



Susan Montee, CPA
Missouri State Auditor

State of Missouri

Single Audit

Year Ended
June 30, 2008

March 2009
Report No. 2009-25



auditor.mo.gov



Office of the
Missouri State Auditor
Susan Montee, CPA

March 2009

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

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

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

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

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

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

YELLOW SHEET

STATE OF MISSOURI
SINGLE AUDIT

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STATE OF MISSOURI
SINGLE AUDIT

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INTRODUCTION AND SUMMARY

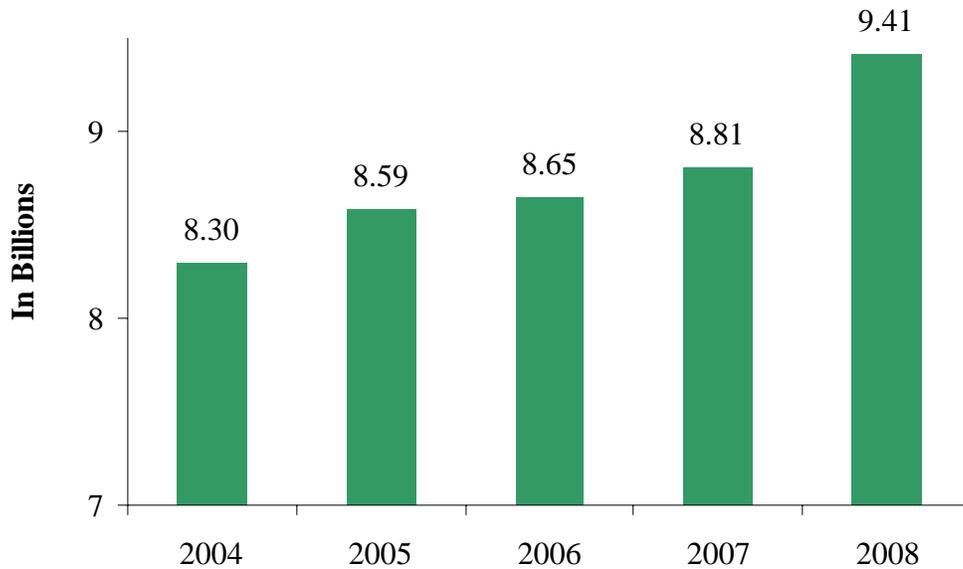
INTRODUCTION AND SUMMARY

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.

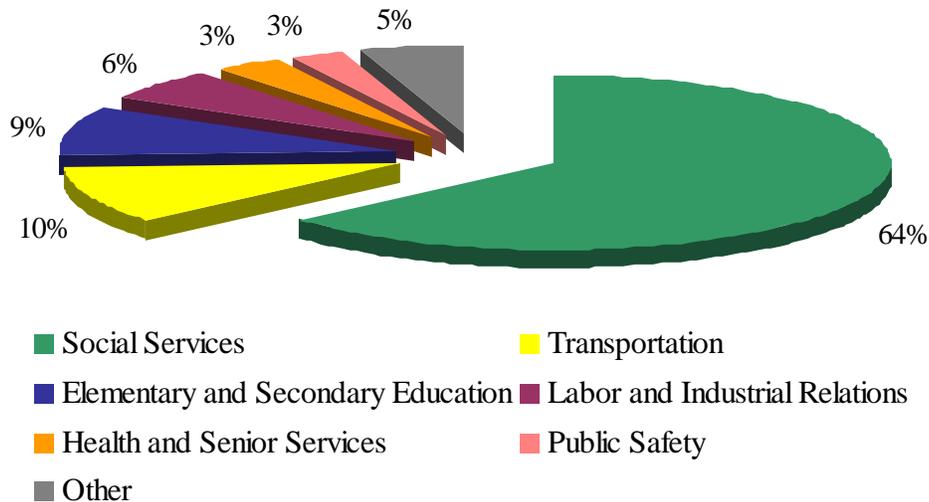
The Single Audit report includes the federal awards expended by all state agencies that are part of the primary government. The report does not include the component units of the state, which are the public universities and various financing authorities. These component units have their own separate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

