	896,123
84.213	Even Start - State Educational Agencies	1,538,301	1,499,715
84.215	Fund for the Improvement of Education	139,150	139,150
84.224	Assistive Technology	816,192	650,374
84.235	Rehabilitation Services Demonstration and Training Programs	276,146	0
84.243	Tech-Prep Education	2,221,674	2,195,479
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	109,736	0

84.282	Charter Schools	6,274	0
84.287	Twenty-First Century Community Learning Centers	13,510,074	13,244,566
84.298	State Grants for Innovative Programs	2,204,942	1,455,696
84.318	Education Technology State Grants	3,830,154	3,716,299
84.323	Special Education - State Personnel Development	1,473,792	1,473,792
84.326	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	241,285	0
84.330	Advanced Placement Program	34,899	34,899
84.331	Grants to States for Incarcerated Youth Offenders	525,730	0
84.332	Comprehensive School Reform Demonstration	3,279,544	3,279,544
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	615,474	444,843
84.336	Teacher Quality Enhancement Grants	11	11
84.346	Vocational Education - Occupational and Employment Information State Grants	78,122	0
84.357	Reading First State Grants	18,911,161	18,645,492
84.358	Rural Education	2,320,483	2,209,380
84.365	English Language Acquisition Grants	3,562,622	3,562,622
84.366	Mathematics and Science Partnerships	2,863,612	2,863,069
84.367	Improving Teacher Quality State Grants	47,544,189	47,478,707
84.369	Grants for State Assessments and Related Activities	12,097,163	721,977
84.902	National Assessment of Educational Programs	92,219	0
84.938	Hurricane Education Recovery	1,402,517	1,402,517
Total Department of Education		<u>755,109,847</u>	<u>560,417,097</u>
Elections Assistance Commission			
90.401	Help America Vote Act Requirements Payments	18,854,018	15,834,536
Total Elections Assistance Commission		<u>18,854,018</u>	<u>15,834,536</u>
Department of Health and Human Services			
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	6,235	0
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	142,236	142,236
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	290,352	64,486
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Aging Cluster:	273,017	273,017
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	8,082,403	7,039,147
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	11,408,567	11,406,037
93.053	Nutrition Services Incentive Program	4,135,888	4,135,888
Total Aging Cluster		<u>23,626,858</u>	<u>22,581,072</u>
93.051	Alzheimer's Disease Demonstration Grants to States	211,756	208,448
93.052	National Family Caregiver Support, Title III, Part E	3,210,950	3,210,950
93.103	Food and Drug Administration - Research	252,831	0
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	4,258,046	4,107,604
93.110	Maternal and Child Health Federal Consolidated Programs	365,181	147,814
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	620,285	221,402
93.127	Emergency Medical Services for Children	33,530	0
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	253,582	67,500
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention	70,462	0
93.136	Injury Prevention and Control Research and State and Community Based Programs	841,141	602,281
93.150	Projects for Assistance in Transition from Homelessness (PATH)	761,412	732,625
93.165	Grants to States for Loan Repayment Program	133,000	133,000
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	582,293	295,025
93.204	Surveillance of Hazardous Substance Emergency Events	26,965	0
93.206	Human Health Studies - Applied Research and Development	7,719	0
93.230	Consolidated Knowledge Development and Application (KD&A) Program	444,142	327,263
93.234	Traumatic Brain Injury State Demonstration Grant Program	122,832	17,486
93.235	Abstinence Education Program	857,827	844,755
93.240	State Capacity Building	298,915	125
93.241	State Rural Hospital Flexibility Program	331,878	91,632
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	12,468,913	11,175,518
93.251	Universal Newborn Hearing Screening	149,667	0
93.256	State Planning Grant - Health Care Access for the Uninsured	266,152	63,604
93.259	Rural Access to Emergency Devices Grant	19,176	14,713
93.260	Family Planning - Personnel Training	9,400	0
93.268	Immunization Grants	42,312,616	39,656,339
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	28,579,564	14,115,011

93.283-95-0026	Uniform Alcohol and Drug Abuse Grants	75,668	75,668
93.301	Small Rural Hospital Improvement Grant Program	639,249	618,829
93.556	Promoting Safe and Stable Families	9,772,855	0
93.558	Temporary Assistance for Needy Families	172,670,793	0
93.563	Child Support Enforcement	41,582,032	16,399,487
93.566	Refugee and Entrant Assistance - State Administered Programs	2,124,475	0
93.568	Low-Income Home Energy Assistance	63,032,278	28,875,780
93.569	Community Services Block Grant	17,656,794	17,471,016
	Child Care and Development Fund Cluster:		
93.575	Child Care and Development Block Grant	57,114,416	0
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	62,337,045	0
	Total Child Care and Development Fund Cluster	<u>119,451,461</u>	<u>0</u>
93.576	Refugee and Entrant Assistance - Discretionary Grants	467,275	397,001
93.584	Refugee and Entrant Assistance - Targeted Assistance Grants	1,068,128	0
93.586	State Court Improvement Program	235,127	20,475
93.590	Community-based Child Abuse Prevention Grants	495,948	476,743
93.597	Grants to States for Access and Visitation Programs	157,137	0
93.599	Chafee Education and Training Vouchers Program (ETV)	459,900	0
93.600	Head Start	548,698	196,525
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,209,776	536,478
93.643	Children's Justice Grants to States	401,360	0
93.645	Child Welfare Services - State Grants	5,695,497	0
93.658	Foster Care - Title IV-E	59,516,165	0
93.659	Adoption Assistance	31,637,047	0
93.667	Social Services Block Grant	54,866,052	0
93.669	Child Abuse and Neglect State Grants	454,108	0
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	1,622,497	0
93.674	Chafee Foster Care Independence Program	1,281,589	0
93.767	State Children's Insurance Program	79,309,704	0
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	1,207,043	0
93.777	State Survey and Certification of Health Care Providers and Suppliers	14,315,934	0
93.778	Medical Assistance Program	4,144,623,629	0
	Total Medicaid Cluster	<u>4,160,146,606</u>	<u>0</u>
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	1,288,583	349,206
93.786	State Pharmaceutical Assistance Programs	718,373	0
93.865	Child Health and Human Development Extramural Research	123,079	122,300
93.889	National Bioterrorism Hospital Preparedness Program	9,408,966	8,334,618
93.913	Grants to States for Operation of Offices of Rural Health	127,638	0
93.917	HIV Care Formula Grants	11,062,979	10,571,196
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	125,038	35,758
93.940	HIV Prevention Activities - Health Department Based	3,605,825	1,883,718
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	1,071,988	372,903
93.945	Assistance Programs for Chronic Disease Prevention and Control	1,316,680	626,860
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	141,320	0
93.958	Block Grants for Community Mental Health Services	7,316,771	7,079,553
93.959	Block Grants for Prevention and Treatment of Substance Abuse	27,543,065	24,823,647
93.977	Preventive Health Services Sexually Transmitted Diseases Control Grants	2,140,615	358,817
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	463,436	92,023
93.991	Preventive Health and Health Services Block Grant	2,264,932	586,939
93.994	Maternal and Child Health Services Block Grant to the States	13,244,615	7,111,630
	Total Department of Health and Human Services	<u>5,030,371,055</u>	<u>226,511,076</u>
	Corporation for National and Community Service		
94.002	Retired and Senior Volunteer Program	80	80
94.003	State Commissions	145,124	0
94.004	Learn and Serve America - School and Community Based Programs	443,230	371,622
94.006	AmeriCorps	532,846	708
94.007	Planning and Program Development Grants	43,290	0
94.009	Training and Technical Assistance	88,847	0
	Total Corporation for National and Community Service	<u>1,253,417</u>	<u>372,410</u>

Social Security Administration			
	Disability Insurance/Social Security Income Cluster:		
96.001	Social Security - Disability Insurance	27,775,814	0
	Total Disability Insurance/Social Security Income Cluster	<u>27,775,814</u>	<u>0</u>
96.008	Social Security - Work Incentives Planning and Assistance Program	128,556	0
	Total Social Security Administration	<u>27,904,370</u>	<u>0</u>
Department of Homeland Security			
	Homeland Security Cluster:		
16.007	Homeland Security Grant Program	2,308,422	2,308,422
97.004	State Domestic Preparedness Equipment Support Program	6,544,034	4,485,497
97.008	Urban Areas Security Initiative	1,237,106	1,236,069
97.053	Citizen Corps	135,148	91,521
97.067	Homeland Security Grant Program	17,668,191	15,860,745
97.071	Metropolitan Medical Response System	163,511	163,511
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	4,552,613	4,064,581
	Total Homeland Security Cluster	<u>32,609,025</u>	<u>28,210,346</u>
16.011	Urban Areas Security Initiative	4,608,806	4,608,806
97.008	Urban Areas Security Initiative	9,559,972	9,559,972
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants	7,614,653	7,290,465
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	185,025	0
97.029	Flood Mitigation Assistance	236,852	236,852
97.032	Crisis Counseling	412,193	390,746
97.034	Disaster Unemployment Assistance	24,076	0
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	54,569,136	54,380,327
97.039	Hazard Mitigation Grant	1,548,531	1,546,724
97.041	National Dam Safety Program	37,270	0
97.042	Emergency Management Performance Grants	5,249,949	5,249,949
97.045	Cooperating Technical Partners	1,234,623	1,234,623
97.047	Pre-Disaster Mitigation	123,402	123,402
97.063	Pre-Disaster Mitigation Disaster Resistant Universities	13,113	13,113
97.070	Map Modernization Management Support	202,622	202,622
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	406,344	0
97.075	Rail and Transit Security Grant Program	209,299	209,299
97.078	Buffer Zone Protection Program (BZPP)	1,240,829	1,206,969
97.091	Homeland Security Biowatch Program	396,482	309,899
	Total Department of Homeland Security	<u>120,482,202</u>	<u>114,774,114</u>
	Total Expenditures of Federal Awards	<u>\$ 8,807,333,984</u>	<u>1,551,855,570</u>

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

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

1. Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

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

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

B. Basis of Presentation

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

The schedule presents both Type A and B federal assistance programs administered by the state of Missouri. OMB Circular A-133 establishes the formula for determining the level of expenditures or disbursements to be used in defining Type A and B federal financial assistance programs. For the state of Missouri during the year ended June 30, 2007, Type A programs are those which exceed \$26,422,002 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 \$33,798,887 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 \$439,076,833. Reimbursements to other states from the State Unemployment Fund for benefits paid by those states, totaling \$25,238,115, have been included in the Unemployment Insurance program expenditures. Reimbursements to the State Unemployment Compensation Fund from other states for benefits paid by the State of Missouri, totaling \$6,115,063, have been excluded from total expenditures.

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 \$39,056,575.

