



Tab 18

## Overview of Recent Audit Reports

Coordinating Board for Higher Education  
June 16, 2021

### BACKGROUND

DHEWD undergoes routine annual audits by the following entities:

1. State Auditor's Office (SAO) – The SAO determines which funds have the most significant amount of activity and tests transactions from those funds during its annual Statewide Financial Statements Audit (SEFA). Within DHEWD, the loan program, the state financial aid funds, and federal funds administered by the Office of Workforce Development typically have activity at a level that the SAO considers significant. The SAO conducts the SEFA of these funds and includes the findings in its comprehensive annual financial report (CAFR).
2. United States Department of Education (USDE) – The USDE performs on-site reviews of the Missouri Student Loan Program (MSLP) information security controls, as well as requires the department to submit self-assessments of information security controls each year.
3. CliftonLarsonAllen, LLP – Through a contract awarded by the Office of Administration, CliftonLarsonAllen, LLP audits the MSLP's annual comparative financial statements. An independent audit is required by the USDE of all guaranty agencies; the department must submit a copy of its audited financial statements to the USDE each year.

### CURRENT STATUS

#### State Auditor

All current audits are complete. The SAO recently completed its audit of the loan program financial statements and had no findings. A copy of the statewide single audit for fiscal year 2020 is attached.

#### USDE Program Audit of DHEWD – 2019

USDE conducted its Program of Review of DHEWD from September 17, 2019, through September 19, 2019, for the period of October 1, 2017, through September 30, 2018. The draft report identified one finding. DHEWD provided a copy of the report during the June board meeting. The finding identifies an issue with the DHEWD contract with Ascendium. USDE believes that DHEWD's contract with Ascendium asks Ascendium to do both default aversion and post default collections, in violation of 34 CFR 682.404(j)(4). DHEWD submitted its response to the finding on June 1, 2020, and provided a copy of its response to the CBHE at the September board meeting. On May 14, 2021, DHEWD received the attached final report from USDE refusing to accept DHEWD's position that it was not in violation, but closing the finding because the contract with Ascendium has ended. There is no further action required at this time.

#### USDE Information Security Self-Assessment – 2021

DHEWD is currently undergoing an Information Security Self-Assessment, like it did in 2020. DHEWD staff have submitted all evidence required as part of the Self-Assessment and are waiting for a draft report.

#### Office of the Inspector General (OIG) – United States Department of Education

The OIG is conducting its first audit of the State of Missouri's administration of the Governor's Emergency Education Relief (GEER) Fund grant. The audit is reviewing the awarding process and planned monitoring process. Since the December CBHE meeting, the OIG has conducted interviews of Commissioner Mulligan

and several staff members. Staff have provided significant documentation to support the DHEWD's administration of the grant to the OIG.

## **NEXT STEPS**

### State Auditor

DHEWD expects the SAO to initiate a new round of audits over the summer. DHEWD staff will continue to update the CBHE at each regular meeting.

### USDE Information Security Self-Assessment – 2021

DHEWD staff will update the CBHE on the outcome of this self-assessment at upcoming meetings.

### Office of the Inspector General (OIG) – United States Department of Education

DHEWD staff will continue to work with DESE staff to comply with the OIG audit.

## **RECOMMENDATION**

This is an information item only.

## **ATTACHMENTS**

- A. Fiscal Year 2020 Statewide Single Audit
- B. 2019 Program Review Final Determination

The seal of the State Auditor of Missouri is circular and features a central figure holding a scale and a sword. The text around the seal reads "SEAL OF THE STATE AUDITOR" at the top, "WE STAND DIVIDED" in the middle, and "1820 MISSOURI 1892" at the bottom.

# Nicole Galloway, CPA

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Missouri State Auditor

State of Missouri  
Single Audit  
Year Ended June 30, 2020

Report No. 2021-024

May 2021

[auditor.mo.gov](http://auditor.mo.gov)



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the Fiscal Year 2020 State of Missouri Single Audit

Background	A single audit requires an audit of the state's financial statements and expenditures of federal awards. The state spent approximately \$17.1 billion in federal awards during the fiscal year ended June 30, 2020. Our Single Audit involved audit work on 15 major federal programs administered by 9 state agencies, with expenditures totaling approximately \$12.6 billion.
Medicaid Nursing Facility Cost Report Audits	As noted in our previous audit, the Department of Social Services (DSS) MO HealthNet Division (MHD) did not ensure periodic audits of cost reports or other financial information of nursing facilities participating in the Medical Assistance Program (Medicaid) were conducted as required.
Medicaid National Correct Coding Initiative	The DSS-MHD has not fully implemented the Medicaid National Correct Coding Initiative edits in the Medicaid Management Information System (MMIS) as required. In addition, the MHD did not ensure confidentiality agreements containing required elements to protect the confidentiality of the edit files were in place with the MMIS contractor.
Medicaid and CHIP MAGI-Based Participant Eligibility	As noted in our previous audit, the DSS did not have sufficient controls to ensure compliance with the eligibility redetermination requirements of the Medicaid and the Children's Health Insurance Program (CHIP) for participants whose eligibility is based on their Modified Adjusted Gross Income (MAGI), prior to suspension of the requirements in March 2020.
Adoption Assistance Eligibility and Payments	As similarly noted in our 6 previous audits of the Adoption Assistance program, the DSS made payments on behalf of ineligible children and did not have sufficient controls to prevent and/or detect certain unallowable payments. From the Adoption Assistance program, the DSS - Children's Division made payments on behalf of 5 ineligible children with backdated subsidy agreements, and made an unallowable payment for an additional child.
Medicaid Developmental Disabilities Comprehensive Waiver Per Diem Rates	As noted in our prior 5 audit reports, the Department of Mental Health - Division of Developmental Disabilities continued to pay historical per diem rates to providers for residential habilitation services provided to participants of the Home and Community Based Services, Developmental Disabilities Comprehensive Waiver (Comprehensive Waiver) program, but did not retain adequate documentation to support these rates. As a result, the DD could not demonstrate some amounts paid were allowable costs of the Comprehensive Waiver program.
CSFP Food Inventory	The Department of Health and Senior Services - Bureau of Community Food & Nutrition Assistance (BCFNA) did not establish adequate controls to ensure compliance with federal requirements regarding accountability of USDA-donated foods distributed through the Commodity Supplemental Food Program (CSFP). The BCFNA did not perform annual inventories of food bank storage facilities.
DPS-OTAG Cooperative Agreement Final Accounting	The Department of Public Safety - Office of the Adjutant General (DPS-OTAG) does not have adequate controls and procedures to ensure a final accounting and/or a written request(s) for extension is filed for each National Guard Military O&M Projects program cooperative agreement appendix as required.

Because of the nature of this audit, no rating is provided.

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# State of Missouri

## Single Audit

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# State of Missouri

## Single Audit

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Corrective Action Plans

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#### Common Abbreviations

CAP	Corrective Action Plan
CFDA	Catalog of Federal Domestic Assistance
CFR	Code of Federal Regulations
COVID-19	Coronavirus Disease 2019
CSR	Code of State Regulations
OMB	Office of Management and Budget
RSMo	Missouri Revised Statutes
SAM II	Statewide Advantage for Missouri
SEFA	Schedule of Expenditures of Federal Awards
USC	United States Code

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# State of Missouri - Single Audit

## Introduction and Summary

### Year Ended June 30, 2020

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#### **Introduction**

The United States Congress passed the Single Audit Act Amendments of 1996 to establish uniform requirements for audits of federal awards. The Office of Management and Budget (OMB) issued Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) to set forth uniform cost principles and audit requirements for federal awards to nonfederal entities and administrative requirements for all federal grants and cooperative agreements.