Total Expenditures of Federal Awards Five Year Comparison



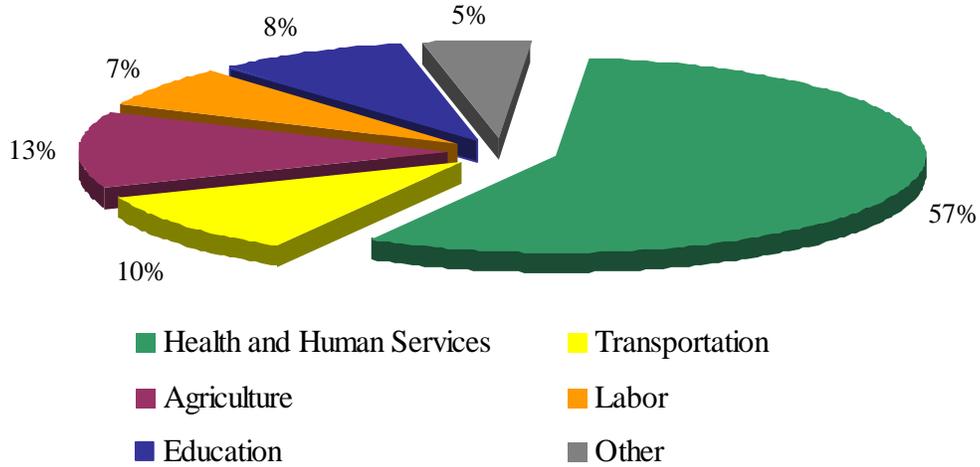
Although nineteen state departments and other state offices expended federal awards, six state departments expended the bulk of the federal awards (95 percent).

Expenditures of Federal Awards by State Department



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

Expenditures of Federal Awards by Federal Department



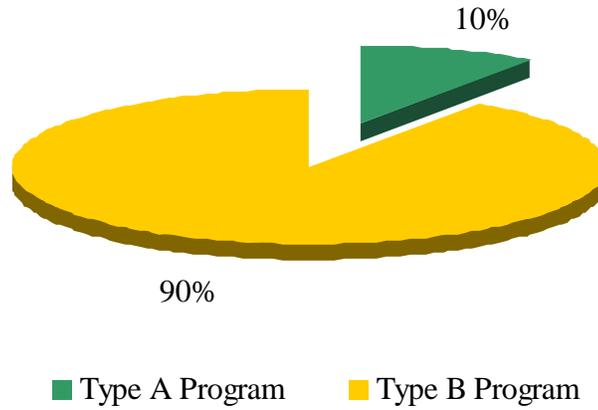
Overall, the state expended federal awards in 290 different programs. Under the audit requirements of OMB Circular A-133, federal programs are divided into Type A and Type B programs based on a dollar threshold. For the state of Missouri, OMB Circular A-133 defines the dollar threshold to distinguish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

Determination of Type A Programs

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

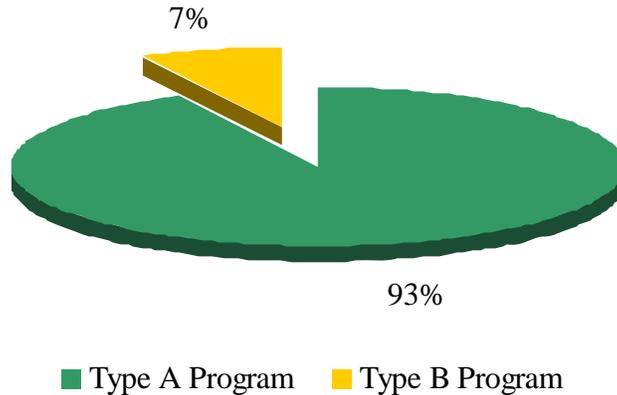
Programs with federal expenditures over \$28,234,823 are Type A programs and the programs under \$28,234,823 are Type B programs. Of the 290 different federal award programs, 28 were Type A programs and 262 were Type B programs.

**Type A and Type B Programs
Number of Programs**



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

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



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

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

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

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

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

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

CFDA Number	Federal Program Name	Federal Grantor Agency	Federal Awards Expended
93.775	State Medicaid Fraud Control Units	Health and Human Services	1,385,534
93.777	State Survey and Certification of Health Care Providers and Suppliers	Health and Human Services	14,436,682
93.778	Medical Assistance Program	Health and Human Services	4,465,917,980
	Total Medicaid Cluster		<u>4,481,740,196</u>
96.001	Social Security - Disability Insurance	Social Security Administration	28,756,859
	Homeland Security Cluster:		
16.007	Homeland Security Grant Program	Department of Justice	131,453
97.004	State Domestic Preparedness Equipment Support Program	Department of Homeland Security	2,019,998
97.067	Homeland Security Grant Program	Department of Homeland Security	28,383,605
	Total Homeland Security Cluster		<u>30,535,056</u>
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Department of Homeland Security	99,996,123
	Total Type A Programs (expenditures greater than \$28,234,823)		8,738,491,392
	Total Type B Programs (expenditures less than \$28,234,823)		673,116,255
	Total Expenditures of Federal Awards		\$ <u><u>9,411,607,647</u></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, 2008, which collectively comprise the state's basic financial statements, and have issued our report thereon dated January 9, 2009. Our report was modified to include a reference to other auditors. Our report also expressed a qualified opinion on the basic financial statements because we were not allowed access to tax returns and related source documents for income taxes. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