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 \$12,196,063 valued at the historical cost as assigned by the federal government, which is substantially in excess of the property's fair market value. The amount of expenditures presented on the Schedule of Expenditures of Federal Awards is 23.3 percent of the historical cost (\$2,841,683), 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 \$136,464 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 (\$31,796), 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, 2007

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to the financial statements noted? _____ yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? x yes _____ no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes x none reported

Type of auditor's report issued on compliance for major program(s): Qualified

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

The following programs were audited as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.550	Food Donation
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
14.228	Community Development Block Grants/State's Program
20.607	Alcohol Open Container Requirements

- 64.015 Veterans State Nursing Home Care
- 66.458 Capitalization Grants for Clean Water State Revolving Funds
- 66.468 Capitalization Grants for Drinking Water State Revolving Funds
- 81.042 Weatherization Assistance for Low-Income Persons
- 84.032 Federal Family Education Loans – Guaranty Agencies
- 84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States
- 93.268 Immunization Grants
- 93.283 Centers for Disease Control and Prevention – Investigations and Technical Assistance
- 93.558 Temporary Assistance for Needy Families
- 93.563 Child Support Enforcement
- 93.568 Low-Income Home Energy Assistance
- Child Care and Development Fund Cluster:
 - 93.575 Child Care and Development Block Grant
 - 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
- 93.659 Adoption Assistance
- 93.667 Social Services Block Grant
- 93.767 State's Children's Insurance Program
- Medicaid Cluster:
 - 93.775 State Medicaid Fraud Control Units
 - 93.777 State Survey and Certification of Health Care Providers and Suppliers
 - 93.778 Medical Assistance Program
- 93.959 Block Grants for Prevention and Treatment of Substance Abuse
- 96.001 Social Security - Disability Insurance
- Homeland Security Cluster:
 - 16.007 Homeland Security Grant Program
 - 97.004 State Domestic Preparedness Equipment Support Program
 - 97.008 Urban Areas Security Initiative
 - 97.053 Citizen Corps
 - 97.067 Homeland Security Grant Program
 - 97.071 Metropolitan Medical Response System
 - 97.074 Law Enforcement Terrorism Prevention Program
- 16.011/97.008 Urban Areas Security Initiative
- 97.036 Disaster Grants – Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$26,422,002

Auditee qualified as a low-risk auditee? _____ yes x no

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

2007-1.

State Mediation Grant

Federal Agency:	Department of Agriculture
Federal Program:	10.435 State Mediation Grants 2007 300120753029020
State Agency:	Department of Agriculture
Questioned Costs:	\$14,046

The Missouri Department of Agriculture (MDA) did not have a cost identification and allocation methodology in place to track allowable costs chargeable to the state mediation grant, and we question \$14,046 in costs charged to the grant.

The MDA has operated the mediation program since 2002. Under this program qualified MDA mediators attempt to mediate or resolve complaints between persons participating in federal farm programs and the United States Department of Agriculture agencies. The qualified mediators' primary duties are performing regulatory audits of grain dealers and warehouses. The MDA annual report on the program for fiscal year 2007 indicated there were 18 requests for mediation, of which 13 resulted in mediation cases.

Federal regulation 7 CFR 785.4 requires that costs charged to the grant be reasonable and necessary to carry out the mediation program. The MDA charged \$27,922 to the grant in fiscal year 2007. Those costs included \$20,760 for salaries and benefits equivalent to 792 hours (88 hours for each of the nine grain regulatory auditors who were qualified to perform mediation duties). The salary and benefit costs charged to the grant are based upon an estimate that over the course of a year 1/24th of the nine employees' time is spent working on the grant.

The MDA provided a report based upon timesheets indicating 276 hours for mediation work, training, and related travel time were recorded to the mediation program by MDA field personnel in fiscal year 2007. The MDA had no timesheets to support 516 of the 792 hours (65 percent), therefore, we question \$13,494 of the \$20,760 in salary and benefit costs charged to the grant. We also noted another \$552 incorrectly charged to the grant. The total amount of questioned costs is \$14,046.

The MDA has the ability within the state accounting system to charge actual staff time and related benefits as they are incurred for specific grant programs through the use of labor distribution profile records (LDPR) and does so for many other grant programs. The MDA should implement the use of LDPRs for the state mediation grant and develop

a cost allocation methodology for other allowable costs chargeable to this grant. The MDA should resolve the questioned costs with the grantor agency.

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

AUDITEE'S RESPONSE

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

2007-2. Procurement and Suspension and Debarment

Federal Agency: Department of Education
Federal Program: 84.126 Vocational Rehabilitation – Basic Grants to States
2007-H126A070036, 2006-H126A060036, 2005-H126A050036,
and 2004-H126A040036
State Agency: Department of Elementary and Secondary Education (DESE) –
Division of Vocational Rehabilitation (DVR)

The DVR does not ensure all entities paid more than \$25,000 are not suspended or debarred, or otherwise excluded from receiving federal funds. The DVR has not established procedures to ensure certifications are obtained from the vendor and/or that contracts contain a clause regarding suspension and debarment. Further, the DVR has not established procedures to 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. We reviewed five DVR vendors with the Excluded Parties List System (EPLS) maintained by the General Services Administration and found none to be suspended or debarred.

Federal grant guidelines require recipients of federal awards to verify vendors/subrecipients paid more than \$25,000 are not suspended or debarred by adding a clause or condition to the contract with the entity, collecting a certification from the entity, or reviewing the EPLS.

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

AUDITEE'S RESPONSE

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

2007-3.

Bioterrorism Program

Federal Agency: Department of Health and Human Services
Federal Program: 93.283 Centers for Disease Control and Prevention Investigations and Technical Assistance
2007 - 07PANFLU
2006 - 06PANFLU
2007 - CCU716971-07
2006 - CCU716971-06
93.889 National Bioterrorism Hospital Preparedness Program
2007- 1U3R07584-01
2006 - 3RHS05937-01
State Agency: Department of Health and Senior Services (DHSS)

In November 2007, the Missouri State Auditor's Office issued audit report No. 2007-73, ***Health and Senior Services - Bioterrorism 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.)

The DHSS, Division of Community and Public Health, is the principal unit involved in the surveillance and investigation of the cause, origin, and method of transmission of communicable or infectious disease and environmentally related medical conditions. As such, the division plays a primary role in administering the state's Bioterrorism Program. Within the division is the Center for Emergency Response and Terrorism (CERT), which is responsible for protecting the community's health and the well-being of individuals by assuring the early detection and rapid, coordinated response to all public health emergencies, both natural and deliberate. The report included the following findings that have been summarized:

- A. The department has not established adequate tracking procedures to monitor improvements made by local health entities to address problems/weaknesses identified during bioterrorism exercises. As a result, there is less assurance the benefits of the exercises were fully realized or that improvements were made on a timely basis.
- B. The Strategic National Stockpile (SNS) Program was established by the federal Centers for Disease Control and Prevention (CDC) to aid state and local entities in the development of local distribution and dispensing plans of a massive stockpile of pharmaceuticals, vaccines, medical supplies, equipment, and other items to augment local supplies of critical medical items in case of a terrorist attack. The annual assessments of Missouri's SNS Plan, as conducted by the

CDC, reflect the current status and the identification of additional improvements needed related to its plan to stockpile and distribute this medical material and other supplies. Missouri's latest assessment rating for its SNS Program was a Green minus, indicating the plan is in relatively good shape with some improvements still needed.

- C. The Cities Readiness Initiative (CRI) has been established to increase and enhance readiness over a larger geographic area, instead of just at a state and local level. Various local areas within the state of Missouri are participating in this program. The DHSS has some responsibility for conducting annual assessments of the local CRI programs in Missouri and working with local CRI staff to aid and help direct their efforts. Assessments conducted of the plans of local entities in the state's two largest metropolitan areas reflect some progress, but much improvement is still needed.

WE RECOMMEND the DHSS:

- A. Establish and maintain tracking procedures to actively monitor the status of problems/weaknesses identified during exercises to help ensure corrective action is taken on a timely basis.
- B. Continue to work to ensure the implementation of the various CDC recommendations related to Missouri's SNS Program.
- C. Continue to work with the applicable local entities to improve the CRI plans in those metropolitan areas.

AUDITEE'S RESPONSE

We concur with the auditor's findings. However, all of the recommendations were included in a previous audit to which the Department of Health and Senior Services has responded. While the program addressed by the prior audit was funded in whole or in part by federal funds, none of the findings from that audit questioned the use of any federal funds. Our responses submitted to the auditor at the time of the prior audit included our planned actions to address the findings. Likewise, our Corrective Action Plan in response to the state Single Audit includes our planned actions to address the findings.

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
2006 - G0601MOCCDF and 2007 - G0701MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child
Care and Development Fund
2006 - G0601MOCCDF and 2007 - G0701MOCCDF
State Agency: Department of Health and Senior Services (DHSS)

In January 2008, the Missouri State Auditor's Office issued audit report No. 2008-03, *Health and Senior Services - Protecting Children at Child Care Providers*. (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.)

The DHSS, Division of Regulation and Licensure, Section of Child Care Regulation (SCCR), licenses certain family day care homes, group day care homes, and child day care centers. The SCCR performs inspections to determine compliance with licensing rules, issues licenses, receives and investigates complaints about facilities, and receives and investigates complaints on persons providing care for more than four children that are not related to the providers without a license. These activities are paid, at least in part, by federal funding received through a memorandum of understanding with the Department of Social Services. The report included the following findings which have been summarized:

- A.1. The SCCR did not count related children in the number of children cared for in family day care or group day care homes because state regulations exempt related children from licensing rules when cared for by licensed providers.
2. Periodic follow-up visits did not occur to ensure illegally operating providers become compliant, or remain compliant with regulations. For the 2 years ended June 30, 2007, the SCCR identified 138 unlicensed providers illegally providing care to more than four unrelated children; however, the SCCR only had assurance that 34 (25 percent) of the illegal providers became complaint or received disciplinary action.
3. The SCCR did not have established criteria or a specific plan or timetable for evaluating the effectiveness of the complaint follow-up procedures modified in May 2007.
4. Penalties imposed on providers have not been adequate to deter providers from operating illegally. A 2002 audit had reported that fines levied against individuals violating child care laws and regulations in other states have been more punitive than in Missouri. However, the General Assembly had not made any changes to

the state law to increase such monetary penalties, as recommended. In addition, the SCCR has no authority to assess administrative penalties.

5. Once a case is referred to a prosecuting attorney, the prosecutor may choose not to prosecute the case. Of the five cases referred to local prosecutors between July 2005 and October 2007, only one case had been prosecuted. In January 2007, SCCR staff initiated enhanced efforts to determine why prosecutors decline to prosecute referred cases.
- B.1. DHSS had not ensured complete and accurate information had been maintained in its complaint tracking system. A review of data obtained from the complaint tracking system for complaints received July 2005 through June 2007, showed some incomplete complaint investigations and complaints with incorrect data entered into certain data fields.
2. Periodic management reports using complaint system data were limited. Such reports are needed to identify trends and address other management issues related to complaint processing.
 3. Complaint investigations were not being completed in a timely manner. A review of complaints filed disclosed that staff did not complete 42 percent of complaint investigations within 30 days, as is generally required by department procedures.
 4. The department's legal office did not resolve some cases referred to it in a timely manner, in part because goals were not established in the procedures manual for the timeliness of each step of the administrative penalty process.

WE RECOMMEND the DHSS:

- A.1. Change state regulations to include related children when counting the number of children receiving care by a licensed provider, and include related children in all provider licensing rules.
2. Conduct periodic reviews of illegally operating, unlicensed providers who claim to have reduced the number of children in care, or who state they will become licensed, to ensure these providers become complaint, and/or remain compliant with regulations. Noncompliant providers should be referred to the prosecuting attorney.
3. Establish specific procedures, criteria, and timing for evaluating the effectiveness of modified unlicensed caregiver investigation procedures.
4. Work with the General Assembly to develop law that increases penalties for illegally operating day cares and/or provides the department with the authority to assess administrative penalties on illegal providers.

5. Work with prosecutors to determine improved methods to facilitate prosecutors' pursuing legal action against unlicensed providers.
- B.1. Establish procedures to monitor completeness and accuracy of complaint data entered on the department's complaint system.
 2. Monitor complaint investigations and other complaint data by developing and preparing periodic management reports.
 3. Ensure enhanced timeliness of complaint resolutions by ensuring complaint monitoring procedures are followed.
 4. Establish guidance for timeliness of penalty assessment cases and ensure that these cases are completed in a timely manner.

AUDITEE'S RESPONSE

We concur with the auditor's findings. However, all of the recommendations were included in a previous audit to which the Department of Health and Senior Services has responded. While the program addressed by the prior audit was funded in whole or in part by federal funds, none of the findings from that audit questioned the use of any federal funds. Our responses submitted to the auditor at the time of the prior audit included our planned actions to address the findings. Likewise, our Corrective Action Plan in response to the state Single Audit includes our planned actions to address the findings.