A single audit under the Uniform Guidance 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 stated fairly in all material respects in relation to the financial statements as a whole.
- The state has adequate internal controls to ensure compliance with federal award requirements.
- The state has complied with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each of its major federal programs.
- The summary schedule of prior audit findings prepared by the state materially represents the status of the prior audit findings.

The Single Audit report includes the federal awards expended by all state agencies and offices that are part of the primary government. The report does not include the public universities and other component units, which are legally separate from the state and audited by other auditors. The state expended approximately \$17.1 billion in federal awards during the state fiscal year ended June 30, 2020.



State of Missouri - Single Audit  
Introduction and Summary  
Year Ended June 30, 2020

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## Summary of Single Audit Results

### Financial Statements

The following is the summary of our Single Audit results for the state fiscal year ended June 30, 2020.

We issued our audit report (Report No. 2021-006<sup>1</sup>) of the state's Comprehensive Annual Financial Report (Annual Report), as of and for the year ended June 30, 2020, in February 2021. In addition, we issued our Comprehensive Annual Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2021-017<sup>2</sup>) in March 2021. In that report, we reported two findings related to internal control deficiencies. The agencies prepared a Corrective Action Plan (CAP) for each finding. The CAPs were submitted to the Office of Administration (OA) and are in the Corrective Action Plans section of this report. The state agencies prepared and submitted to the OA the status of the prior financial statement audit findings. They are presented in the Summary Schedule of Prior Audit Findings section of this report.

### Federal Awards

We issued our report on the accompanying Schedule of Expenditures of Federal Awards (SEFA). The state's SEFA, which does not include federal award expenditures of the public universities and other component units, reported the state expended approximately \$17.1 billion in federal funds in state fiscal year 2020. Our report expressed the opinion that the SEFA is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We audited 15 major federal programs with expenditures totaling approximately \$12.6 billion, administered by 9 state agencies.

We issued a qualified opinion on 2 major federal programs and an unmodified opinion on 13 major federal programs. A qualified opinion is issued when the audit of a major federal program detects material noncompliance with direct and material compliance requirements. A qualified opinion was issued on the following major programs administered by the Department of Social Services:

Children's Health Insurance Program  
Medicaid Cluster

In total, we reported 7 audit findings related to 5 major federal programs at 4 state agencies. We identified over \$190,000 in known questioned costs related

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<sup>1</sup>The Comprehensive Annual Financial Report is available online at:  
<<https://oa.mo.gov/accounting/reports/annual-reports/comprehensive-annual-financial-reports>>.

<sup>2</sup>See report at <[https://app.auditor.mo.gov/Repository/Press/2021017\\_8051878923.pdf](https://app.auditor.mo.gov/Repository/Press/2021017_8051878923.pdf)>.





State of Missouri - Single Audit  
Introduction and Summary  
Year Ended June 30, 2020

to federal awards. Of the 7 audit findings, 4 were repeated from prior Single Audits. These findings have been reported for 2 to 7 years.

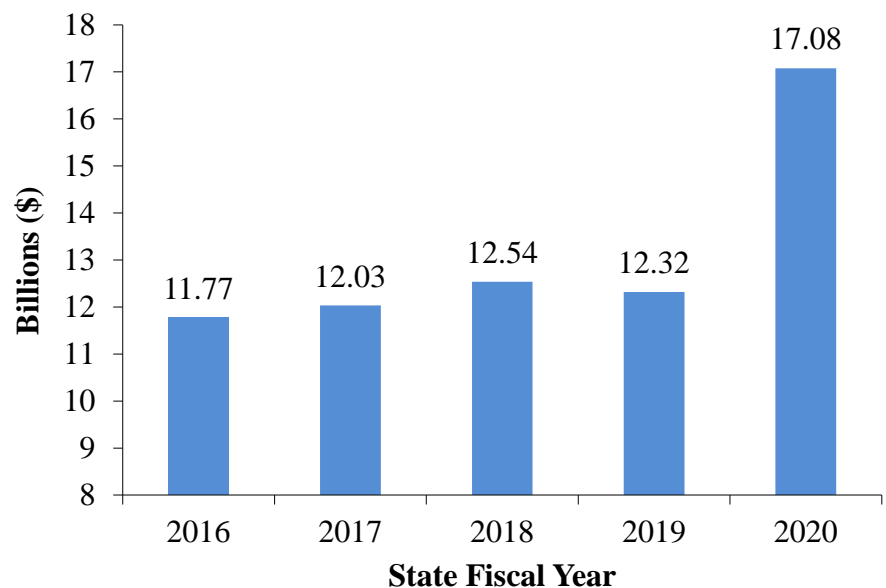
Of the 7 federal award audit findings, 6 related to internal control deficiencies. We consider 2 findings of internal control deficiencies to be material weaknesses and 3 to be significant deficiencies.

The state agencies' responses to the audit findings are included in this report. The state agencies prepared a CAP for each audit finding and submitted them to the OA. They are presented in the Corrective Action Plans section of this report.

In addition, the state agencies prepared and submitted to the OA the status of the prior audit findings. They are presented in the Summary Schedule of Prior Audit Findings section of this report.

Expenditures of federal awards increased significantly in state fiscal year 2020. The increase was primarily due to the additional federal funding made available to Missouri state agencies to help pay for the state's emergency response to the Coronavirus Disease 2019 (COVID-19).

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

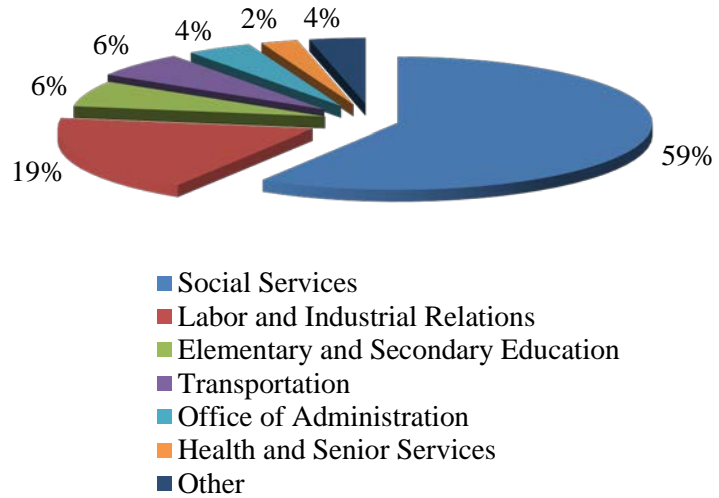




State of Missouri - Single Audit  
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Year Ended June 30, 2020

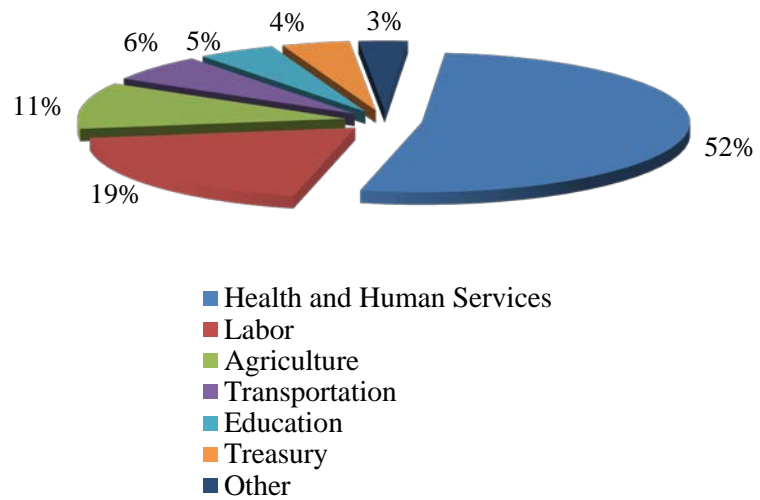
Of the 20 state agencies and offices that expended federal awards, 6 agencies and offices spent the majority of the awards (96 percent) during state fiscal year 2020.