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

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

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

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



Susan Montee, CPA
State Auditor

January 9, 2009



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

Compliance

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

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

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

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

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

Internal Control Over Compliance

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

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

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

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

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

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

A handwritten signature in black ink, appearing to read "Susan Montee".

Susan Montee, CPA
State Auditor

February 25, 2009



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

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

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

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

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

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

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



Susan Montee, CPA
State Auditor

January 9, 2009

SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Office of National Drug Control Policy			
07.	HIDTA	\$ 2,931,446	2,103,260
	Total Office of National Drug Control Policy	<u>2,931,446</u>	<u>2,103,260</u>
Department of Agriculture			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	1,096,341	39,299
10.066	Livestock Assistance Program	40,351	0
10.069	Conservation Reserve Program	19,714	0
10.072	Wetlands Reserve Program	778,787	0
10.153	Market News	13,078	0
10.156	Federal-State Marketing Improvement Program	26,121	0
10.163	Market Protection and Promotion	12,867	0
10.169	Specialty Crop Block Grant Program	135,662	131,375
10.435	State Mediation Grants	22,996	0
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	585,492	0
10.477	Meat, Poultry, and Egg Products Inspection	3,319	0
10.550	Food Donation	19,545,520	19,462,294
	Food Stamp Cluster:		
10.551	Supplemental Nutrition Assistance Program	786,822,841	0
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	48,053,965	2,764,819
	Total Food Stamp Cluster	<u>834,876,806</u>	<u>2,764,819</u>
	Child Nutrition Cluster:		
10.553	School Breakfast Program	44,271,291	44,271,291
10.555	National School Lunch Program	142,705,492	141,497,191
10.556	Special Milk Program for Children	494,520	494,520
10.559	Summer Food Service Program for Children	7,227,163	6,918,173
	Total Child Nutrition Cluster	<u>194,698,466</u>	<u>193,181,175</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	83,891,193	16,846,433
10.558	Child and Adult Care Food Program	40,443,825	39,947,932
10.560	State Administrative Expenses for Child Nutrition	2,772,702	1,021,259
10.565	Commodity Supplemental Food Program	601,996	546,722
	Emergency Food Assistance Cluster:		
10.568	Emergency Food Assistance Program (Administrative Costs)	1,136,998	1,081,569
10.569	Emergency Food Assistance Program (Food Commodities)	4,191,402	4,191,402
	Total Emergency Food Assistance Cluster	<u>5,328,400</u>	<u>5,272,971</u>
10.572	WIC Farmers' Market Nutrition Program (FMNP)	85,562	75,694
10.574	Team Nutrition Grants	165,983	90,792
10.664	Cooperative Forestry Assistance	1,603,547	281,073
	Schools and Roads Cluster:		
10.665	Schools and Roads - Grants to States	7,782,224	7,782,224
	Total Schools and Roads Cluster	<u>7,782,224</u>	<u>7,782,224</u>
10.769	Rural Business Enterprise Grants	3,588	3,588
10.912	Environmental Quality Incentives Program	75,688	0
	Total Department of Agriculture	<u>1,194,610,228</u>	<u>287,447,650</u>