2007-5. Personal Service Costs

Federal Agency:	Department of Health and Human Services
Federal Program:	93.959 Block Grants for Prevention and Treatment of Substance Abuse (SAPT) 2006 – 06B1 MO SAPT and 2007 – 07B1 MO SAPT
State Agency:	Department of Mental Health (DMH) – Division of Alcohol and Drug Abuse (ADA)

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

During the year ended June 30, 2007, personal service costs totaling approximately \$2.27 million were charged to the SAPT Program. According to DMH officials, a spend plan (i.e. budget) is prepared annually at which time the ADA Division determines the amount

of employee salary-related costs to be allocated to the SAPT block grant, the state's General Revenue Fund, or other categorical grants of the division. However, no time sheets or other documentation is maintained to support how the allocation of these personal service costs is determined.

It appears that most of the ADA Division's employees work primarily on activities which support or relate to the SAPT Program. In addition, it appears the SAPT Program is exempt from the requirements of Office of Management and Budget (OMB) Circular A-87, as it relates to allowable costs/cost principles. However, adequate documentation should be maintained by the ADA Division to support the personal service charges made to the SAPT Program for administration and program services. State accounting policies indicate that each agency is responsible for ensuring that the accounting distributions used are appropriate. Further, OMB Circular A-87 requires, in instances where employees work on multiple activities or cost objectives, a distribution of the applicable salary costs are to be supported by personnel activity reports or equivalent documentation.

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

AUDITEE'S RESPONSE

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

2007-6.	Subrecipient Monitoring
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Federal Agency:	Department of Energy
Federal Program:	81.042 Weatherization Assistance Program for Low-Income Persons (WAP) 2006 DE-FG-45-04R530683 2007 DE-FG-26-04R530683
State Agency:	Department of Natural Resources (DNR)
Questioned Costs:	\$ 49,247

In December 2007, the Missouri State Auditor's Office issued audit report No. 2007-82, ***Natural Resources, Weatherization Assistance 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.)

The Department of Natural Resources Energy Center is responsible for administering the federal Weatherization Assistance for Low-Income Persons Program in Missouri. The DNR Energy Center subgrants WAP funds to 16 regional Community Action Agencies, 1

city government, and 1 not-for-profit organization. As the grantor agency, DNR is required to monitor the activities of their subrecipients. The audit found DNR has failed to adequately monitor subrecipients to ensure their compliance with grant requirements. DNR subgranted \$5,682,822 in fiscal year 2006 and \$4,909,009 in fiscal year 2007 to these subrecipients. As a result of the limited monitoring, it is unknown how much of this funding was spent correctly. The report included the following findings which have been summarized:

- A. The DNR has not adequately monitored subrecipients' audit reports to ensure compliance with Office of Management and Budget (OMB) Circular A-133 and federal regulations.
1. Energy Center personnel did not have a tracking process to ensure subrecipient audit reports were received timely. A review of audit reports received during fiscal years 2006 and 2007 identified two reports not received until over a year after they were due. The OMB Circular A-133 requires subrecipient to submit audits within 9 months of the end of the subrecipient fiscal year.
 2. The DNR does not adequately ensure that subrecipients take corrective action on findings. Energy Center personnel only requested corrective action from the subrecipients for weaknesses identified in three of the six audit reports with findings. Federal regulation, 10 CFR 600.226(b)(3), provides that the state must require the subrecipient to submit corrective action plans within 6 months if an audit report reports non-compliance or weaknesses.
 3. Energy Center personnel did not follow-up with subrecipients when audit report WAP financial information differed from DNR records. Audit report financial information for 14 of 34 (41 percent) audits did not match DNR records. Energy Center personnel limited their review to only comparing expenditure amounts reported to DNR expenditure records and did not report differences in revenues shown, or beginning and ending fund balances. In some cases, personnel notified subrecipients that audited amounts matched, and no additional work was required when the records did not match. The WAP manual requires DNR to reject audit reports and send them back to the subrecipient if audit schedules are not in agreement with DNR records.
 4. Subrecipient audit reports did not always include the required WAP financial schedule, and Energy Center personnel did not send reports back for correction. Our review of audit reports covering fiscal year 2005 and 2006 found only one subrecipient routinely used the required schedule and no subrecipient provided reconciliation of amounts that did not match DNR records. The WAP manual states subrecipients are considered to be in non-compliance with grant contracts if reconciliations are not

performed. The WAP manual lists sanctions or penalties for agencies considered to be non-compliant, but records show none have been imposed.

B. The DNR has not adequately monitored subrecipient activities to ensure expenditures by subrecipients are allowable.

1. Energy Center personnel limit reviews to 3 client files and 3 or 4 housing inspections during annual on-site monitoring visits. Annual WAP projects for subrecipients range from 13 to 290. The personnel also give subrecipients advance notice of files to be reviewed during on-site monitoring. Audit results determined staff of at least one subrecipient added or completed required documentation missing from the files prior to a visit. In addition, two on-site visits failed to find problems at one subrecipient, including overbillings and missing documentation. After the subrecipient reported billing problems to Energy Center personnel, DNR internal audit staff identified \$49,247 in improper billings.

Department of Energy grant guidance states the results of annual monitoring should be considered during subsequent year planning of subrecipient oversight. The number of files and projects to be reviewed should be based on the risk of non-compliance for each subrecipient. Also, housing inspection procedures have not ensured deficiencies are corrected and on-site monitoring did not include analysis of bidding requirements.

2. Energy Center personnel did not request or receive supporting documentation for expenditures billed to the program or review a sample of the documentation during on-site visits. An Energy Center staff person said she assumed all expenditures submitted are allowable. Energy Center personnel also occasionally changed the monthly billing amounts reported by subrecipients when entering data into the WAP database without documenting the reason. In addition, Energy Center personnel did not use training and technical assistance reports to evaluate claimed expenditures. Federal regulations, 10 CFR 600.121(b), require WAP financial management systems exercise effective control and accountability and accounting records be supported by source documentation.

C. The DNR had not adequately monitored subrecipients to ensure compliance with cash management requirements. Energy Center personnel have not monitored whether subrecipients complied with federal cash management requirements for interest earned on advanced funding. In addition, the Energy Center personnel advanced WAP funding to some subrecipients without considering funding needs or whether they met requirements for advances, and have not determined whether subrecipients have policies and procedures in place to properly manage advance

payments and ensure they minimize time elapsing between receipt and disbursement.

Federal regulation, 10 CFR 600.122, requires recipients of advanced federal grant funding to (1) place those funds in interest bearing accounts, (2) annually remit interest earned on advances in excess of \$250 to the federal government, (3) limit cash advances to the minimum amounts, and (4) advance payments only to recipients if they maintain written procedures that minimize the time elapsing between the transfer of funds and disbursement.

WE RECOMMEND the DNR resolve the question costs with the grantor agency and:

- A.1. Establish procedures to ensure audit reports are received within federal compliance requirements.
2. Request and obtain timely corrective action for audit findings related to the WAP and overall subrecipient internal control and billing weaknesses.
3. Improve analysis of the audit reports by:
 - Ensuring differences between audited WAP financial information and DNR records are reconciled by the auditor or subrecipient staff, and those reconciliations are reviewed by Energy Center personnel.
 - Evaluating other financial information besides expenditures, such as revenues, and beginning and ending fund balances.
4. Improve subrecipient compliance by:
 - Ensuring financial information is submitted on the required schedule and sending audits back that do not meet reporting requirements.
 - Enforcing penalties for subrecipients that are non-compliant with grant reporting requirements.
- B.1. Establish on-site monitoring procedures that include:
 - Reviewing a sample of weatherization client files and homes to inspect annually based on a risk assessment of each subrecipient.
 - Selecting at least some client files for review while on-site.
 - Performing follow-up procedures on projects requiring repairs or corrections, including requesting additional information or performing additional inspection work on a sample of projects.

- Evaluating bidding compliance.
2. Improve the review of expenditure documentation by:
- Developing procedures to review on a sample basis supporting documentation for subrecipient expenditures. This review can be done as part of on-site monitoring visits.
 - Obtaining documentation from subrecipients supporting changes made to submitted financial data.
 - Requiring agencies to include dates of and dollar amounts charged for training, meetings, and conferences on training and technical assistance quarterly reports. This information should be used to verify training and technical assistance expenditures claimed by the subrecipient.
- C. Develop procedures to ensure compliance with federal cash management rules that include:
- Ensuring the subrecipients have established policies and procedures to manage advanced funding in compliance with federal regulations, including distribution of interest earned.
 - Limiting advance funding to subgrantees.

AUDITEE'S RESPONSE

- A.1. *We agree with the auditor's finding. In calendar year 2007, the Department of Natural Resources performed an internal review of the Weatherization Assistance Program. As a result of this internal review, we implemented a procedural change that addressed this item before the State Auditor's office identified this as a recommendation. Our Corrective Action Plan includes the actions we have taken.*
2. *We agree with the auditor's finding. As a result of the internal DNR review, we implemented a procedural change that addressed this item before the State Auditor's office identified this as a recommendation. Our Corrective Action Plan includes the actions we have taken.*
3. *We agree with the auditor's finding. As a result of the internal DNR review, we implemented a procedural change that addressed this item before the State Auditor's office identified this as a recommendation. Our Corrective Action Plan includes the actions we have taken.*
4. *We agree with the auditor's finding. As a result of the internal DNR review, we implemented a procedural change that ensured financial information was submitted on*

the required schedule and audits were turned back when they failed to meet reporting requirements. Our Corrective Action Plan includes the actions we have taken to address subrecipient audit reporting requirements and includes planned actions to address penalties for subrecipient non-compliance with grant reporting requirements.

- B.1. We agree with the auditor's finding. We have implemented procedural changes that addressed this recommendation. Our Corrective Action Plan includes the actions we've taken.*
- 2. We agree with the auditor's finding. Our Corrective Action Plan includes our planned actions to address the finding.*
- C. We agree with the auditor's finding. As a result of the internal DNR review, we implemented a policy change to limit advance funding to subgrantees before the state auditor's office identified this as a recommendation. Our Corrective Action Plan includes the actions we have taken regarding advance funding and includes our planned actions to address distribution of interest earned.*

2007-7.	Subrecipient Monitoring
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Federal Agency: Department of Homeland Security
Federal Program: 16.007 State Homeland Security Grant Program –
2004-GE-T4-0049, 2003-TE-TX-0159, and
2003-MU-T3-0003
16.011 Urban Areas Security Initiative –
2003-EU-T3-0030
97.004 State Domestic Preparedness Equipment Support Grant
Program – 2004-GE-T4-0049
97.008 Urban Areas Security Initiative –
2004-TU-T4-0007
97.067 State Homeland Security Grant Programs –
2006-GE-T6-0067 and 2005-GE-T5-0022
State Agency: Department of Public Safety (DPS) –
State Emergency Management Agency (SEMA)

The SEMA has not adequately monitored all subrecipients related to the above referenced programs to ensure an audit in accordance with OMB Circular A-133 has been performed and submitted to the SEMA on a timely basis, as required, or that problems reported in previous audits have been addressed.

- 1. We noted ten SEMA subrecipients with grant expenditures exceeding \$500,000 that had not submitted an A-133 audit during the fiscal year ended June 30, 2007. No additional follow up was conducted with the subrecipients because staff were not informed it was their duty to conduct such follow up.

2. SEMA is not following up with subrecipients to determine if problems reported in the A-133 audits are being corrected. This has occurred because SEMA staff in charge of tracking the receipt of subrecipient A-133 audits were not informed it was also their duty to track and follow up on the status of any findings.