**Expenditures of Federal Awards by State Agency**



The state expended federal awards received from 24 federal agencies. Most of the federal award expenditures (97 percent) were from programs of 6 federal agencies.

**Expenditures of Federal Awards by Federal Agency**



Overall, the state expended federal awards in 308 programs. These programs are listed in the accompanying Schedule of Expenditures of Federal Awards.

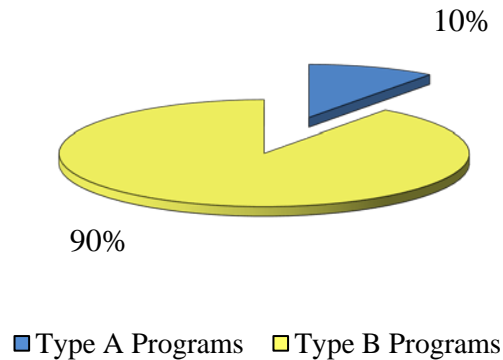


State of Missouri - Single Audit  
Introduction and Summary  
Year Ended June 30, 2020

The Uniform Guidance requires federal programs to be labeled Type A programs or Type B programs based on a dollar threshold. For the state of Missouri, the Uniform Guidance defines the dollar threshold as \$30 million since the federal award expenditures exceeded \$10 billion, but were less than or equal to \$20 billion.

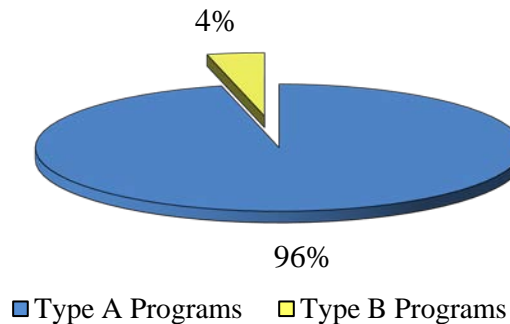
Programs with federal award expenditures over \$30 million are Type A programs and programs with federal award expenditures under \$30 million are Type B programs. Of the 308 federal award programs, 31 were Type A programs and 277 were Type B programs.

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



The 31 Type A programs had expenditures totaling approximately \$16.4 billion, or 96 percent of total expenditures. The 277 Type B programs had expenditures totaling approximately \$649 million, or 4 percent of total expenditures.

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





State of Missouri - Single Audit  
Introduction and Summary  
Year Ended June 30, 2020

The Uniform Guidance requires the auditor to perform risk assessments on Type A programs and to audit as major each Type A program assessed as high risk based on specified risk factors. We performed a risk assessment on each Type A program and determined 17 of the 31 Type A programs were low risk and did not need to be audited as major. In accordance with the Uniform Guidance, we audited as major the 14 Type A programs assessed as high risk.

The Uniform Guidance also requires the auditor to perform risk assessments on larger Type B programs to determine which are high risk and need to be audited as major. The dollar threshold to determine the larger Type B programs is 25 percent of the Type A threshold, or \$7.5 million. We performed risk assessments on the 24 larger Type B programs and determined 1 program was high risk. In accordance with the Uniform Guidance, we audited the program as major.

The programs audited as major are listed in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. We audited 74 percent of total state fiscal year 2020 federal expenditures.

**Major and Non-major Federal Programs**

Type of Programs	Number of Programs	Expenditures	Percentage of Expenditures
<u>Programs Audited</u>			
Type A major programs	14	\$ 12,601,676,005	
Type B major programs	1	26,258,927	
Total major programs	15	12,627,934,932	74%
<u>Programs not Audited</u>			
Type A non-major programs	17	3,832,277,080	
Type B non-major programs	276	622,973,353	
Total non-major programs	293	4,455,250,433	26%
Total programs	308	\$ 17,083,185,365	100%

State of Missouri  
 Summary of Type A Programs and Total Expenditures of Federal Awards  
 Year Ended June 30, 2020

CFDA Number	Program or Cluster Name	Federal Grantor Agency	Federal Awards Expended
	SNAP Cluster:		
10.551	COVID-19 - Supplemental Nutrition Assistance Program	Agriculture	\$ 241,832,547
10.551	Supplemental Nutrition Assistance Program	Agriculture	<u>1,010,364,205</u>
	Total Supplemental Nutrition Assistance Program		1,252,196,752
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Agriculture	<u>52,210,303</u>
	Total SNAP Cluster		<u>1,304,407,055</u>
	Child Nutrition Cluster:		
10.553	School Breakfast Program	Agriculture	56,832,760
10.555	COVID-19 - National School Lunch Program	Agriculture	41,894,272
10.555	National School Lunch Program	Agriculture	<u>177,874,744</u>
	Total National School Lunch Program		219,769,016
10.556	Special Milk Program for Children	Agriculture	312,345
10.559	COVID-19 - Summer Food Service Program for Children	Agriculture	24,007,133
10.559	Summer Food Service Program for Children	Agriculture	<u>29,744,021</u>
	Total Summer Food Service Program for Children		53,751,154
	Total Child Nutrition Cluster		<u>330,665,275</u>
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Agriculture	68,346,422
10.558	COVID-19 - Child and Adult Care Food Program	Agriculture	6,054,932
10.558	Child and Adult Care Food Program	Agriculture	<u>56,619,666</u>
	Total Child and Adult Care Food Program		62,674,598
	Food Distribution Cluster:		
10.565	Commodity Supplemental Food Program	Agriculture	10,268,294
10.568	Emergency Food Assistance Program (Administrative Costs)	Agriculture	2,231,774
10.569	Emergency Food Assistance Program (Food Commodities)	Agriculture	<u>35,509,388</u>
	Total Food Distribution Cluster		<u>48,009,456</u>
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Defense	52,368,606
	Fish and Wildlife Cluster:		
15.605	Sport Fish Restoration	Interior	6,738,169
15.611	Wildlife Restoration and Basic Hunter Education	Interior	<u>28,788,716</u>
	Total Fish and Wildlife Cluster		<u>35,526,885</u>
16.575	Crime Victim Assistance	Justice	41,748,274
17.225	COVID-19 - Unemployment Insurance	Labor	2,301,894,814
17.225	Unemployment Insurance	Labor	<u>878,200,186</u>
	Total Unemployment Insurance		3,180,095,000
	WIOA Cluster:		
17.258	WIOA Adult Program	Labor	12,049,304
17.259	WIOA Youth Activities	Labor	11,799,627
17.278	WIOA Dislocated Worker Formula Grants	Labor	<u>13,461,310</u>
	Total WIOA Cluster		<u>37,310,241</u>
	Highway Planning and Construction Cluster:		
20.205	Highway Planning and Construction	Transportation	970,545,374
20.219	Recreational Trails Program	Transportation	2,560,506
20.224	Federal Lands Access Program	Transportation	<u>665,056</u>
	Total Highway Planning and Construction Cluster		<u>973,770,936</u>
21.019	COVID-19 - Coronavirus Relief Fund	Treasury	702,248,514
64.015	Veterans State Nursing Home Care	Veterans Affairs	74,011,743
	Clean Water State Revolving Fund Cluster:		
66.458	Capitalization Grants for Clean Water State Revolving Funds	Environmental Protection Agency	<u>55,827,088</u>
	Total Clean Water State Revolving Fund Cluster		<u>55,827,088</u>
84.010	Title I Grants to Local Educational Agencies	Education	235,621,967