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Department of Defense			
12.AAG	Drug Interdiction and Counter Drug Activities	164,184	164,184
12.	Troops to Teachers	65,292	56,738
12.112	Payments to States in Lieu of Real Estate Taxes	1,382,309	1,382,309
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	950,674	43,042
12.401	National Guard Military Operations and Maintenance (O&M) Projects	31,919,209	0
Total Department of Defense		34,481,668	1,646,273
Department of Housing and Urban Development			
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	24,772,591	23,420,885
14.231	Emergency Shelter Grants Program	1,179,480	1,179,480
14.238	Shelter Plus Care	7,204,195	7,204,195
14.241	Housing Opportunities for Persons with AIDS	488,012	488,012
14.401	Fair Housing Assistance Program - State and Local	513,049	0
Total Department of Housing and Urban Development		34,157,327	32,292,572
Department of the Interior			
15.FFB	Webless Migratory Game Bird Research Program	61,370	0
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	240,431	0
15.252	Abandoned Mine Land Reclamation (AMLR) Program	1,584,061	836,849
Fish and Wildlife Cluster:			
15.605	Sport Fish Restoration Program	6,428,952	0
15.611	Wildlife Restoration	7,413,543	0
Total Fish and Wildlife Cluster		13,842,495	0
15.615	Cooperative Endangered Species Conservation Fund	498,692	0
15.616	Clean Vessel Act	22,614	22,614
15.622	Sportfishing and Boating Safety Act	74,309	74,309
15.623	North American Wetlands Conservation Fund	229,050	0
15.633	Landowner Incentive Program	357,844	0
15.634	State Wildlife Grants	1,282,480	0
15.807	Earthquake Hazards Reduction Program	49,139	0
15.808	U.S. Geological Survey - Research and Data Collection	18,139	0
15.810	National Cooperative Geologic Mapping Program	129,629	0
15.904	Historic Preservation Fund Grants-In-Aid	747,733	41,468
15.916	Outdoor Recreation - Acquisition, Development and Planning	1,071,358	539,248
15.921	Rivers, Trails and Conservation Assistance	8,092	0
15.922	Native American Graves Protection and Repatriation Act	17,082	0
15.978	Upper Mississippi River System Long Term Resource Monitoring Program	424,439	0
Total Department of the Interior		20,658,957	1,514,488
Department of Justice			
16.	Domestic Cannabis Eradication	86,505	0
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	469,812	0
16.203	Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	955	0
16.307	Combined DNA Index System	250,941	0
16.523	Juvenile Accountability Block Grants	335,087	301,931
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	692,260	521,140
16.542	Part D - Research, Evaluation, Technical Assistance and Training	171,404	0
16.548	Title V - Delinquency Prevention Program	75,704	75,704
16.550	State Justice Statistics Program for Statistical Analysis Centers	71,764	0
16.554	National Criminal History Improvement Program (NCHIP)	591,513	0
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	417,351	417,351

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

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

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

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

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

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

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

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

STATE OF MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

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

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CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
93.569	Community Services Block Grant	19,313,144	19,082,913
	Child Care and Development Fund Cluster:		
93.575	Child Care and Development Block Grant	61,697,376	0
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	52,426,081	0
	Total Child Care and Development Fund Cluster	114,123,457	0
93.576	Refugee and Entrant Assistance - Discretionary Grants	449,141	254,615
93.584	Refugee and Entrant Assistance - Targeted Assistance Grants	937,791	0
93.586	State Court Improvement Program	690,010	0
93.590	Community-Based Child Abuse Prevention Grants	387,855	386,107
93.597	Grants to States for Access and Visitation Programs	344,092	0
93.599	Chafee Education and Training Vouchers Program (ETV)	1,073,653	0
93.600	Head Start	549,035	193,856
93.617	Voting Access for Individuals with Disabilities - Grants to States	86,294	86,294
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,382,880	569,202
93.643	Children's Justice Grants to States	415,026	0
93.645	Child Welfare Services - State Grants	5,677,368	0
93.658	Foster Care - Title IV-E	61,031,819	0
93.659	Adoption Assistance	33,327,828	0
93.667	Social Services Block Grant	54,717,956	0
93.669	Child Abuse and Neglect State Grants	515,488	0
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	1,682,452	0
93.674	Chafee Foster Care Independence Program	2,810,479	0
93.767	State Children's Insurance Program	77,734,327	0
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	1,385,534	0
93.777	State Survey and Certification of Health Care Providers and Suppliers	14,436,682	48
93.778	Medical Assistance Program	4,465,917,980	0
	Total Medicaid Cluster	4,481,740,196	48
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	1,812,098	179,714
93.889	National Bioterrorism Hospital Preparedness Program	9,164,405	8,350,129
93.913	Grants to States for Operation of Offices of Rural Health	140,887	0
93.917	HIV Care Formula Grants	13,715,889	13,207,273
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	207,474	133,181
93.940	HIV Prevention Activities - Health Department Based	3,769,589	2,160,565
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	1,300,083	719,935
93.945	Assistance Programs for Chronic Disease Prevention and Control	276,135	212,836
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	153,488	18,878
93.958	Block Grants for Community Mental Health Services	6,782,257	6,486,363
93.959	Block Grants for Prevention and Treatment of Substance Abuse	24,897,201	22,245,586
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	2,074,332	289,878
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	376,206	41,792
93.991	Preventive Health and Health Services Block Grant	2,786,970	598,117
93.994	Maternal and Child Health Services Block Grant to the States	12,899,864	6,808,262
	Total Department of Health and Human Services	5,371,025,377	239,660,393