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

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

AUDITEE'S RESPONSE

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

2007-8.

Procurement and Suspension and Debarment

Federal Agency:	Department of Homeland Security
Federal Program:	97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) – 2007-FEMA-DR-1673-MO FEMA-DR-1676-MO 2006-DR-MO-1631-60 FEMA-EM-3267-MO DR-MO-1635 FEMA-DR-1667-MO 2005-FEMA-3232-EM-MO 2003-DR-MO-1463-60 2002-DR-MO-1412-60 DR-MO-1403-60
State Agency:	Department of Public Safety (DPS) – State Emergency Management Agency (SEMA)

The SEMA has not adequately monitored all subrecipients related to the above referenced program to ensure compliance with federal procurement and suspension and debarment requirements.

The SEMA does not adequately ensure subrecipients are performing and documenting proper procurement procedures or verifying that vendors paid more than \$25,000 are not suspended or debarred. Procurement documentation, such as evidence of bids, for 37 of 47 (79 percent) expenditures reviewed was not obtained by the SEMA or present in their disaster files. Suspension and debarment documentation, such as an acknowledgment by subrecipients that vendors selected were confirmed as not being suspended or debarred, for all 47 (100 percent) expenditures reviewed was also not obtained by the SEMA or present in their disaster files.

Federal grant guidelines require the purchase of goods and services to be properly bid and the vendor should be neither suspended nor debarred.

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

AUDITEE'S RESPONSE

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

2007-9.	Adoption Assistance Compliance
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Federal Agency:	Department of Health and Human Services
Federal Program:	93.659 Adoption Assistance 2006 - G0601MO1407 and 2007 - G0701MO1407
State Agency:	Department of Social Services (DSS) - Children's Division (CD)
Questioned Costs:	\$10,267

Adoption decrees and eligibility and payment documentation could not be located and/or were not adequate for some cases reviewed, and payments were made on behalf of ineligible children in one case. During the year ended June 30, 2007, the DSS provided Adoption Assistance benefits totaling over \$45 million for 10,286 children.

The Adoption Assistance Program assists families in adopting eligible children with special needs by providing subsidy payments to adoptive parents. To be eligible to receive benefits under the program, eligibility requirements outlined at 42 USC 673 must be met, including the requirement that the state has made reasonable efforts to place the child for adoption without a subsidy. The DSS is required to enter into adoption subsidy agreements with adoptive parents who receive subsidy payments on behalf of the child. The nature of services to be provided and nonrecurring expenses to be paid must be stated in the subsidy agreement as required by 45 CFR 1356.40 and 45 CFR 1356.41, respectively. In addition, the agreement must be signed and in effect prior to or at the time of the final adoption decree. Subsidized costs may include maintenance, clothing, day care, respite care, and nonrecurring adoption expenses.

To test compliance with these requirements, we reviewed eligibility and expenditure documentation and subsidy agreements for 60 children receiving Adoption Assistance. The Adoption Assistance for these children totaled \$287,438 during the year ended June 30, 2007. For seven cases (12 percent), the CD could not provide the necessary documentation to support the Adoption Assistance payments. For two of these cases, the CD could not locate the final decree of adoption and for another case, the subsidy agreement was signed approximately three years after the decree of adoption. Also, for three other cases, child care attendance records were not signed by the parent/caregiver in accordance with the provider agreement, and/or did not agree to provider invoices. For the final case, a nonrecurring legal expense was not supported by adequate documentation and clothing expense was paid, although this type of expense was not included in the subsidy agreement.

In these 7 cases, payments totaling \$16,646 were unallowable and/or unsupported. We question the federal share of \$10,267 (61.68 percent).

Also, it appears the CD overpaid Adoption Assistance for the one case noted above where the subsidy agreement was signed after the decree of adoption. Payments, totaling \$36,856, were charged to the assistance program from May 2003 to December 2007. Payments, totaling \$48,879 and \$43,149, for the two cases in which the final decree of adoption could not be located were charged to the assistance program from September 1994 to December 2007 and June 1994 to December 2007, respectively. For these two cases, DSS entered into subsidy agreements and began making assistance payments four and two years after the adoption dates shown on the DSS computer system. The payments for these three cases during the year ended June 30, 2007, were included in the questioned costs above.

The CD should ensure adoption decrees are retained, adoption subsidy agreements are signed prior to the adoption, and all payments are supported by adequate documentation.

Without complete and accurate case records, adequate documentation is not available to verify the eligibility of the clients, support the appropriateness of subsidy payments, and provide an adequate audit trail. The DSS needs to review and strengthen its policies and procedures regarding case record documentation and retention of records. This is particularly important because the subsidy payments could span up to a 21-year period.

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

AUDITEE'S RESPONSE

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

2007-10.

Child Care Payments

Federal Agency: Department of Health and Human Services
Federal Program: 93.575 Child Care and Development Block Grant
2006 - G0601MOCCDF and 2007 - G0701MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child
Care and Development Fund
2006 - G0601MOCCDF and 2007 - G0701MOCCDF
State Agency: Department of Social Services (DSS) - Children's Division (CD)
and Family Support Division (FSD)
Questioned Costs: \$25,621

Eligibility and payment documentation could not be located for some child care cases reviewed, and some payments to providers were not in accordance with authorizations and/or DSS policy. In addition, management of the case records is poor. During the year ended June 30, 2007, the DSS paid over 11,000 child care providers approximately \$139.3 million for approximately 77,000 children.

The DSS provides monies to child care providers who serve eligible clients. Federal regulation 45 CFR 98.20 provides that to be eligible for services the child must 1) be under 13 years old, or at the option of the DSS under age 19 and physically or mentally incapable of caring for himself/herself or under court supervision, 2) live with a family who meets certain income guidelines, and 3) have parents who are working or attending a job training or educational program. Also, 45 CFR 98.54 provides that, with regard to services to students enrolled in grades 1 through 12, no funds may be used for services provided during the regular school day, services for which the students receive academic credit toward graduation, or instructional services that supplant or duplicate the academic program of any public or private school. In addition, 42 USC 105.985c requires states to establish provider licensing requirements to protect the health and safety of children provided assistance, and state law, Sections 210.025, 210.027, and 210.211, RSMo, require that providers be either licensed or registered based on the number of children cared for.

Parents/caregivers apply to the FSD or CD case workers to participate in the program. Once approved, the parent/caregiver selects a child care provider and the DSS enters into an agreement with the provider to provide child care services. To comply with federal requirements, the DSS's Income Maintenance manual requires that case workers set maximum authorized service units for the amount of care that best meets the family's need, and maintain case file documentation including the child care application or a signed system-generated interview summary and copies of income verifications to support eligibility determinations. In addition, the manual and provider agreements require that providers submit a monthly invoice either by the DSS's on-line invoicing system or by a manual invoice, and maintain attendance records signed by the parent/caregiver to verify the child received the services. The DSS furnishes providers with standard attendance record forms which require parents to record and initial the time

care begins and ends each day for each child, and to certify at month end the accuracy of the record. Although DSS does not require that the standard form be used, provider generated records must include the same information required by the standard forms. Unlicensed providers are required to submit an attendance sheet that is signed by the parent/caregiver to verify the child received the services. Although all providers are required to keep attendance records for five years, the DSS does not require the licensed providers to submit these records.

To test compliance with these requirements, we reviewed eligibility documentation, provider agreements, and expenditure documentation for 63 children on whose behalf child care payments were made to child care providers. Eligibility documentation such as a signed child care application or system-generated interview summary for 6 of 63 (9.5 percent) cases reviewed could not be located by the DSS. The total child care payments made on behalf of these children and applicable siblings during the year ended June 30, 2007, totaled \$26,760. We question the federal share of \$20,536 (76.74 percent).

In addition, 29 of 63 (46 percent) child care payments were not supported by adequate documentation and/or were not in compliance with DSS policies. Some attendance records could not be located, attendance records were not always signed by the parent/caregiver and/or did not include sign in/out times, some provider invoices did not agree to the corresponding attendance records, some payments were not in compliance with DSS authorizations or policies for absences and holidays, and one provider was not licensed or registered. Many of these errors resulted from providers not using DSS's standard attendance forms and the provider forms did not contain all the information required by DSS. It should be noted that DSS's provider contract compliance reviews often identify similar problems with invoices and attendance sheets. Finally, the DSS was inconsistent in authorizing the maximum number of days of child care per month for a child. We noted maximum authorizations ranging from 21 to 23 days per month. The payments related to the inadequate documentation and noncompliance with DSS policies total \$6,626. We question the federal share of \$5,085 (76.74 percent).

Overall for the cases reviewed, case records supporting eligibility, provider invoices, attendance sheets, and other records appeared disorganized and incomplete. Without complete and accurate case records, adequate documentation is not available to verify the eligibility of the clients, support the appropriateness of child care payments, and provide an adequate audit trail. The DSS needs to review and strengthen its policies and procedures regarding case record documentation and retention of records. In addition, the DSS needs to ensure that child care payments are made on behalf of eligible children, invoices agree to the corresponding attendance records, attendance sheets are complete and signed by the parent/caregiver, payments are in accordance with authorizations and department policy, appropriate child care services are authorized, and that payments are only made to licensed or registered providers. Finally, the DSS should consider requiring providers use the standard attendance forms or ensure all required information is documented on the provider generated forms.

A similar condition regarding eligibility and payment documentation was also noted in our prior report, and there has been no resolution of the questioned costs provided by the applicable federal agency.

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

AUDITEE'S RESPONSE

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

2007-11.	Earmarking – Child Care Development Fund
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Federal Agency:	Department of Health and Human Services (HHS)
Federal Program:	93.575 Child Care and Development Block Grant 2006 - G0601MOCCDF and 2007 - G0701MOCCDF 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 2006 - G0601MOCCDF and 2007 - G0701MOCCDF
State Agency:	Department of Social Services (DSS) - Children's Division (CD) and Division of Budget and Finance (DBF)

The DSS has not established procedures to ensure the Child Care Development Fund (CCDF) federal earmarking requirements are met. In addition to the requirement that the department must spend not less than four percent of CCDF funds on quality and availability activities, federal earmarks fund (targeted funds) three specific activities. The federal fiscal year 2007 earmarks applicable to Missouri for the year ended June 30, 2007, were \$336,116, \$3,273,300, and \$1,895,675 for resource and referral and school-aged activities, quality improvement activities, and activities to increase the supply of quality child care for infants and toddlers, respectively.

The department does not formally track or account for expenditures applicable to each of the specific earmarks. Based upon their knowledge of the program, the department informally tracks and ensures the earmarks are met. Expenditures applicable to the resource and referral and school-aged activities, and the quality improvement activities

are combined with the department's expenditures for the four percent quality earmark requirement. Expenditures applicable to the infant and toddler earmark are not tracked in any manner. On the federal ACF-696 reports, the department records the required earmark amounts, and as a result, the department does not maintain adequate documentation to support its compliance with federal earmarking regulations.

Although the DSS has not developed a suitable internal control system to properly track and account for expenditures applicable to each of the specific earmarks, our review and analysis of various information and documentation provided by the department found that the department spent at least the minimum requirement for each earmark during federal fiscal year 2007. The department needs to implement procedures to adequately track and document actual expenditures to ensure compliance with applicable federal earmark requirements.