State of Missouri  
 Summary of Type A Programs and Total Expenditures of Federal Awards  
 Year Ended June 30, 2020

CFDA Number	Program or Cluster Name	Federal Grantor Agency	Federal Awards Expended
84.027	Special Education Cluster (IDEA): Special Education Grants to States	Education	233,345,563
84.173	Special Education Preschool Grants	Education	<u>5,497,057</u>
	Total Special Education Cluster (IDEA)		<u>238,842,620</u>
84.032	Federal Family Education Loans	Education	60,565,527
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	Education	71,017,138
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Education	34,478,386
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund Total Education Stabilization Fund	Education	<u>67,469,751</u> <u>67,469,751</u>
93.268	Immunization Cooperative Agreements	Health and Human Services	69,975,545
93.558	Temporary Assistance for Needy Families	Health and Human Services	199,223,522
93.568	Low-Income Home Energy Assistance	Health and Human Services	77,546,097
	CCDF Cluster:		
93.575	COVID-19 - Child Care and Development Block Grant	Health and Human Services	6,160,993
93.575	Child Care and Development Block Grant	Health and Human Services	<u>82,764,386</u>
	Total Child Care and Development Block Grant		88,925,379
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund Total CCDF Cluster	Health and Human Services	<u>64,871,798</u> <u>153,797,177</u>
93.658	Foster Care Title IV-E	Health and Human Services	58,186,886
93.659	Adoption Assistance	Health and Human Services	44,261,541
93.667	Social Services Block Grant	Health and Human Services	51,467,812
93.767	Children's Health Insurance Program	Health and Human Services	302,891,434
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	Health and Human Services	1,920,069
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health and Human Services	18,736,947
93.778	COVID-19 - Medical Assistance Program	Health and Human Services	319,473,016
93.778	Medical Assistance Program Total Medical Assistance Program	Health and Human Services	<u>7,379,507,220</u> <u>7,698,980,236</u>
	Total Medicaid Cluster		<u>7,719,637,252</u>
	Disability Insurance/SSI Cluster:		
96.001	Social Security Disability Insurance Total Disability Insurance/SSI Cluster	Social Security Administration	<u>46,303,048</u> <u>46,303,048</u>
97.036	COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Homeland Security	604,219
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters) Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Homeland Security	<u>35,053,070</u> <u>35,657,289</u>
	Total Type A Programs (expenditures greater than \$30,000,000)		<u>16,433,953,085</u>
	Total Type B Programs (expenditures less than \$30,000,000)		<u>649,232,280</u>
	Total Expenditures of Federal Awards	\$	<u>17,083,185,365</u>



# NICOLE GALLOWAY, CPA

## Missouri State Auditor

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Honorable Michael L. Parson, Governor  
and  
Members of the General Assembly

#### **Report on Compliance for Each Major Federal Program**

We have audited the state of Missouri's compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the state's major federal programs for the year ended June 30, 2020. The state of Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The state of Missouri's basic financial statements include the operations of the public universities and other component units, which expended federal awards, and which are not included in the state's Schedule of Expenditures of Federal Awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of these component units because the component units engaged other auditors to perform an audit of compliance, if required.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the state of Missouri's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the state's compliance.

***Basis for Qualified Opinion on Certain Major Federal Programs***

As described in the accompanying Schedule of Findings and Questioned Costs, the state of Missouri did not comply with requirements regarding the following:

<b>Finding Number</b>	<b>CFDA Number(s)</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement(s)</b>
2020-001	93.775 93.777 93.778	Medicaid Cluster	Special Tests and Provisions
2020-002	93.767 93.775 93.777 93.778	Children's Health Insurance Program and Medicaid Cluster	Special Tests and Provisions

Compliance with such requirements is necessary, in our opinion, for the state of Missouri to comply with the requirements applicable to those programs.

***Qualified Opinion on Certain Major Federal Programs***

In our opinion, except for the noncompliance described in the "Basis for Qualified Opinion" paragraph, the state of Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Children's Health Insurance Program and the Medicaid Cluster for the year ended June 30, 2020.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the state of Missouri complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2020.

***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2020-003, 2020-004, 2020-005, 2020-006, and 2020-007. Our opinion on each major federal program is not modified with respect to these matters.

The state of Missouri's responses to and corrective action plans for the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plans. The state's responses and corrective action plans were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.



## Report on Internal Control Over Compliance

Management of the state of Missouri is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the state's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2020-001 and 2020-002 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as finding numbers 2020-003, 2020-006, and 2020-007 to be significant deficiencies.

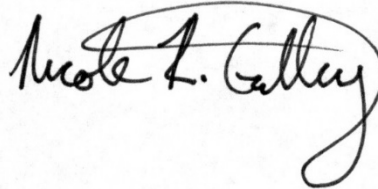
The state of Missouri's responses to and corrective action plans for the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plans. The state's responses and corrective action plans were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, pursuant to Section 29.200, RSMo, this report is a matter of public record and its distribution is not limited.

## Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2020, and the related notes to financial statements, which collectively comprise the state's basic financial statements. We issued our report thereon dated February 25, 2021, which contained qualified opinions on the governmental activities and the General Fund, a major fund, and unmodified opinions on all remaining opinion units.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the state of Missouri's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA  
State Auditor

April 22, 2021, except for our report  
on the Schedule of Expenditures of  
Federal Awards, for which the date is  
February 25, 2021

State of Missouri  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020

CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
Department of Agriculture			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 786,173	\$ -
10.069	Conservation Reserve Program	433,241	-
10.093	Voluntary Public Access and Habitat Incentive Program	250,957	-
10.153	Market News	16,191	-
10.163	Market Protection and Promotion	66,650	-
10.170	Specialty Crop Block Grant Program - Farm Bill	382,237	353,732
10.171	Organic Certification Cost Share Programs	93,382	82,910
10.304	Homeland Security Agricultural	30,613	-
10.351	Rural Business Development Grant	164,649	-
10.435	State Mediation Grants	23,739	-
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	1,048,783	-
10.479	Food Safety Cooperative Agreements	168,601	-
SNAP Cluster:			
10.551	COVID-19 - Supplemental Nutrition Assistance Program	241,832,547	-
10.551	Supplemental Nutrition Assistance Program	1,010,364,205	-
	Total Supplemental Nutrition Assistance Program	1,252,196,752	-
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	52,210,303	14,608,025
	Total SNAP Cluster	1,304,407,055	14,608,025
Child Nutrition Cluster:			
10.553	School Breakfast Program	56,832,760	56,832,760
10.555	COVID-19 - National School Lunch Program	41,894,272	41,894,272
10.555	National School Lunch Program	177,874,744	177,874,744
	Total National School Lunch Program	219,769,016	219,769,016
10.556	Special Milk Program for Children	312,345	312,345
10.559	COVID-19 - Summer Food Service Program for Children	24,007,133	24,007,133
10.559	Summer Food Service Program for Children	29,744,021	29,167,554
	Total Summer Food Service Program for Children	53,751,154	53,174,687
	Total Child Nutrition Cluster	330,665,275	330,088,808
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	68,346,422	21,595,970
10.558	COVID-19 - Child and Adult Care Food Program	6,054,932	6,054,932
10.558	Child and Adult Care Food Program	56,619,666	55,585,017
	Total Child and Adult Care Food Program	62,674,598	61,639,949
10.560	State Administrative Expenses for Child Nutrition	4,886,959	1,772,354
Food Distribution Cluster:			
10.565	Commodity Supplemental Food Program	10,268,294	1,813,171
10.568	Emergency Food Assistance Program (Administrative Costs)	2,231,774	1,865,811
10.569	Emergency Food Assistance Program (Food Commodities)	35,509,388	1,319,748
	Total Food Distribution Cluster	48,009,456	4,998,730
10.574	Team Nutrition Grants	150,992	8,903
10.575	Farm to School Grant Program	11,652	7,300
10.576	Senior Farmers Market Nutrition Program	132,405	132,405
10.578	WIC Grants To States (WGS)	5,941,034	951,967
10.579	Child Nutrition Discretionary Grants Limited Availability	574,040	574,040
10.580	Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	35,750	-
10.582	Fresh Fruit and Vegetable Program	2,993,833	2,993,833
10.664	Cooperative Forestry Assistance	1,159,216	461,025
Forest Service Schools and Roads Cluster:			
10.665	Schools and Roads - Grants to States	2,860,720	2,860,720
	Total Forest Service Schools and Roads Cluster	2,860,720	2,860,720
10.680	Forest Health Protection	8,448	-
10.698	State & Private Forestry Cooperative Fire Assistance	269,683	269,683
10.902	Soil and Water Conservation	787,699	180,595
	Total Department of Agriculture	1,837,380,453	443,580,949
Department of Commerce			
11.549	State and Local Implementation Grant Program	31,069	-
	Total Department of Commerce	31,069	-