STATE OF MISSOURI
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YEAR ENDED JUNE 30, 2008

CFDA Number	Federal Grantor Agency - Program	Federal Awards Expended	Amount Provided to Subrecipients
Corporation for National and Community Service			
94.003	State Commissions	229,724	0
94.004	Learn and Serve America - School and Community Based Programs	290,700	212,817
94.006	AmeriCorps	2,181,358	2,181,358
94.007	Planning and Program Development Grants	47,639	47,639
94.009	Training and Technical Assistance	98,029	30,813
Total Corporation for National and Community Service		<u>2,847,450</u>	<u>2,472,627</u>
Social Security Administration			
96.001	Social Security - Disability Insurance	28,756,859	0
Total Social Security Administration		<u>28,756,859</u>	<u>0</u>
Department of Homeland Security			
Homeland Security Cluster:			
16.007	Homeland Security Grant Program	131,453	0
97.004	State Domestic Preparedness Equipment Support Program	2,019,998	741,845
97.067	Homeland Security Grant Program	28,383,605	23,776,327
Total Homeland Security Cluster		<u>30,535,056</u>	<u>24,518,172</u>
97.008	Urban Areas Security Initiative	1,769,951	1,769,951
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants	12,947,793	12,308,490
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	170,198	0
97.029	Flood Mitigation Assistance	29,506	29,506
97.034	Disaster Unemployment Assistance	50,820	0
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	99,996,123	99,691,049
97.039	Hazard Mitigation Grant	223,117	213,082
97.041	National Dam Safety Program	46,511	0
97.042	Emergency Management Performance Grants	3,304,573	3,304,593
97.045	Cooperating Technical Partners	2,856,864	0
97.070	Map Modernization Management Support	121,204	0
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	37,371	0
97.075	Rail and Transit Security Program	615,502	576,262
97.078	Buffer Zone Protection Program (BZPP)	1,228,563	747,297
97.091	Homeland Security Biowatch Program	307,339	234,221
Total Department of Homeland Security		<u>154,240,491</u>	<u>143,392,623</u>
Total Expenditures of Federal Awards		<u>\$ 9,411,607,647</u>	<u>1,589,690,462</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, 2008, Type A programs are those which exceed \$28,234,823 in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in OMB Circular A-133.

C. Basis of Accounting

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

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

The state received cash rebates from an infant formula manufacturer, totaling \$36,503,060, on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants and Children Program (CFDA No. 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs. The state was able to extend program benefits to more persons than could have been served this fiscal year in the absence of the rebate contract.

3. Unemployment Insurance Expenditures

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

4. 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 \$45,371,075.

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes 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>
	Food Stamp Cluster:
10.551	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.558	Child and Adult Care Food Program

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

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

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

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

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

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

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

AUDITEE'S RESPONSE

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

2008-2.	Capital Assets
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Federal Agency: Department of Defense
Federal Program: 12.401 National Guard Military Operations and Maintenance Projects
2007 – DAHA23-07-2-1000 and 2008 – DAHA23-08-2-1000
State Agency: Department of Public Safety – Adjutant General (AG)

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

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

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

of the assets. If this not feasible, the results of the inventories should be reviewed by an independent person.

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

WE RECOMMEND the AG:

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

AUDITEE'S RESPONSE

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

2008-3.	Reporting
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Federal Agency: Department of Defense
Federal Program: 12.401 National Guard Military Operations and Maintenance
Projects
2007 – DAHA23-07-2-1000 and 2008 – DAHA23-08-2-1000
State Agency: Department of Public Safety – Adjutant General (AG)

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

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

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

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

AUDITEE'S RESPONSE

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

2008-4.	Subrecipient Monitoring
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Federal Agency:	Department of Homeland Security
Federal Program:	16.007 State Homeland Security Grant Program 2003 – MU-T3-0003 97.004 State Domestic Preparedness Equipment Support Grant Program 2004 – GE-T4-0049 97.067 State Homeland Security Grant Program 2007 – GE-T7-0034, 2006 – GE-T6-0067, and 2005 – GE-T5-0022
State Agency:	Department of Public Safety (DPS) – State Emergency Management Agency (SEMA)