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

AUDITEE'S RESPONSE

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

2007-12.	Subrecipients
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Federal Agency:	Department of Agriculture Department of Health and Human Services
Federal Program:	10.561 State Administrative Matching Grants for Food Stamp Program 2005, 2006, and 2007 - IS251443 2006 and 2007 - IE251843 and IS252043 93.556 Promoting Safe and Stable Families 2006 - G0601MO00FP and 2007 - G0701MO00FP 93.558 Temporary Assistance for Needy Families 2006 - G0601MOTANF and 2007 - G0701MOTANF 93.566 Refugee and Entrant Assistance - State Administered Programs 2006 - G06AAMO7100, 2007 - G07AAMO7100, 2006 - G06AAMO7110, and 2007 - G07AAMO7110 93.568 Low-Income Energy Assistance 2006 - G06B1MOLIEA and 2007 - G07B1MOLIEA 93.575 Child Care and Development Block Grant 2006 - G0601MOCCDF and 2007 - G0701MOCCDF

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

2006 - G0601MOCCDF and 2007 - G0701MOCCDF

93.658 Foster Care - Title IV-E

2006 - G0601MO1401 and 2007 - G0701MO1401

93.659 Adoption Assistance

2006 - G0601MO1407 and 2007 - G0701MO1407

93.667 Social Services Block Grant

2006 - G0601MOSOSR and 2007 - G0701MOSOSR

93.674 Chafee Foster Care Independent Living

2006 - G0601MO1420 and 2007 - G0701MO1420

93.778 Medical Assistance Program

2006 - 06-05MO5028 and 2007 -

07-05MO5028

2006 - 06-05MO5048 and 2007 -

07-05MO5048

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

The DSS does not consider certain entities to be subrecipients. Our review of expenditures from the SSBG, CCDF, Child Care Mandatory and Matching Funds of the CCDF and Low-Income Energy Assistance programs noted payments to several entities which appear to be subrecipients. However, the SEFA prepared by the DBF did not report any amounts provided to subrecipients for these programs and these entities are not furnished applicable federal regulations and are not required to obtain an audit in accordance with OMB Circular A-133, when needed.

For example, the DSS does not identify local community partnerships receiving funding from various federal programs (listed in the federal programs above) as subrecipients. The DSS provides funding to local community partnerships, for the state's Caring Communities Program, through various federal grants in coordination with other state agencies. The DSS paid these partnerships approximately \$21.4 million during the year ended June 30, 2007. The partnership contracts explicitly state the partnerships are not considered subrecipients within the meaning of OMB Circular A-133. The DSS believes the partnerships do not meet the definition of a subrecipient under OMB Circular A-133.

However, we believe, based upon the substance of the arrangements, the arrangements with the partnerships represent a subrecipient relationship. OMB Circular A-133, section .210, indicates the partnerships should be considered subrecipients because: 1) the partnerships have their performance (core results) measured against contract objectives, and some of these objectives directly relate to the federal program objectives, 2) the partnerships make programmatic decisions related to their core results, 3) the allowable costs under the contracts are evaluated by the DSS based upon allowable costs under the federal grants, 4) the partnerships administer a large portion of some of the state's various federal grants, and 5) the DSS establishes the expectations, terms, and conditions of the arrangement with the partnerships.

In addition, it appears the DSS monitors these partnerships as if they were subrecipients. The DSS has developed a written monitoring program to evaluate the partnerships' activities and requires financial statement audits of the partnerships be submitted to the DSS, for their review. However, the DSS does not require audits of federal funds under OMB Circular A-133. Section .210 also states that when evaluating whether a subrecipient relationship 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 identify and classify appropriate entities as subrecipients and provide all required information to the entities including the requirement that subrecipients obtain A-133 audits, when applicable.

A similar condition was also noted in prior reports, and there has been no resolution of this issue provided by the applicable federal agencies.

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

AUDITEE'S RESPONSE

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

2007-13.	Procurement and Suspension and Debarment
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Federal Agency:	Department of Health and Human Services
Federal Program:	93.563 Child Support Enforcement 2006 - G0604MO4004 and 2007 - G0704MO4004
	93.575 Child Care and Development Block Grant 2006 - G0601MOCCDF and 2007 - G0701MOCCDF
	93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 2006 - G0601MOCCDF and 2007 - G0701MOCCDF
	93.667 Social Services Block Grant 2006 - G0601MOSOSR and 2007 - G0701MOSOSR
State Agency:	Department of Social Services (DSS) – Division of Budget and Finance (DBF)

The DBF does not ensure all entities paid more than \$25,000 are not suspended or debarred, or otherwise excluded from receiving federal funds. For contracts the Office of Administration (OA) negotiates on behalf of the DSS, the DBF does not always notify the OA when contracts are funded with federal funds and of the need to ensure that the

vendor/subrecipient is not suspended or debarred. The DBF procedures only provide for OA notification for contracts funded through state Fund 610 (DSS - Federal and Other Fund). However, some federally funded DSS contracts are paid from other state funds.

Our review of 26 contracts exceeding \$25,000 and procured through the OA, found 2 contracts (8 percent) which 1) did not have the required suspension and debarment provision in the contracts, or 2) the vendor had not certified that they were not suspended or debarred, or 3) neither the DBF or OA reviewed the Excluded Parties List System (EPLS) maintained by the General Services Administration. The DBF did not inform OA that these contracts were funded with federal funds. On the date of our review of the EPLS, none of the entities were found to be suspended or debarred

Federal Regulation 45 CFR 76.300, requires recipients of federal awards to verify vendors/subrecipients paid more than \$25,000 are not suspended or debarred by adding a clause or condition to the contract with the entity, collecting a certification from the entity, or reviewing the EPLS maintained by the General Services Administration.

The DBF should implement procedures to notify the OA when contracts exceeding \$25,000 are funded with federal funds and of the need to include the suspension and debarment certification and/or clause, or to review the EPLS in the procurement process.

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

AUDITEE'S RESPONSE

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

2007-14.	Early Childhood Development, Education, and Care Fund
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Federal Agency:	Department of Health and Human Services
Federal Program:	93.575 Child Care and Development Block Grant 2006 - G0601MOCCDF and 2007 - G0701MOCCDF 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 2006 - G0601MOCCDF and 2007 - G0701MOCCDF
State Agency:	Department of Social Services (DSS) - Children's Division (CD)

In December 2007, the Missouri State Auditor's Office issued audit report 2007-87, ***Early Childhood Development, Education, and Care Fund***. (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.)

The state Early Childhood Development, Education, and Care Fund (ECDEC) was established to improve the quality and quantity of early childhood programs available to children ages birth to 5. The CD, as well as the Department of Elementary and Secondary Education (DESE) and Department of Health and Senior Services, receive appropriations from the ECDEC. The CD utilizes almost all of its appropriations to satisfy federal matching, maintenance of effort, and earmarking requirements for the Child Care and Development Block Grant/Child Care Mandatory and Matching Funds of the Child Care and Development Fund. The CD's expenditures from the ECDEC fund totaled approximately \$13.6 million during fiscal year 2007. The report included the following findings related to the CD which have been summarized:

- A. DSS's failure to adhere to established controls, poorly written contracts with child care facilities, and a lack of adequate communication between DESE and DSS resulted in overpayments to child care facilities totaling at least \$969,305.
- B. DSS did not communicate with DESE regarding contractual requirements with child care facilities. In addition, the two agencies did not develop a method to share information regarding noncompliant contractors.
- C. DSS did not adequately monitor ECDEC contractors to ensure monies were spent in accordance with contractual requirements. In addition, DSS on-site monitoring visits did not include adequate procedures to determine whether child care facilities were complying with contractual requirements regarding increased capacity.
- D. DSS's contracts with some facilities contained conflicting and inconsistent information regarding the additional licensed slots to be created.
- E. DSS did not ensure the child care facilities created or expanded early childhood programs by the contractually required slots by comparing licensed capacity prior and subsequent to receiving grant monies.
- F. DSS did not have an adequate system in place to ensure the information submitted on the grant applications was accurate and complete.
- G. DSS did not adequately document contract extensions.
- H. DSS did not have an adequate system in place to track program data and produce management reports that would allow DSS to assess the effectiveness of ECDEC programs and ensure program goals are met.
- I. DSS did not maintain a listing of and were unable to readily provide data for contractors that did not fulfill contractual requirements, or track money refunded from noncompliant contractors.

WE RECOMMEND the DSS:

- A. Determine the extent and seek reimbursement of overpayments made to noncompliant early childhood contractors.
- B. Increase awareness of DESE's contractual requirements with child care facilities when determining contractor compliance regarding increased capacity. In addition, we recommend these agencies share information regarding noncompliant facilities.
- C. Determine the optimal frequency to perform and develop a written policy for on-site monitoring. This policy should specify how often visits are to occur, procedures to be performed including specific procedures to verify increased capacity, and require written documentation of monitoring visits to be maintained.
- D. Amend future contract language to include specific language requiring increased capacity to be maintained during contract renewal periods and new contracts.
- E. Ensure licensure information is properly verified when determining contractor compliance with increased child care capacity.
- F. Ensure grant applications contain accurate information and contracts do not include conflicting information.
- G. Ensure adequate documentation of contract extensions and amendments is maintained.
- H. Develop a system to track program data and produce management reports to allow DSS to assess the effectiveness of ECDEC programs. The system should contain accurate, up-to-date, and complete statistical data for each of the early childhood programs administered by DSS with the option to conduct analyses.
- I. Maintain a listing of noncompliant contractors that includes the reason for noncompliance and any amounts owed to DSS.

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

2007-15.

Child Support Delinquencies

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 Child Support Enforcement
2006 - G0604MO4004 and 2007 - G0704MO4004
State Agency: Department of Social Services – Family Support Division
(FSD)

In October 2007, the Missouri State Auditor's Office issued audit report No. 2007-59, *Social Services, Child Support Delinquencies*. (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.)

The Department of Social Services, through its Family Support Division (the division), oversees the collection of child support owed to custodial parents, and tracks the amount of unpaid child support (arrearages). As of June 30, 2006, the division's computerized system showed approximately 240,000 IV-D cases (cases where the custodial parent is receiving public assistance or has applied for child support enforcement services pursuant to Title IV-D of the federal Social Security Act) with IV-D arrearages totaling approximately \$2.2 billion. The report included the following findings which have been summarized:

- A. Our review of 209 IV-D child support cases, with arrearages greater than \$1,000 on June 30, 2006, disclosed the unpaid balance on 57 sampled cases (27 percent) had been misstated, with overstatements totaling approximately \$132,000, and understatements totaling approximately \$39,000. We also reviewed 35 judgmentally selected cases with arrearages greater than \$100,000 on June 30, 2006, and found 22 cases (63 percent) had incorrect arrearages balances, with overstatements totaling approximately \$1.5 million, and understatements totaling approximately \$142,000.

Although division policy stresses the importance of accurate arrearages balances, and federal regulations require IV-D agencies to develop procedures to ensure the accuracy before starting certain enforcement actions, the division has not established adequate procedures to verify and ensure the accuracy of unpaid child support balances.

- B. Not terminating judicial orders and removing the obligation amount from the Missouri Automated Child Support System (MACSS) when support is no longer due causes arrearages to continue accruing. IV-D arrearages or non IV-D arrearages could be misstated if dependents are not emancipated, or judicial orders of support are not terminated in a timely manner.

In discussing termination of judicial orders with officials, and reviewing policy guidance and statutes, we found opinions differed on whether judicial orders could be terminated by the division or required circuit court action. Also, it was

determined the division has chosen to disregard a portion of state law which says that in all cases where the child is 22 years old, unless a court orders support to continue, a current obligation shall not be maintained on the division's automated system.

WE RECOMMEND the DSS:

- A. Establish procedures to ensure the accuracy of arrears balances and compliance with federal regulations and the spirit of division policy.
- B.1. Amend policy to require division personnel to terminate judicial orders of support when dependents reach age 22, or the statutory age of emancipation, unless the court orders support beyond age 22.
- 2. Identify courts where judges require court action to end a support obligation. Terminate judicial orders of support originating in all other Missouri courts once dependents have reached age 22, or the statutory age of emancipation, and end further accruals of unpaid support.