State of Missouri  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020

CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
<b>Department of Defense</b>			
12.U01	Excess Property Program	832,576	-
12.U02	Troops to Teachers	3,723	-
12.112	Payments to States in Lieu of Real Estate Taxes	1,582,511	1,582,511
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	819,343	-
12.401	National Guard Military Operations and Maintenance (O&M) Projects	52,368,606	-
12.620	Troops to Teachers Grant Program	193,764	-
	<b>Total Department of Defense</b>	<b>55,800,523</b>	<b>1,582,511</b>
<b>Department of Housing and Urban Development</b>			
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	17,616,754	15,878,362
14.231	Emergency Solutions Grant Program	3,053,639	3,047,938
14.241	Housing Opportunities for Persons with AIDS	854,223	854,223
14.267	Continuum of Care Program	12,531,887	-
14.401	Fair Housing Assistance Program State and Local	1,603	-
14.416	Education and Outreach Initiatives	570	-
	<b>Total Department of Housing and Urban Development</b>	<b>34,058,676</b>	<b>19,780,523</b>
<b>Department of the Interior</b>			
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	171,143	-
15.252	Abandoned Mine Land Reclamation (AMLR)	1,997,978	-
15.438	National Forest Acquired Lands	1,861,517	1,861,517
	<b>Fish and Wildlife Cluster:</b>		
15.605	Sport Fish Restoration	6,738,169	534,450
15.611	Wildlife Restoration and Basic Hunter Education	28,788,716	498,996
	<b>Total Fish and Wildlife Cluster</b>	<b>35,526,885</b>	<b>1,033,446</b>
15.608	Fish and Wildlife Management Assistance	81,415	-
15.615	Cooperative Endangered Species Conservation Fund	207,938	66,602
15.616	Clean Vessel Act	53,192	53,192
15.634	State Wildlife Grants	1,028,371	-
15.647	Migratory Bird Conservation	27,620	-
15.657	Endangered Species Recovery Implementation	412	-
15.658	Natural Resource Damage Assessment and Restoration	3,166	-
15.808	U.S. Geological Survey Research and Data Collection	10,014	-
15.810	National Cooperative Geologic Mapping	159,026	-
15.814	National Geological and Geophysical Data Preservation	60,297	-
15.904	Historic Preservation Fund Grants-In-Aid	887,550	131,686
15.916	Outdoor Recreation Acquisition, Development and Planning	2,475,650	934,287
15.978	Upper Mississippi River Restoration Long Term Resource Monitoring	458,186	-
15.980	National Ground-Water Monitoring Network	6,730	-
15.981	Water Use and Data Research	85,173	-
	<b>Total Department of the Interior</b>	<b>45,102,263</b>	<b>4,080,730</b>
<b>Department of Justice</b>			
16.U01	Violent Offender Task Force	2,479	-
16.U02	FBI Joint Terrorism Task Force	15,292	-
16.017	Sexual Assault Services Formula Program	277,593	252,630
16.034	COVID-19 - Coronavirus Emergency Supplemental Funding Program	7	-
16.540	Juvenile Justice and Delinquency Prevention	836,171	580,354
16.550	State Justice Statistics Program for Statistical Analysis Centers	66,000	-
16.554	National Criminal History Improvement Program (NCHIP)	60,312	60,312
16.575	Crime Victim Assistance	41,748,274	40,275,898
16.576	Crime Victim Compensation	1,852,239	1,852,239
16.582	Crime Victim Assistance/Discretionary Grants	13,608	-
16.585	Drug Court Discretionary Grant Program	238,668	-
16.588	Violence Against Women Formula Grants	1,890,439	1,723,118
16.593	Residential Substance Abuse Treatment for State Prisoners	381,987	367,600
16.606	State Criminal Alien Assistance Program	677	-

State of Missouri  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020

CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
16.609	Project Safe Neighborhoods	104,988	90,556
16.710	Public Safety Partnership and Community Policing Grants	708,427	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program	4,300,417	3,783,168
16.741	DNA Backlog Reduction Program	310,326	-
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	234,026	134,126
16.750	Support for Adam Walsh Act Implementation Grant Program	993	-
16.813	NICS Act Record Improvement Program	500,689	390,292
16.827	Justice Reinvestment Initiative	101,830	-
16.833	National Sexual Assault Kit Initiative	243,078	-
16.839	STOP School Violence	164,922	49,600
	Total Department of Justice	<u>54,053,442</u>	<u>49,559,893</u>
Department of Labor			
17.002	Labor Force Statistics	991,573	-
17.005	Compensation and Working Conditions	298,568	-
	Employment Service Cluster:		
17.207	Employment Service/Wagner-Peyser Funded Activities	10,895,258	-
17.801	Jobs for Veterans State Grants	1,934,190	-
17.804	Local Veterans' Employment Representative Program	1,148,563	-
	Total Employment Service Cluster	<u>13,978,011</u>	<u>-</u>
17.225	COVID-19 - Unemployment Insurance	2,301,894,814	-
17.225	Unemployment Insurance	878,200,186	-
	Total Unemployment Insurance	<u>3,180,095,000</u>	<u>-</u>
17.235	Senior Community Service Employment Program	1,951,837	1,916,032
17.245	Trade Adjustment Assistance	4,168,179	-
	WIOA Cluster:		
17.258	WIOA Adult Program	12,049,304	11,182,090
17.259	WIOA Youth Activities	11,799,627	10,862,605
17.278	WIOA Dislocated Worker Formula Grants	13,461,310	11,797,063
	Total WIOA Cluster	<u>37,310,241</u>	<u>33,841,758</u>
17.261	WIOA Pilots, Demonstrations, and Research Projects	210,230	-
17.270	Reentry Employment Opportunities	8,000	-
17.271	Work Opportunity Tax Credit Program (WOTC)	296,586	-
17.273	Temporary Labor Certification for Foreign Workers	113,348	-
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	1,328,083	632,007
17.285	Apprenticeship USA Grants	783,254	174,814
17.504	Consultation Agreements	1,380,949	-
17.600	Mine Health and Safety Grants	449,183	-
	Total Department of Labor	<u>3,243,363,042</u>	<u>36,564,611</u>
Department of Transportation			
20.106	Airport Improvement Program	23,936,412	23,936,412
	Highway Planning and Construction Cluster:		
20.205	Highway Planning and Construction	970,545,374	80,799,977
20.219	Recreational Trails Program	2,560,506	1,774,693
20.224	Federal Lands Access Program	665,056	665,028
	Total Highway Planning and Construction Cluster	<u>973,770,936</u>	<u>83,239,698</u>
	FMCSA Cluster:		
20.218	Motor Carrier Safety Assistance	5,055,249	-
	Total FMCSA Cluster	<u>5,055,249</u>	<u>-</u>
20.232	Commercial Driver's License Program Implementation Grant	102,370	-
20.240	Fuel Tax Evasion-Intergovernmental Enforcement Effort	15,297	-
20.321	Railroad Safety Technology Grants	1,301	-
	Federal Transit Cluster:		
20.500	Federal Transit Capital Investment Grants	20,681	20,681
20.526	Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	5,566,370	5,566,370
	Total Federal Transit Cluster	<u>5,587,051</u>	<u>5,587,051</u>
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	181,998	48,953