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

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

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

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

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

AUDITEE'S RESPONSE

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

2008-5.	Subrecipients
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Federal Agency:	Department of Agriculture Department of Health and Human Services
Federal Program:	10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 2007 – IS251443, IE251843, and IS252043 2008 – IS251443, IS802643, and IS803643 93.556 Promoting Safe and Stable Families 2007 – G0701MO00FP and 2008 – G0801MOFPSS 93.558 Temporary Assistance for Needy Families 2007 – G0701MOTANF and 2008 – G0802MOTANF

- 93.566 Refugee and Entrant Assistance – State Administered Programs
 - 2007 – G07AAMO7100 and G07AAMO7110
 - 2008 – G08AAMO7100 and G08AAMO7110
- 93.568 Low-Income Home Energy Assistance
 - 2007 – G07B1MOLIEA and 2008 – G08B1MOLIEA
- 93.575 Child Care and Development Block Grant
 - 2007 – G0701MOCCDF and 2008 – G0801MOCCDF
- 93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
 - 2007 – G0701MOCCDF and 2008 – G0801MOCCDF
- 93.658 Foster Care – Title IV-E
 - 2007 – G0701MO1401 and 2008 – G0801MO1401
- 93.659 Adoption Assistance
 - 2007 – G0701MO1407 and 2008 – G0801MO1407
- 93.667 Social Services Block Grant
 - 2007 – G0701MOSOSR and 2008 – G0801MOSOSR
- 93.674 Chafee Foster Care Independence Program
 - 2007 – G0701MO1420 and 2008 – G0801MO1420
- 93.778 Medical Assistance Program
 - 2007 – 0705MO5028 and 0705MO5048
 - 2008 – 0805MO5028 and 0805MO5048

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

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

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

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

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

In addition, it appears the DSS monitors these partnerships as if they were subrecipients. The DSS has developed a written monitoring program to evaluate the partnerships' activities and requires financial statement audits of the partnerships be submitted to the DSS, for review. However, the DSS does not require audits of federal funds under OMB Circular A-133. Section .210 also states that when evaluating whether a subrecipient relationship 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. The DSS communicated with the Department of Health and Human Services regarding this finding; however, there has been no formal resolution.

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

AUDITEE'S RESPONSE

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

2008-6.	Foster Care – Court Contracts
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Federal Agency:	Department of Health and Human Services (DHHS)
Federal Program:	93.658 Foster Care – Title IV-E 2007 – G0701MO1401 and 2008 – G0801MO1401
State Agency:	Department of Social Services (DSS) – Children's Division (CD)
Questioned Costs:	\$216,178

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

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

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

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

The courts are reimbursed for salary, benefits, and expenses of the juvenile officers; and are either reimbursed for the guardians ad litem salary expenses or a set rate per hearing or meeting attended. While these costs could have been claimed under other DSS grants, the costs do not appear allowable in the Foster Care program. During fiscal year 2008, the DSS claimed reimbursement of such costs totaling \$432,356. We question the federal share of \$216,178.

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

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

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

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

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

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

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

AUDITEE'S RESPONSE

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

2008-7.	Foster Care – Residential Facilities
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Federal Agency: Department of Health and Human Services (DHHS)
Federal Program: 93.658 Foster Care – Title IV-E
2007 – G0701MO1401 and 2008 – G0801MO1401
State Agency: Department of Social Services (DSS) – Children's Division (CD)
Questioned Costs: \$9,511

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WE RECOMMEND the DSS through the CD:

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

AUDITEE'S RESPONSE

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

2008-8. Foster Care – Eligibility and Assistance Payments
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Federal Agency: Department of Health and Human Services
Federal Program: 93.658 Foster Care – Title IV-E
2007 – G0701MO1401 and 2008 – G0801MO1401
State Agency: Department of Social Services (DSS) – Children's Division (CD)
Questioned Costs: \$4,877

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

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

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

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

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

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

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

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

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

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

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

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

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

AUDITEE'S RESPONSE

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

2008-9.	Vocational Rehabilitation Program
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Federal Agency:	Department of Education
Federal Program:	84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States
	2007 – H126A0700372 and 2008 – H126A080037B
State Agency:	Department of Social Services (DSS) – Family Support Division (FSD) – Rehabilitation Services for the Blind (RSB)
Questioned Costs:	\$3,444,779

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WE RECOMMEND the FSD:

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

AUDITEE'S RESPONSE

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

2008-10.