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.*

2007-16. Temporary Assistance for Needy Families Compliance
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Federal Agency: Department of Health and Human Services
Federal Program: 93.558 Temporary Assistance for Needy Families
2006 - G0601MOTANF and 2007 - G0701MOTANF
State Agency: Department of Social Services – Family Support Division (FSD)
Questioned Costs: \$2,834

Eligibility documentation could not be located for some Temporary Assistance for Needy Families (TANF) cases reviewed. In addition, portions of the TANF procedures manual are outdated and current procedures are not consistent with manual guidelines. During the year ended June 30, 2007, TANF assistance payments totaled approximately \$116.6 million, of which approximately \$56.8 million was claimed as federal expenditures.

Our audit noted that the FSD did not maintain documentation of the recipients' need and eligibility for the TANF program for 5 of 59 (8 percent) cases tested. We randomly sampled 59 TANF payments totaling \$14,143 made to TANF recipients. The purpose of

this test was to determine whether the proper eligibility determinations were made, and whether payments were calculated in accordance with program requirements, including obtaining any required documentation. Our test of TANF payments disclosed the following:

- For four cases reviewed, the FSD did not maintain documentation of the recipient's signed assistance application/eligibility statement or system-generated interview summary. The application/eligibility statement and interview summary contain questions concerning income, reasons for need, and required federal prohibitions and requirements, and must be signed by the applicant certifying compliance with the requirements and attesting to the accuracy of the information provided.
- For one case included in our sample, the FSD did not adequately maintain the case file and records could not be located. As a result, many eligibility requirements could not be tested for this case.

In addition, the FSD has not updated their policies and procedures manual for the TANF program in several years, even after the FSD changed computer systems in 2005. While there have been some updates made through internal memorandums, portions of the manual are outdated and include procedures that do not reflect current practices. Without an updated policy manual, the FSD cannot ensure employees are following the most current procedures relating to eligibility and other areas of the TANF program.

45 CFR 206.10(a)(ii) requires that applications for program participation be in writing on an agency prescribed form and signed by the applicant or an appropriate representative. In addition, 45 CFR 205.60(a) requires the agency to maintain records for the proper and efficient operation of the plan, including records regarding applications, determination of eligibility, the provision of financial assistance, and other pertinent information obtained.

Because the FSD did not maintain required case file documentation, it could not ensure or demonstrate compliance with federal requirements related to eligibility for the TANF program. The payments related to the above mentioned errors totaled \$946, and the payments to these clients during the year ended June 30, 2007, totaled \$5,820. We question the federal share of the total payments or \$2,834 (48.7 percent).

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

AUDITEE'S RESPONSE

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

Federal Agency: Department of Education
Federal Program: 84.126 Rehabilitation Services – Vocation Rehabilitation Grants to States
2006 - H126A060037c and 2007 - H126A0700372
State Agency: Department of Social Services – Family Support Division (FSD) – Rehabilitation Services for the Blind (RSB)

The FSD did not adequately document annual reviews of Individualized Plans for Employment (IPE). Without adequate documentation, it is unclear whether the reviews were performed as required. During the year ended June 30, 2007, assistance payments for RSB services totaled approximately \$5.3 million.

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

Our audit noted that the FSD did not clearly document the annual reviews for 18 of 40 (45 percent) cases tested. According to FSD personnel, the annual reviews are to be documented on the IPE forms. Additionally, when performing periodic case reviews and in the absence of such documentation, communications between the counselors and recipients documented in the case narratives were considered acceptable evidence by the FSD that the annual reviews took place. However, when the reviews were not documented on the IPE for the above mentioned cases, we found that the case narratives were not clear about whether the annual reviews were completed or whether any modifications were needed based on the recipients' current status in meeting their program goals.

34 CFR 361.45(d)(5) requires the IPE to be reviewed at least annually by a qualified vocational rehabilitation counselor to assess the eligible individual's progress in achieving the identified employment outcome. Additionally, Chapter 12, Section A.9 of the RSB manual requires the use of the pre-printed IPE forms for all annual reviews.

Without adequate documentation of the annual reviews, the FSD cannot ensure the reviews took place as required by federal regulation and cannot ensure that the most appropriate services are being provided to achieve stated goals and employment outcome.

WE RECOMMEND the FSD improve procedures for documenting annual reviews of IPE forms for RSB recipients.

AUDITEE'S RESPONSE

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

2007-18.

Subrecipient Monitoring

Federal Agency: Department of Transportation
Federal Program: 20.607 Alcohol Open Container Requirements
2007 and 2006 – No contract numbers
State Agency: Department of Transportation, Highway Safety Division (HSD)

The HSD needs to improve its subrecipient monitoring procedures and ensure all necessary information is provided to its subrecipients.

- A. The HSD does not always adequately document subrecipient monitoring visits for the Alcohol Open Container Requirements Program.

The HSD has established guidelines to monitor subrecipients, which include performing on-site visits of those subrecipients which receive more than \$100,000 in program funding during the current contract period. However, we noted the HSD did not perform on-site visits for four of six applicable subrecipients reviewed. The HSD Program Administrator indicated monthly update meetings were performed in the place of on-site visits; however, these meetings were not documented. In addition, the HSD did not always document why certain steps on its on-site monitoring form were not completed.

To ensure the subrecipients are in compliance with federal regulations, the HSD should document all monitoring activities.

- B. Some of the program funding provided to subrecipients is to purchase equipment that is used by the various subrecipients to help combat/prevent alcohol-related traffic accidents. In addition, some equipment is purchased directly by the HSD and distributed to various subrecipient (law enforcement) agencies. The HSD has not established adequate monitoring procedures to ensure equipment purchased by or provided to subrecipients is being used for the purpose intended, or has been procured or disposed of, if applicable, in accordance with federal and state guidelines.

Subrecipient agencies must follow the provisions of the A-102 Common Rule or OMB Circular A-110, which require that equipment be used in the program for which it was acquired or, when appropriate, other Federal programs. In addition, subrecipients must follow the appropriate federal and state guidelines regarding the purchase and disposal of such equipment/property items. HSD monitoring

procedures should include a means of ensuring its subrecipients are following all requirements related to the usage, procurement, and disposal of equipment purchased with program funds.

- C. The HSD did not provide subrecipients, under its Alcohol Open Container Requirements Program, all necessary grant award information, such as the Catalog of Federal Domestic Assistance (CFDA) title and number, award name and amount, and the name of the federal agency.

OMB Circular A-133, section .400(d) requires a recipient agency to inform all subrecipients of the CFDA title and number, award name and amount, and name of the federal agency.

WE RECOMMEND the Department of Transportation, HSD:

- A. Ensure subrecipient monitoring is conducted in accordance with its established procedures and is adequately documented. If the monitoring procedures performed are different than those that have been formally established, the circumstances and alternative procedures should be documented.
- B. Ensure its monitoring procedures include a means of ensuring its subrecipients are following all requirements related to the usage, procurement, and disposal of equipment purchased with program funds.
- C. Provide its subrecipients all necessary grant award information, including the CFDA title and number, award name and amount, and name of the federal agency.

AUDITEE'S RESPONSE

We agree with the auditor's findings. Our Corrective Action Plan includes our 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, 2006, 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, 2006, and the findings from the prior audits for the years ended June 30, 2005 and 2004, 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, 2005 is as follows:

Findings numbered 1A, 1C and 1D, 2, 3, 4, 7, 8A-D, 9, 10, 11A1-8 and A10-11, 11B2 and B4, 11C, 11D1, and 11E were corrected.

Findings numbered 1B, 5, 6, 8E, 11A9, 11B1 and B3, and 11D2 are included in the Summary Schedule of Prior Audit Findings.

For the year ended June 30, 2004, all of the findings were corrected, no longer valid, or did not warrant further action.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2005-1B. Help America Vote Act Grants

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-030MOVOTE, Federal Fiscal Year 2003

State Agency: Office of Secretary of State (SOS)

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.

Recommendation:

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

Status of Finding:

Implemented. The Secretary of State has adopted procedures to further minimize the time elapsed between transfer of funds and disbursement. These changes include implementing a payment process that requires local election authorities to provide copies of third party invoices, cancelled checks, or other forms of proof of payment prior to receiving funds. The Secretary of State's office also has revised the subgrantee agreements that require copies of invoices and prompt payment practices. In addition, the Secretary of State's office has increased subgrantee monitoring activities, including conducting on-site reviews, requiring certifications and periodic reporting by the local election authorities.

Contact Person: Carl Greeson
Phone number: (573) 751-2974

2005-5. Foster Care Compliance

Federal Agency: Department of Health and Human Services

Federal Program: 93.658 Foster Care – Title IV-E
2005-G0501MO1401 and 2004-G0501MO1401

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

Recommendation:

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.

Status of Finding:

Our Corrective Action Plan remains unchanged. DSS disagrees with this finding and the additional administrative costs being recommended. The State Auditor concluded that because a large portion of the PSSF grant is used as a funding source to pay the 21 Community Partnerships, that each was a subrecipient of the PSSF grant. We disagree that the funding source used by the state agency creates a subrecipient relationship.

DSS believes the guidance provided in OMB Circular A-133 is intended to ensure audit standards are applied to the entity ultimately responsible for carrying out the objectives of a grant and the guidance provided must be viewed in that light. DSS has and wants to maintain the responsibility for carrying out the objectives for various grants at its disposal and approves or structures vendor contracts that meet the department goals. Those contract expenditures are then matched to the appropriate grant or grants. DSS does not generally act as a pass-thru agency and allow other entities to decide how specific grants should be utilized.

The contract over-site activities described are indicative of our vendor relationship. They ensure DSS contracted services are carried out and that contract expenditures DSS charges to a grant meet the grant requirements. These activities are vastly different from subrecipient relationships where DSS passes thru a specific grant and the responsibility for programmatic and fiscal grant compliance to a subrecipient.

Community Partnerships make programmatic decisions related to their operation and responsibilities necessary to meet their contractual obligations but they do not have the responsibility for making programmatic decisions to carry out the objectives of the PSSF grant.

Contact Person: Roger Backes

Phone number: (573) 751-2170

2005-8E. Undistributed Child Support Collections

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement
 2004 and 2005 – G050MO4004

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

Court clerk errors caused some reports of undistributed collections to be overstated. 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. Also, automated functions the division relies on to release payments to families have not always worked as intended and 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.

Recommendation:

The FSD establish a higher priority and sustained efforts to disburse undistributed collections by 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.

Status of Finding:

The FSD disagreed with bullet point #1 in the response commentary to this (identical) finding in Performance Audit 2005-56-recommendation #4 and holds to an unchanged position in referencing Sections 454.536.2, and 454.432.5, RSMo.

The FSD holds to the same response offered for bullet point #2 (as identical in Performance Audit 2005-56-recommendation #4) that “Upon identification, automated system problems are evaluated and assigned a priority for completion.”

As to the third bullet point, the FSD response to 2005-56, recommendation #4 remains unchanged. Reconciliation reports are supplied to the Division of Budget and Finance (DBF). The DBF is reviewing these reports to ensure they meet its business need to reconcile undistributed child support with cash.

The FSD notes that the DSS received a decision position from the Administration for Children and Families on June 25, 2007, regarding this finding:

“The Regional Office concurs with the auditor’s findings. Appropriate corrective action is being taken. All non-monetary findings associated with the recommendation ... have been satisfactorily resolved.”

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

2005-11A.9. Vocational Rehabilitation Program

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: \$1,700

The RSB overpaid a client \$2,160 for personal incidental expenses. From September 2002 to April 2004, this client was paid \$500 a month for housing and meal expense plus up to \$120 per month for personal incidental expenses while attending college. We questioned the federal share of \$1,700 (78.7 percent) for the overpayments.

Recommendation:

The DSS-FSD, through the RSB, 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.