State of Missouri  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020

CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
20.509	COVID-19 - Formula Grants for Rural Areas and Tribal Transit Program	4,114,460	4,114,460
20.509	Formula Grants for Rural Areas and Tribal Transit Program	17,647,569	16,845,467
	Total Formula Grant for Rural Areas and Tribal Transit Program	21,762,029	20,959,927
	Transit Services Programs Cluster:		
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	2,973,037	2,692,114
20.521	New Freedom Program	176,935	176,935
	Total Transit Services Programs Cluster	3,149,972	2,869,049
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	324,454	217,283
	Highway Safety Cluster:		
20.600	State and Community Highway Safety	5,730,205	3,656,023
20.616	National Priority Safety Programs	5,440,899	3,522,799
	Total Highway Safety Cluster	11,171,104	7,178,822
20.607	Alcohol Open Container Requirements	5,049,456	4,237,227
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	237,520	-
20.615	E-911 Grant Program	22,238	-
20.700	Pipeline Safety Program State Base Grant	699,347	-
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	357,650	196,194
20.720	State Damage Prevention Program Grants	78,412	-
20.721	PHMSA Pipeline Safety Program One Call Grant	8,700	-
	Total Department of Transportation	1,051,511,496	148,470,616
	Department of the Treasury		
21.016	Equitable Sharing	415,000	-
21.019	COVID-19 - Coronavirus Relief Fund	702,248,514	520,925,478
	Total Department of the Treasury	702,663,514	520,925,478
	Equal Employment Opportunity Commission		
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964	478,539	-
	Total Equal Employment Opportunity Commission	478,539	-
	General Services Administration		
39.003	Donation of Federal Surplus Personal Property	1,597,117	1,244,104
	Total General Services Administration	1,597,117	1,244,104
	National Endowment for the Arts		
45.025	Promotion of the Arts Partnership Agreements	737,200	570,651
45.301	Museums for America	14,845	-
45.310	Grants to States	2,904,172	1,784,829
	Total National Endowments for the Arts	3,656,217	2,355,480
	Small Business Administration		
59.061	State Trade Expansion	375,696	196,459
	Total Small Business Administration	375,696	196,459
	Department of Veterans Affairs		
64.005	Grants to States for Construction of State Home Facilities	1,394,657	-
64.015	Veterans State Nursing Home Care	74,011,743	-
64.024	VA Homeless Providers Grant and Per Diem Program	721,006	-
64.101	Burial Expenses Allowance for Veterans	845,871	-
64.115	Veterans Information and Assistance	563,908	-
	Total Department of Veterans Affairs	77,537,185	-
	Environmental Protection Agency		
66.032	State Indoor Radon Grants	168,498	-
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	609,790	-

State of Missouri  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020

CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
66.040	Diesel Emissions Reduction Act (DERA) State Grants	322,416	292,001
66.204	Multipurpose Grants to States and Tribes	26,957	-
66.433	State Underground Water Source Protection	114,230	-
66.442	Assistance for Small and Disadvantaged Communities Drinking Water Grant Program (SDWA 1459A)	65,177	65,177
66.444	Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))	30,600	-
66.454	Water Quality Management Planning	283,144	137,086
	Clean Water State Revolving Fund Cluster:		
66.458	Capitalization Grants for Clean Water State Revolving Funds	55,827,088	47,175,110
	Total Clean Water State Revolving Fund Cluster	55,827,088	47,175,110
66.460	Nonpoint Source Implementation Grants	1,157,404	707,387
	Drinking Water State Revolving Fund Cluster:		
66.468	Capitalization Grants for Drinking Water State Revolving Funds	12,556,947	4,518,048
	Total Drinking Water State Revolving Fund Cluster	12,556,947	4,518,048
66.605	Performance Partnership Grants	12,795,606	193,755
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	328,773	-
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	1,899,527	294,856
66.804	Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	450,859	-
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	708,686	-
66.817	State and Tribal Response Program Grants	889,915	-
	Total Environmental Protection Agency	88,235,617	53,383,420
Department of Energy			
81.041	State Energy Program	947,108	-
81.042	Weatherization Assistance for Low-Income Persons	6,101,767	5,188,369
81.092	Remedial Action and Waste Management	99,343	-
81.104	Environmental Remediation and Waste Processing and Disposal	13,077	-
81.119	State Energy Program Special Projects	193,636	-
81.136	Long-Term Surveillance and Maintenance	60,432	-
81.138	State Heating Oil and Propane Program	3,051	-
	Total Department of Energy	7,418,414	5,188,369
Department of Education			
84.U01	Cooperative System Grant	6,374	-
84.002	Adult Education - Basic Grants to States	9,105,319	7,964,183
84.010	Title I Grants to Local Educational Agencies	235,621,967	233,182,201
84.011	Migrant Education State Grant Program	1,462,946	1,451,323
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	769,227	757,446
	Special Education Cluster (IDEA):		
84.027	Special Education Grants to States	233,345,563	200,550,384
84.173	Special Education Preschool Grants	5,497,057	5,497,057
	Total Special Education Cluster (IDEA)	238,842,620	206,047,441
84.032	Federal Family Education Loans	60,565,527	-
84.048	Career and Technical Education -- Basic Grants to States	22,605,797	20,298,229
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States	71,017,138	-
84.144	Migrant Education Coordination Program	85,396	85,396
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	447,905	-
84.181	Special Education-Grants for Infants and Families	7,089,475	-
84.184	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	529,835	-
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	271,772	-
84.196	Education for Homeless Children and Youth	1,241,902	1,234,635
84.224	Assistive Technology	352,505	352,505
84.287	Twenty-First Century Community Learning Centers	18,289,942	17,910,419
84.323	Special Education - State Personnel Development	1,446,488	1,446,488
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	575	-