Medical Assistance Program

Federal Agency: Department of Health and Human Services
Federal Program: 93.778 Medical Assistance Program
2007 – 0705MO5028 and 0705MO5048
2008 – 0805MO5028 and 0805MO5048

State Agency: Department of Social Services – Family Support Division (FSD)
and MO HealthNet Division (MHD)
Questioned Costs: \$2,048

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

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

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

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

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

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

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

States are required to operate a MEQC system in accordance with requirements established by the Centers for Medicare and Medicaid Services, to re-determine beneficiary eligibility for individual sampled cases. Most states, including Missouri, have been given a waiver from the traditional MEQC program in order to perform special studies, targeted reviews, or other activities that are designed to ensure program integrity or improve program administration. This system is discussed in Federal regulations 42 USC 1396b and 42 CFR sections 431.800 through 431.865.

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

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

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

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

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

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

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

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

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

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

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

AUDITEE'S RESPONSE

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

Additional State Auditor's Reports:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Recommendation:

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

Status of Finding:

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

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

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

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

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

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

Status of Questioned Costs:

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

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

2006-7. Procurement and Suspension and Debarment

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 Child Support Enforcement
2005 – G0504MO4004 and 2006 – G0604MO4004
93.575 Child Care and Development Block Grant
2005 – G0501MOCCDF and 2006 – G0601MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2005 – G0501MOCCDF and 2006 – G0601MOCCDF
93.667 Social Services Block Grant
2005 – G0501MOSOSR and 2006 – G0601MOSOSR
State Agency: Department of Social Services (DSS)

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

Recommendation:

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

Status of Finding:

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

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

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

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

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

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

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

Recommendation:

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

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

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

Status of Finding:

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

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

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

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

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

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

Recommendation:

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

Status of Finding:

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

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

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

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

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

2006-12B. Schedule of Expenditures of Federal Awards

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

Federal Program: 10.561 State Administrative Matching Grants for Food Stamp Program
2005 and 2006 – IE251843, IS251443, and IS252043
84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States
2005 and 2006 – H126A040037
93.556 Promoting Safe and Stable Families
2005 – G0501MO00FP and 2006 – G0601MO00FP
93.558 Temporary Assistance for Needy Families
2005 – G0501MOTANF and 2006 – G0601MOTANF
93.566 Refugee and Entrant Assistance – State Administered Programs
2003 – G03AAMO7110, 2004 – G03AAMO7110, 2005 – G05AAMO7100, and 2006 – G06AAMO7100
93.568 Low-Income Energy Assistance
2005 – G05B1MOLIEA and 2006 – G0561MOLIEA
93.575 Child Care and Development Block Grant
2005 – G0501MOCCDF and 2006 – G0601MOCCDF

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2005 – G0501MOCCDF and 2006 – G0601MOCCDF
93.658 Foster Care – Title IV-E
2005 – G0501MO1401 and 2006 – G0601MO1401
93.659 Adoption Assistance

2005 – G0501MO1407 and 2006 – G0601MO1407
93.667 Social Services Block Grant
2005 – G0501MOSOSR and 2006 – G0601MOSOSR
93.778 Medical Assistance Program
2005 – 05-0505MO5028 and 2006 – 05-0605MO5028

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

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

Recommendation:

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

Status of Finding:

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

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

2006-13. 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 (DSS) – Family Support Division (FSD)
Questioned Costs: \$13,451

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

Recommendation:

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

Status of Finding:

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

Status of Questioned Costs:

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

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

2006-14. Child Support Allowable Costs

Federal Agency: Department of Health and Human Services
Federal Program: 93.563 Child Support Enforcement
2005 – G0504MO4004 and 2006 – G0604MO4004
State Agency: Department of Social Services – Family Support Division (FSD)
Questioned Costs: \$12,811

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

Recommendation:

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

Status of Finding:

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

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

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

Recommendation:

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

Status of Finding:

Implemented

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

2007-3A. Bioterrorism Program

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

93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2006 – G0601MOCCDF and 2007 – G0701MOCCDF

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

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

Recommendation:

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

Status of Finding:

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

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

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

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

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

Recommendation:

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

Status of Finding:

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

Status of Finding:

Recommendation has been implemented – December 2007.

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

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

2007-6A.2. Subrecipient Monitoring

Federal Agency: Department of Energy
Federal Program: 81.042 Weatherization Assistance Program for Low-Income
 Persons (WAP)
 2006 – DE-FG-45-04R530683
 2007 – DE-FG-26-04R530683
State Agency: Department of Natural Resources (DNR)

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

Recommendation:

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

Status of Finding:

Recommendation has been implemented – December 2007.