Status of Finding:

RSB established expanded and better defined policy and procedures, effective December 20, 2004, which ensure that maintenance payments do not exceed those authorities set in state regulation. That policy can be accessed in chapter 15 of the VR Policy and Procedure Manual on the DSS Intranet.

Status of Questioned Costs:

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

Contact Person: Kevin Faust
Phone number: (573) 751-5304

2005-11B.1. Vocational Rehabilitation Program

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: \$36,065

We identified expenditures totaling \$45,826 that did not appear reasonable and necessary to prepare for, secure, retain, or regain employment. We questioned the federal share of \$36,065 (78.7 percent).

Recommendation:

The DSS-FSD, through the RSB 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.

Status of Finding:

The RSB contends that the nature and scope of the services deemed inappropriate by the State Auditor were, in fact, covered under a bonafide Individualized Plan for Employment (IPE) as developed by a qualified Vocational Rehabilitation (VR) counselor and agreed to by the (qualifying) consumer client. The guidelines for developing IPE's (including services to be supplied in the course of realizing the employability objective) are laid out by the Federal Government, and the RSB feels as though it has (and is) accordingly been in compliance. No disposition has been received from the granting agency on the correctness of the finding and, subsequently the issue has not yet been resolved.

Status of Questioned Costs:

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

Contact Person: Kevin Faust

Phone number: (573) 751-5304

2005-11B3. Vocational Rehabilitation Program

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: \$2,513

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. We questioned the federal share of \$2,513 (78.7 percent).

Recommendation:

The DSS-FSD, through the RSB, resolve the questioned costs with the grantor agency and review expenditures for future staff meetings and ensure the costs are reasonable and necessary.

Status of Finding:

The RSB does not believe the staff meeting-related expenditures at issue violated federal guidance insofar as the use of grant funds; lodging costs, in this matter, are not in violation of state or department policy guidelines for such expenditures.

Typically, meeting attendees are afforded lodging with consideration given to circumstantial need – meeting participants, especially those with impairments, may have issues with transportation, for example, in having to commute from home/work base to the meeting site. Also, to best ensure that room bookings can be cancelled without penalty due to late cancellation notices, scheduled meeting attendees are urged to notify of a need to cancel a reservation sufficiently in advance if at all possible. The RSB is involved in an ongoing concerted effort to keep expenditures at the most prudent and value-conscious levels possible.

No disposition has been received from the granting agency on the correctness of the finding in regard to appropriate use of grant funds and, subsequently the issue has not yet been resolved.

Status of Questioned Costs:

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

Contact Person: Kevin Faust
Phone number: (573) 751-5304

2005-11D2. Vocational Rehabilitation Program

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)

The Deputy Director of RSB was not serving the RSB on a full-time basis, as required by federal regulation.

Recommendation:

The DSS-FSD, through the RSB, ensure the Deputy Director serves the RSB on a full-time basis, as required by federal regulation.

Status of Finding:

The FSD/RSB holds to the original response position that its Director is in fact a full-time Director as expected under Federal Regulation 34 CFR 361.13(b)(1)(ii). The FSD did not locate a formal definition of “full-time” in the subpart section 361.5 (Applicable definitions) under title 34. As opposed, though, to a (limited) standard 40-hour week most employees work on to meet the full-time definition, the RSB Director is expected to devote ample time to the job and its demands to ensure optimal effective and efficient operation – and to do so can not infrequently command attention considerably in excess of 40 hours per week. It should be noted that it is not uncommon for State Government Administrative and higher-level management personnel to additionally assume responsibility for other duties within their agency -- it does not follow that other job duties will subsequently suffer due to lack of adequate attention, as seems to be suggested by the audit finding and recommendation.

The federal Rehabilitation Services Administration (RSA), in their federal fiscal year 2005 monitoring report for Rehabilitation Services for the Blind's Vocational Rehabilitation Program, noted the issue of the full-time status of the RSB Director, but offered no final answer to the acceptability of his additional duties. RSA, per the monitoring report, reserved the right to revisit this issue, although it has not been questioned in two subsequent State Plan submissions. The Director in question left RSB in July, 2007 and has not yet been replaced. The Acting Director of RSB has no additional duties whose scope extends beyond RSB.

Contact Person: Kevin Faust
Phone number: (573) 751-5304

2006-1. Review of Information Technology Support Division

Federal Agency: Department of Health and Human Services, Department of Agriculture
Federal Program: 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children
2006 - 06WIC
2005 – 05WIC
2005 – 3MO700754
2004 – 04WIC
93.116 Project Grants and Cooperative Agreements for Tuberculosis Control Programs
2006 – CCU700495-24
2005 – CCU700495-23
93.268 Immunization Grants
2006 – CCH722543-04
2005 – CCH722543-03
93.283 Centers for Disease Control and Prevention - Investigations and Technical Assistance
2006 - CCU716971-06

- 2005 - CCU722433-03
- 2004 - CCU716971-4A
- 93.777 State Survey and Certification of Health Care Providers and Suppliers
 - 2006 - 06TITLEXVIII
 - 2005 - 05TITLEXVIII
- 93.889 National Bioterrorism Hospital Preparedness Program
 - 2006 - 3RHS05937-01
 - 2005 - MC03938-01
- 93.991 Preventive Health and Health Services Block Grant
 - 2006 - 06PHS
 - 2005 - 05PHS
 - 2004 - 04PHS
- 93.994 Maternal and Child Health Services Block Grant to the States
 - 2006 - 06MCH
 - 2005 - 05MCH

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

Concerns were noted in an internal review conducted by the DHSS of the newly consolidated Information Technology Support Division (ITSD), including: the risk of incorrect funding for contractual expenditures, a lack of a centralized project management system and reporting, inaccuracy of time accounting and employee timesheets, the risk of incorrect funding used for expense and equipment expenditures, and inconsistency in funding used on employee expense accounts as compared to payroll records. As a result, DHSS expanded their review to focus on contractual services, personal services, equipment purchases, and expense accounts to ensure proper use of federal and other funds. As of February 2007, this review was still ongoing.

Recommendation:

The DHSS complete the expanded review of ITSD operations and funding which is currently in progress. Any findings and questioned costs should be properly reported to the applicable federal authorities. In addition, the DHSS should implement appropriate corrective action(s) to ensure proper controls and procedures are in place to prevent any reported problems from reoccurring in the future.

Status of Finding:

The expanded review of the former DHSS Office of Information Systems was completed in May 2007 and a copy of the report provided to the Department of Health and Human Services Office of Inspector General (DHHS-OIG) and to the Missouri State Auditor's Office. As of September 26, 2007, a response has not been received from DHHS-OIG.

A corrective action plan was submitted by ITSD to address various items noted in the review. ITSD implemented a centralized project management/reporting tool to track time spent on projects by contractors. Invoices are reconciled against the database to ensure accuracy. A project steering committee will define processes and procedures related to project management. The Office of Administration-Division of Purchasing and Materials

Management, conducted training of ITSD employees and contractors on the project assessment quotation process.

Several action steps were included in the corrective action plan concerning time coding, such as reviewing employee time coding to ensure work is accurately reflected; providing time coding training to employees; and implementing time accounting software during Fiscal Year 2008. Mandatory time coding training was completed in August 2007. Employees were provided information regarding the importance of accurate time coding as well as applicable requirements and policies. Individual and supervisor responsibilities when completing and approving time sheets, including understanding the codes used on time sheets, were also highlighted in the training.

ITSD established weekly management/budget meetings and will be updating expense and equipment request procedures. A new budget-tracking database will also be implemented. Expense accounts will be reviewed to ensure clear notations as to purpose, and periodic reviews of expense accounts and associated payroll costs will be performed to ensure correlation of funding sources. Guidelines are being developed for field staff and client service managers to use in identifying work done by field staff to ensure proper coding. ITSD/DHSS will follow ITSD's policies and procedures regarding when to enter a fixed assets record in SAM II for fixed assets purchased by ITSD/DHSS.

In January 2008, DHSS consulted with ITSD to verify the planned action steps have been implemented and are functioning.

Contact Person: Bret Fischer
Phone number: (573) 751-6014

2006-2. Subrecipient Monitoring

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 - #5 U79 SM56220-04, Contract periods – October 1, 2004 to September 30, 2005 and October 1, 2005 to September 30, 2006
State Agency: Department of Mental Health (DMH) – Division of Comprehensive Psychiatric Services

The DMH had not adequately monitored all subrecipients related to the above referenced program to ensure an audit in accordance with OMB Circular A-133 had been performed and submitted to the DMH on a timely basis, as required, or that problems reported in previous audits had been addressed.

Recommendation:

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

Status of Finding:

Corrective action was taken.

Contact Person: Janet Gordon

Phone number: (573) 751-8067

2006-3A. State Revolving Funds

Federal Agency: Environmental Protection Agency

Federal Program: 66.458 Capitalization Grants for Clean Water State Revolving Funds
2004-CS290001-09 and 2005-CS290001-08

66.468 Capitalization Grants for Drinking Water State Revolving Funds
FS997629-04, FS997629-03, FS997629-02, FS997629-01,
FS997629-00, FS997629-99, FS997629-98, and FS997629-97

State Agency: Department of Natural Resources (DNR)

The DNR did not sufficiently monitor their system for tracking federal awards paid to subrecipients. As a result, the DNR could not ensure program recipients obtained and submitted audits to the DNR when applicable.

Recommendation:

The DNR establish procedures to better monitor subrecipients and ensure subrecipients obtain and submit audit reports as required by OMB Circular A-133.

Status of Finding:

Corrective action has been taken.

Contact Person: Tonya Roth

Phone number: (573) 522-3008

State Agency: Department of Social Services (DSS) - Children's Division (CD), Family Support Division (FSD), and Division of Budget and Finance (DBF)

The policies and procedures for monitoring child care providers needed improvement. The compliance review instructions did not require the comparison of invoice dates and times to attendance records; some child care providers were excluded from monitoring; the DBF had not established a risk-based approach to selecting providers to monitor; and the supervisor responsible for reviewing contract compliance review reports did not document her review and approval. Without such monitoring, DSS could not ensure payments made to providers were adequate or that proper review and approval took place.

Recommendation:

The DSS through the CD, FSD, and DBF expand provider monitoring procedures to compare invoices to attendance records to ensure all providers are included in the population, and to utilize a risk-based approach to selecting providers to review. In addition, the DBF supervisor responsible for reviewing the monitoring visit report should initial and date the report to indicate review and approval.

Status of Finding:

The DBF contract compliance unit is comparing the invoices to attendance records on a sample basis and ensuring that all providers within the state are included in the sample population. DBF is also utilizing a risk-based approach to select providers for review. All reviews that have been completed are being initialed, and additionally, a compliance management database under development by ITSD will help ensure all compliance reviews are reviewed centrally and followed up on as appropriate.

Contact Person: Ami Patel

Phone number: (573) 751-1006

2006-7. Procurement and Suspension and Debarment

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement

2005 - G0504MO4004 and 2006 - G0604MO4004

93.575 Child Care and Development Block Grant

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

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

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.667 Social Services Block Grant

2005 - G0501MOSOSR and 2006 - G0601MOSOSR

State Agency: Department of Social Services (DSS)

The DSS did not ensure all entities paid more than \$25,000 were not suspended or

debarred, or otherwise excluded from receiving federal funds as required by federal regulation.

Recommendation:

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

Status of Finding:

Procedures were changed to notify Office of Administration (OA) when contracts exceeding \$25,000 are funded with federal funds to include suspension and debarment language. Staff, however, had an incomplete knowledge of federal funds and therefore, unintentionally, were not informing OA of all contracts that are federally funded. DSS has changed its procedure to request that OA include suspension and debarment language in all contracts.

Contact Person: D. Wayne Osgoode

Phone number: (573) 526-0967

2006-8.