State of Missouri  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020

CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
84.326	Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	149,990	-
84.358	Rural Education	2,688,560	2,531,947
84.365	English Language Acquisition State Grants	4,570,951	4,334,722
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	34,478,386	31,580,383
84.369	Grants for State Assessments and Related Activities	7,036,773	-
84.377	School Improvement Grants	7,440,919	7,317,611
84.424	Student Support and Academic Enrichment Program	15,582,841	15,357,355
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	67,469,751	67,469,751
	Total Education Stabilization Fund	67,469,751	67,469,751
84.902	National Assessment of Educational Progress	109,439	-
	Total Department of Education	809,280,320	619,322,035
National Archives and Records Administration			
89.003	National Historical Publications and Records Grants	5,943	-
	Total National Archives and Records Administration	5,943	-
Elections Assistance Commission			
90.401	Help America Vote Act Requirements Payments	490,117	-
90.404	COVID-19 - 2018 HAVA Election Security Grants	3,801,643	3,780,150
90.404	2018 HAVA Election Security Grants	1,602,243	-
	Total 2018 HAVA Election Security Grants	5,403,886	3,780,150
	Total Elections Assistance Commission	5,894,003	3,780,150
Department of Health and Human Services			
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	99,165	15,848
93.042	COVID-19 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	50,591	50,591
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	309,844	101,571
	Total Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	360,435	152,162
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	444,124	421,094
	Aging Cluster:		
93.044	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	1,258,333	1,258,333
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	6,703,519	6,482,668
	Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	7,961,852	7,741,001
93.045	COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	4,566,927	4,566,927
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services	10,538,366	9,928,320
	Total Special Programs for the Aging, Title III, Part C, Nutrition Services	15,105,293	14,495,247
93.053	Nutrition Services Incentive Program	3,191,782	3,191,782
	Total Aging Cluster	26,258,927	25,428,030
93.052	COVID-19 - National Family Caregiver Support, Title III, Part E	528,313	528,313
93.052	National Family Caregiver Support, Title III, Part E	2,889,915	2,719,332
	Total National Family Caregiver Support, Title III, Part E	3,418,228	3,247,645
93.069	Public Health Emergency Preparedness	9,574,001	5,163,741
93.070	Environmental Public Health and Emergency Response	1,596,507	452,634
93.071	Medicare Enrollment Assistance Program	466,697	155,099
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance	255	-
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	1,952,335	-
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	64,157	64,157



State of Missouri  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
93.090	Guardianship Assistance	9,159,727	-
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	817,863	658,064
93.093	Health Profession Opportunity Grants	1,944,357	1,894,803
93.103	Food and Drug Administration Research	1,756,172	446
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	1,497,768	-
93.110	Maternal and Child Health Federal Consolidated Programs	476,815	-
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	732,566	178,300
93.118	Acquired Immunodeficiency Syndrome (AIDS) Activity	53,706	-
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	161,629	3,000
93.136	Injury Prevention and Control Research and State and Community Based Programs	1,985,110	936,611
93.150	Projects for Assistance in Transition from Homelessness (PATH)	901,718	-
93.165	Grants to States for Loan Repayment	400,000	400,000
93.184	Disabilities Prevention	144,023	95,655
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	523,170	49,000
93.234	Traumatic Brain Injury State Demonstration Grant Program	139,628	101,398
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	1,153,035	762,304
93.236	Grants to States to Support Oral Health Workforce Activities	144,245	-
93.240	State Capacity Building	374,733	-
93.241	State Rural Hospital Flexibility Program	529,175	400,730
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	6,083,242	167,676
93.251	Early Hearing Detection and Intervention	240,674	108,518
93.268	Immunization Cooperative Agreements	69,975,545	724,578
93.270	Viral Hepatitis Prevention and Control	108,014	-
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance	64,084	-
93.301	Small Rural Hospital Improvement Grant Program	490,799	478,912
93.305	PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs- Financed in part by 2018 Prevention and Public Health funds (PPHF)	788,428	66,685
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	116,637	-
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	1,777,831	242,904
93.324	State Health Insurance Assistance Program	903,877	-
93.336	Behavioral Risk Factor Surveillance System	348,182	-
93.354	COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	438,189	-
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	2,554,750	1,403,511
93.366	Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	2,992,939	1,403,511
93.366	State Actions to Improve Oral Health Outcomes and Partner Actions to Improve Oral Health Outcomes	263,389	61,411
93.367	Flexible Funding Model - Infrastructure Development and Maintenance for State Manufactured Food Regulatory Programs	481,313	-
93.369	ACL Independent Living State Grants	270,611	206,913
93.391	Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	11,000	-
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	1,708,003	871,358
93.434	Every Student Succeeds Act/Preschool Development Grants	6,816,876	-
93.435	Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke	1,436,898	1,375,983
93.436	Well-Integrated Screening and Evaluation for Women Across the Nation (WISEWOMAN)	702,558	340,633
93.439	State Physical Activity and Nutrition (SPAN)	737,174	361,855
93.464	ACL Assistive Technology	567,838	315,822
93.471	Title IV-E Kinship Navigator Program	515,894	-
93.478	Preventing Maternal Deaths: Supporting Maternal Mortality Review Committees	148,720	11,825
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	1,028,674	55,158

State of Missouri  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
93.556	MaryLee Allen Promoting Safe and Stable Families Program	6,255,014	-
93.558	Temporary Assistance for Needy Families	199,223,522	18,801,505
93.563	Child Support Enforcement	13,844,301	6,574,175
93.568	Low-Income Home Energy Assistance	77,546,097	43,299,188
93.569	Community Services Block Grant	19,287,016	18,106,343
	CCDF Cluster:		
93.575	COVID-19 - Child Care and Development Block Grant	6,160,993	-
93.575	Child Care and Development Block Grant	82,764,386	5,457,599
	Total Child Care and Development Block Grant	88,925,379	5,457,599
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	64,871,798	-
	Total CCDF Cluster	153,797,177	5,457,599
93.586	State Court Improvement Program	497,541	-
93.590	Community-Based Child Abuse Prevention Grants	463,117	455,399
93.597	Grants to States for Access and Visitation Programs	159,165	159,165
93.599	Chafee Education and Training Vouchers Program (ETV)	1,490,858	-
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,364,822	-
93.643	Children's Justice Grants to States	149,815	-
93.645	Stephanie Tubbs Jones Child Welfare Services Program	10,947,310	-
93.658	Foster Care Title IV-E	58,186,886	109,516
93.659	Adoption Assistance	44,261,541	-
93.667	Social Services Block Grant	51,467,812	12,553,895
93.669	Child Abuse and Neglect State Grants	780,700	-
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	1,775,809	1,686,464
93.674	John H. Chafee Foster Care Program for Successful Transition to Adulthood	2,965,626	-
93.686	Ending the HIV Epidemic: A Plan for America — Ryan White HIV/AIDS Program Parts A and B	7,160	-
93.687	Maternal Opioid Misuse Model	21,812	-
93.733	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	340,339	242,584
93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	357,791	357,791
93.747	Elder Abuse Prevention Interventions Program	57,968	-
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	3,547,916	1,199,425
93.767	Children's Health Insurance Program	302,891,434	-
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	1,920,069	-
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	18,736,947	-
93.778	COVID-19 - Medical Assistance Program	319,473,016	-
93.778	Medical Assistance Program	7,379,507,220	1,965,018
	Total Medical Assistance Program	7,698,980,236	1,965,018
	Total Medicaid Cluster	7,719,637,252	1,965,018
93.788	Opioid STR	20,883,505	-
93.791	Money Follows the Person Rebalancing Demonstration	2,944,706	-
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	380,735	375,028
93.870	Maternal, Infant and Early Childhood Home Visiting Grant	3,349,552	2,874,865
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens	115,324	-
93.889	National Bioterrorism Hospital Preparedness Program	3,757,008	2,343,979
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	3,738,894	2,584,281
93.913	Grants to States for Operation of State Offices of Rural Health	151,120	-
93.917	HIV Care Formula Grants	7,953,962	7,300,038
93.940	HIV Prevention Activities Health Department Based	4,052,436	2,039,357
93.945	Assistance Programs for Chronic Disease Prevention and Control	316,348	288,752
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	246,949	15,882
93.958	Block Grants for Community Mental Health Services	11,873,764	-
93.959	Block Grants for Prevention and Treatment of Substance Abuse	23,762,755	-
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	1,598,877	356,792