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

Recommendation:

The DNR improve the review of expenditure documentation by:

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

Status of Finding:

Recommendations have been implemented beginning November 2007

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

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

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

Contact Person: Marcy Oerly

Phone Number: (573) 751-8386

Contact Person: Tom Mohr/Tracy Farris
Phone Number: (573) 526-9106

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 – State Emergency Management Agency (SEMA)

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

Recommendation:

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

Status of Finding:

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

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

Recommendation:

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

Status of Finding:

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

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

2007-12. Subrecipients

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

Federal Program: 10.561 State Administrative Matching Grants for Food Stamp Program
 2005, 2006, and 2007 – IS251443
 2006 and 2007 – IE251843 and IS252043
 93.556 Promoting Safe and Stable Families
 2006 – G0601MO00FP and 2007 – G0701MO00FP
 93.558 Temporary Assistance for Needy Families
 2006 – G0601MOTANF and 2007 – G0701MOTANF
 93.566 Refugee and Entrant Assistance – State Administered Programs
 2006 – G06AAMO7100, 2007 – G07AAMO7100, 2006 –
 G06AAMO7110, and 2007 – G07AAMO7110
 93.568 Low-Income Home Energy Assistance
 2006 – G06B1MOLIEA and 2007 – G07B1MOLIEA
 93.575 Child Care and Development Block Grant
 2006 – G0601MOCCDF and 2007 – G0701MOCCDF
 93.596 Child Care Mandatory and Matching Funds of the Child Care and
 Development Fund
 2006 – G0601MOCCDF and 2007 – G0701MOCCDF
 93.658 Foster Care – Title IV-E
 2006 – G0601MO1401 and 2007 – G0701MO1401
 93.659 Adoption Assistance
 2006 – G0601MO1407 and 2007 – G0701MO1407

93.667 Social Services Block Grant
2006 – G0601MOSOSR and 2007 – G0701MOSOSR
93.674 Chafee Foster Care Independent Living
2006 – G0601MO1420 and 2007 – G0701MO1420
93.778 Medical Assistance Program
2006 – 06-05MO5028 and 2007 – 07-05MO5028
2006 – 06-05MO5048 and 2007 – 07-05MO5048

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

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

Recommendation:

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

Status of Finding:

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

Contact Person: Roger Backes

Phone Number: (573) 751-2170

2007-13. Procurement and Suspension and Debarment

Federal Agency: Department of Health and Human Services

Federal Program: 93.563 Child Support Enforcement
2006 – G0604MO4004 and 2007 – G0704MO4004
93.575 Child Care and Development Block Grant
2006 – G0601MOCCDF and 2007 – G0701MOCCDF

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

2006 – G0601MOCCDF and 2007 – G0701MOCCDF

93.667 Social Services Block Grant

2006 – G0601MOSOSR and 2007 – G0701MOSOSR

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

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

Recommendation:

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

Status of Finding:

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

Contact Person: Theresa McDonald

Phone Number: (573) 751-7533

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

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant

2006 – G0601MOCCDF and 2007 – G0701MOCCDF

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

2006 – G0601MOCCDF and 2007 – G0701MOCCDF

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

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

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

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

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

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

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

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

Recommendation:

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

Status of Finding:

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

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

Status of Finding:

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

Contact Person: Becky Houf

Phone Number: (573) 522-1267

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

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant
2006 – G0601MOCCDF and 2007 – G0701MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2006 – G0601MOCCDF and 2007 – G0701MOCCDF

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

The DSS did not adequately document contract extensions.

Recommendation:

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

Status of Finding:

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

Contact Person: Becky Houf

Phone Number: (573) 522-1267

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

Federal Agency: Department of Health and Human Services

Federal Program: 93.575 Child Care and Development Block Grant
2006 – G0601MOCCDF and 2007 – G0701MOCCDF
93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund
2006 – G0601MOCCDF and 2007 – G0701MOCCDF

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

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

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

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

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

Status of Questioned Costs:

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

Contact Person: Sharon Denney

Phone Number: (573) 751-3216

2007-17. Annual Review Documentation

Federal Agency: Department of Education
Federal Program: 84.126 Rehabilitation Services - Vocational Rehabilitation Grants to
 States
 2006 – H126A060037c and 2007 – H126A0700372

State Agency: Department of Social Services – Family Support Division (FSD) –
 Rehabilitation Services for the Blind (RSB)

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

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

Recommendation:

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

Status of Finding:

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

Contact Person: Scott Turner

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