Salary Certifications

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement

2005 - G0504MO4004 and 2006 - G0604MO4004

93.658 Foster Care - Title IV-E

2005 - G0501MO1401 and 2006 - G0601MO1401

93.674 Chafee Foster Care Independent Living

2004 - G0401MO1420 and 2005 - G0501MO1420

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

Questioned Costs: \$63,887

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

Recommendation:

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

Status of Finding:

Our Corrective Action Plan remains unchanged. The Department of Social Services (DSS) disagrees with this finding. The DSS prepares periodic salary certifications in compliance with Office of Management and Budget (OMB) Circular A-87 for employees that are expected to work solely on a single Federal award. The periodic certifications are completed at least semiannually and signed by a supervisory staff having first-hand knowledge of the work performed by the employee. The periodic certification does not require a certification statement for an employee that has terminated or moved to a position where the more stringent after-the-fact personnel activity reports are required. The DSS is currently waiting on the final resolution from the grantor agency.

Status of Questioned Costs:

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

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

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

Federal Agency:	Department of Health and Human Services
Federal Program:	93.556 Promoting Safe and Stable Families 2005 - G0501MO00FP and 2006 - G0601MO00FP
	93.558 Temporary Assistance for Needy Families 2005 - G0501MOTANF and 2006 - G0601MOTANF
	93.575 Child Care and Development Block Grant 2005 - G0501MOCCDF and 2006 - G0601MOCCDF
	93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund 2005 - G0501MOCCDF and 2006 - G0601MOCCDF
	93.658 Foster Care - Title IV-E 2005 - G0501MO1401 and 2006 - G0601MO1401
	93.667 Social Services Block Grant 2005 - G0501MOSOSR and 2006 - G0601MOSOSR
	93.778 Medical Assistance Program 2005 - 05-0505MO5028 and 2006 – 05-0605MO5028
State Agency:	Department of Social Services (DSS) and Office of Administration – Information Technology Services Division (ITSD)

The Children's Services Integrated Payment System (CSIPS) did not record or track the

exact calendar days services were provided. In fiscal year 2005, the DSS overpaid vendors at least \$31,898 due to exact service dates not being recorded on the payment transactions. In addition, other potential overpayments were identified.

Recommendation:

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

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

Status of Finding:

The Children's Division (CD) moved forward immediately to recoup overpayments identified in the report. CD has agreed that \$41,627.31 (includes amounts from 2006-9A, 2006-9B, and additional overpayments identified by the CD) should be recouped. As of December 28, 2007, \$34,554.31 has been recouped. The remaining amount is still in the process of being recouped.

The CD will include this functionality in the design and development of the new payment system.

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

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

Federal Agency: Department of Health and Human Services
Federal Program: 93.556 Promoting Safe and Stable Families
2005 - G0501MO00FP and 2006 - G0601MO00FP
93.558 Temporary Assistance for Needy Families
2005 - G0501MOTANF and 2006 - G0601MOTANF
93.575 Child Care and Development Block Grant
2005 - G0501MOCCDF and 2006 - G0601MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2005 - G0501MOCCDF and 2006 - G0601MOCCDF
93.658 Foster Care - Title IV-E
2005 - G0501MO1401 and 2006 - G0601MO1401
93.667 Social Services Block Grant
2005 - G0501MOSOSR and 2006 - G0601MOSOSR
93.778 Medical Assistance Program
2005 - 05-0505MO5028 and 2006 - 05-0605MO5028
State Agency: Department of Social Services (DSS) and Office of Administration – Information Technology Services Division (ITSD)

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

Recommendation:

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

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

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

Status of Finding:

- a. The Children's Division will include this functionality in the design and development of the new payment system for applicable payment transactions.
- b. The Children's Division will include this functionality in the design and development of the new payment system.
- c. Children's Division Management will include this edit in the new payment system.
- d. The payment system now checks the entire payment history for program areas Day Care (DC), Residential Treatment (RT) and Children's Treatment Services (CTS). The Children's Division will include this functionality for program area Alternative Care (AC) in the design and development of the new payment system.
- e. The Children's Division is working with ITSD in developing a process to create child care authorizations in their Family and Children Electronic System (FACES) that will

93.667 Social Services Block Grant
2005 - G0501MOSOSR and 2006 - G0601MOSOSR

93.778 Medical Assistance Program
2005 - 05-0505MO5028 and 2006 - 05-0605MO5028

State Agency: Department of Social Services (DSS) and Office of Administration –
Information Technology Services Division (ITSD)

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

Recommendation:

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

Status of Finding:

The current system does include edits to ensure the amount input agrees or is less than the amount approved, when the payment is first authorized in the Service Eligibility and Authorization System (SEAS) and then payment through a CS-65a invoice. The Children's Division will include a workflow in the design and development of the new payment system which has electronic signatures for authorizing and approving payments.

Contact Person: Stacy Wright

Phone number: (573) 751-3714

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

Federal Agency: Department of Health and Human Services

Federal Program: 93.556 Promoting Safe and Stable Families

2005 - G0501MO00FP and 2006 - G0601MO00FP

93.558 Temporary Assistance for Needy Families

2005 - G0501MOTANF and 2006 - G0601MOTANF

93.575 Child Care and Development Block Grant

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

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

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.658 Foster Care - Title IV-E

2005 - G0501MO1401 and 2006 - G0601MO1401

93.667 Social Services Block Grant

2005 - G0501MOSOSR and 2006 - G0601MOSOSR

93.778 Medical Assistance Program
2005 - 05-0505MO5028 and 2006 – 05-0605MO5028

State Agency: Department of Social Services (DSS) and Office of Administration –
Information Technology Services Division (ITSD)

The DSS did not monitor the use of overrides on the Children's Services Integrated Payment System (CSIPS) payment transactions.

Recommendation:

The DSS through the ITSD develop policies and procedures for monitoring override transaction usage to ensure payments are being properly processed.

Status of Finding:

DSS has limited override capability to the Children's Division Payment Unit-Central Office. Override usage is now monitored daily by the Payment Unit supervisor.

Contact Person: Stacy Wright

Phone number: (573) 751-3714

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

Federal Agency: Department of Health and Human Services

Federal Program: 93.556 Promoting Safe and Stable Families

2005 - G0501MO00FP and 2006 - G0601MO00FP

93.558 Temporary Assistance for Needy Families

2005 - G0501MOTANF and 2006 - G0601MOTANF

93.575 Child Care and Development Block Grant

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

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

2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.658 Foster Care - Title IV-E

2005 - G0501MO1401 and 2006 - G0601MO1401

93.667 Social Services Block Grant

2005 - G0501MOSOSR and 2006 - G0601MOSOSR

93.778 Medical Assistance Program

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

State Agency: Department of Social Services (DSS) and Office of Administration –
Information Technology Services Division (ITSD)

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

Recommendation:

The DSS through the ITSD:

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

Status of Finding:

1. The Children's Division will include this functionality in the design and development of the new payment system.
2. Children's Division Payment Unit staff have established draft policies and procedures for handling source document errors and the resubmission of corrected data. This will be documented in the CSIPS Payment Handbook. Children's Division Payment Unit staff are currently logging errors and following-up with local payment specialists on the correction and resubmission of payments.
3. Children's Division officials have drafted a revision to the source documentation retention policy to include how documentation should be retained and stored for payments made by Central Office staff. An updated CSIPS Payment Handbook is expected to be issued by spring of 2008.

Contact Person: Stacy Wright

Phone number: (573) 751-3714

2006-10A. Office of Attorney General Billings

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement
2005 - G0504MO4004 and 2006 - G0604MO4004

93.778 Medical Assistance Program
2005 - 05-0505MO5028 and 2006 - 05-0605MO5028

State Agency: Office of Attorney General (AGO) – Financial Services Division (FSD)
and Department of Social Services (DSS) – Division of Budget and
Finance (DBF)

The AGO did not follow its cooperative agreement when billing the DSS. The AGO did not bill salary and fringe benefits for individuals who worked exclusively on one federal program directly to that program and did not include all attorneys and staff in the billing calculation.

Recommendation:

The AGO revise its policies and procedures to ensure compliance with the cooperative agreement with the DSS. The salaries and fringe benefits for employees working solely on one federal program should be billed directly to the program and all FSD employees should be included in the billing allocation calculation

Status of Finding:

As indicated, the AGO believes the cooperative agreement provides that employees working exclusively on one federal program can be included in the billing calculation. Currently, all staff working on the federal programs are included in the billing calculation.

Contact Person: Doug Nelson

Phone number: (573) 751-4406

2006-10B. Office of Attorney General Billings

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement

2005 - G0504MO4004 and 2006 - G0604MO4004

93.778 Medical Assistance Program

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

State Agency: Office of Attorney General (AGO) – Financial Services Division (FSD)
and Department of Social Services (DSS) – Division of Budget and
Finance (DBF)

Time records were not adequate to determine the extent that billings to the DSS may have been incorrect. Also, some timesheets were not signed by the employees.

Recommendation:

The AGO ensure all time records used in the allocation calculation are complete and accurate. Also, the time records should be signed by the employee.

Status of Finding:

Implemented.

Contact Person: Doug Nelson

Phone number: (573) 751-4406

Status of Finding:

Procedures to ensure accurate completion of the SEFA are in place.

Contact Person: Roger Backes

Phone number: (573) 751-2170

2006-12B. Schedule of Expenditures of Federal Awards

Federal Agency: Department of Agriculture, Department of Education, Department of Health and Human Services

Federal Program: 10.561 State Administrative Matching Grants for Food Stamp Program
2005 and 2006 - IE251843, IS251443, and IS252043

84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States
2005 and 2006 H126A040037

93.556 Promoting Safe and Stable Families
2005 - G0501MO00FP and 2006 - G0601MO00FP

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

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

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

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

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2005 - G0501MOCCDF and 2006 - G0601MOCCDF

93.658 Foster Care - Title IV-E
2005 - G0501MO1401 and 2006 - G0601MO1401

93.659 Adoption Assistance
2005 - G0501MO1407 and 2006 - G0601MO1407

93.667 Social Services Block Grant
2005 - G0501MOSOSR and 2006 - G0601MOSOSR

93.778 Medical Assistance Program
2005 - 05-0505MO5028 and 2006 – 05-0605MO5028

State Agency: Department of Social Services (DSS) – Division of Budget and Finance (DBF), Family Support Division (FSD), and Children's Division (CD)

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

monitoring program and monitored these partnerships as if they were subrecipients.

Recommendation:

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

Status of Finding:

Our Corrective Action Plan remains unchanged. DSS disagrees with this finding and the additional administrative costs being recommended.

The Department of Health and Human Services has not addressed this finding.

Contact Person: Roger Backes

Phone number: (573) 751-2170

2006-13. Temporary Assistance For Needy Families Compliance

Federal Agency: Department of Health and Human Services

Federal Program: 93.558 Temporary Assistance for Needy Families
2005 - G0501MOTANF and 2006 - G0601MOTANF

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

Questioned Costs: \$13,451

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

Recommendation:

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

Status of Finding:

FSD supervisory staff will continue to read TANF cases as a regular practice of case reading. Supervisors will note when signed applications are missing from the record and require that eligibility specialists file the signed applications in the record. FSD will continue to request through the Income Eligibility Verification System, wage and unemployment compensation information. FSD continues to require that staff verify income for TANF cases and document the verification used in the FAMIS record.

Status of Questioned Costs:

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

Contact Person: Sharon Denney

Phone number: (573) 751-3216

2006-14. Child Support Allowable Costs

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement
2005 - G0504MO4004 and 2006 - G0604MO4004

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

Questioned Costs: \$12,811

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

Recommendation:

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

Status of Finding:

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

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

Status of Questioned Costs:

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

Contact Person: D. Wayne Osgoode

Phone number: (573) 526-0967