State of Missouri  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2020

CFDA Number	Federal Grantor Agency - Program or Cluster Name	Federal Awards Expended	Amount Provided to Subrecipients
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	325,707	215,182
93.982	Mental Health Disaster Assistance and Emergency Mental Health	868,636	-
93.994	Maternal and Child Health Services Block Grant to the States	11,212,029	6,108,903
Total Department of Health and Human Services		<u>8,934,567,579</u>	<u>182,845,589</u>
Corporation for National and Community Service			
94.003	State Commissions	350,218	-
94.006	AmeriCorps	5,893,627	5,846,327
94.008	Commission Investment Fund	82,528	8,811
94.009	Training and Technical Assistance	22,846	3,781
Total Corporation for National and Community Service		<u>6,349,219</u>	<u>5,858,919</u>
Executive Office of the President			
95.001	High Intensity Drug Trafficking Areas Program	2,881,258	2,345,729
Total Executive Office of the President		<u>2,881,258</u>	<u>2,345,729</u>
Social Security Administration			
Disability Insurance/SSI Cluster:			
96.001	Social Security Disability Insurance	46,303,048	-
Total Disability Insurance/SSI Cluster		<u>46,303,048</u>	<u>-</u>
Total Social Security Administration		<u>46,303,048</u>	<u>-</u>
Department of Homeland Security			
97.U01	FEMA Crisis Counseling Immediate Services Program	411,992	-
97.008	Non-Profit Security Program	126,679	126,679
97.012	Boating Safety Financial Assistance	2,464,192	-
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	203,111	-
97.029	Flood Mitigation Assistance	1,333,276	1,295,673
97.036	COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	604,219	-
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	35,053,070	33,758,432
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)		<u>35,657,289</u>	<u>33,758,432</u>
97.039	Hazard Mitigation Grant	12,863,020	12,352,788
97.042	Emergency Management Performance Grants	6,440,380	3,715,435
97.045	Cooperating Technical Partners	5,753,026	-
97.047	BRIC: Building Resilient Infrastructure and Communities	2,602,256	2,596,579
97.056	Port Security Grant Program	34,450	-
97.067	Homeland Security Grant Program	6,287,666	5,040,756
97.082	Earthquake Consortium	51,403	-
97.088	Disaster Assistance Projects	411,992	411,992
Total Department of Homeland Security		<u>74,640,732</u>	<u>59,298,334</u>
Total Expenditures of Federal Awards		<u>\$ 17,083,185,365</u>	<u>\$ 2,160,363,899</u>

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

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# State of Missouri - Single Audit

## Notes to the Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2020

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#### **1. Significant Accounting Policies**

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The following is a summary of the significant accounting policies used by the State of Missouri.

*A. Purpose of Schedule and Reporting Entity*

The accompanying Schedule of Expenditures of Federal Awards (Schedule) of the State of Missouri is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the U.S. Office of Management and Budget (OMB) 2020 Compliance Supplement, and the 2020 Compliance Supplement Addendum. The Schedule is not a required part of the State's basic financial statements. The Uniform Guidance requires a schedule that shows total federal awards expended for each federal financial assistance program, the Catalog of Federal Domestic Assistance (CFDA) number, and the total amount provided to subrecipients from each federal program. Federal financial assistance programs that have not been assigned a CFDA number are identified as CFDA Number XX.Uxx, where XX represents the federal grantor agency and Uxx represents an unknown extension number. Appendix VII of the supplement states that expenditures of federal awards made under the Coronavirus Preparedness and Response Supplemental Appropriations Act, the Families First Coronavirus Response Act, the Coronavirus Aid, Relief and Economic Security Act (CARES Act), and the Paycheck Protection Program and Health Care Enhancement Act should be identified separately on the schedule with the inclusion of the prefix "COVID-19-" in the name of the federal program.

The Schedule includes all federal awards expended by the State during the year ended June 30, 2020, except for those programs administered by public universities and other component units, which are legally separate from the State. They are responsible for engaging other auditors to perform audits in accordance with the Uniform Guidance, if required.

To compile the Schedule, the Office of Administration required each department, agency, and office that expended direct and/or indirect federal funding during the state fiscal year to prepare a schedule of expenditures of federal awards. The schedules for the departments, agencies, and offices were combined to form the Schedule of Expenditures of Federal Awards for the State of Missouri.

*B. Basis of Presentation*

The accompanying Schedule includes the federal award activity of the State of Missouri for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, which defines federal awards as federal financial assistance and cost-reimbursement contracts that non-federal entities receive or administer in the form of grants, loans, loan guarantees, non-cash assistance, property (including donated surplus property), cooperative agreements, interest



State of Missouri - Single Audit  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include other contracts that a federal agency uses to buy goods or services from a contractor. Because the Schedule presents only a selected portion of the operations of the State, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the State.

*C. Basis of Accounting*

Most expenditures presented in the Schedule are reported on the cash basis of accounting, while some are presented on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local, or Indian Tribal Governments*; or the cost principles contained in the Uniform Guidance; wherein certain types of expenditures are not allowable or are limited as to reimbursement.

*D. Indirect Cost Rate*

The state agencies administering the federal programs presented in the Schedule did not elect to use the de minimis cost rate per the Uniform Guidance.

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## **2. Unemployment Insurance Expenditures**

The Unemployment Insurance program (CFDA No. 17.225) is administered by the Department of Labor and Industrial Relations through a unique federal-state partnership that was founded upon federal law but implemented through state law. Benefits are paid from federal funds and state unemployment taxes that are deposited into the state's account in the Federal Unemployment Trust Fund. The state's administrative expenditures incurred under this program are funded by federal grants. For the purposes of presenting the expenditures of this program in the Schedule, both state and federal funds have been considered federal awards expended. The breakdown of the state and federal portions of the total program expenditures for the fiscal year ended June 30, 2020, is as follows:

State Portion (Benefits Paid)	\$ 837,820,563
Federal Portion (Benefits Paid)	1,600,457
Federal Portion (Administrative Costs)	38,779,165
Federal Portion (Benefits Paid) - CARES Act Related	2,299,396,130
Federal Portion (Employer Reimbursements) - CARES Act Related	178,010
Federal Portion (Administrative Costs) - CARES Act and Families First Coronavirus Response Act Related	2,320,674
<b>Total Program Expenditures</b>	<b>\$ 3,180,094,999</b>



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### **3. Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Rebates**

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The State received cash rebates from an infant formula manufacturer totaling \$31,708,650 on sales of formula to participants in the WIC program (CFDA No. 10.557) administered by the Department of Health and Senior Services (DHSS). This amount was excluded from total program expenditures. Rebate contracts with infant formula manufacturers are authorized by 7 CFR Section 246.16a 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.

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### **4. Medical Assistance Program (Medicaid) and Children's Health Insurance Program (CHIP) Prescription Drug Rebates**

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The state received cash rebates from drug manufacturers totaling \$537,961,338 (federal share) on purchases of covered outpatient drugs for participants in the Medicaid and the CHIP (CFDA Nos. 93.778 and 93.767) administered by the Department of Social Services - MO HealthNet Division. This amount was excluded from total program expenditures. Rebate contracts with drug manufacturers are authorized by 42 USC Section 1396r-8 as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for medical assistance costs.

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### **5. HIV Care Formula Grants Prescription Drug Rebates**

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The State received cash rebates from drug manufacturers totaling \$59,661,184 on purchases of covered drugs for participants in the HIV Care Formula Grants program (CFDA No. 93.917) administered by the DHSS. If program expenditures are available the rebates will offset the program expenditures resulting in a reduction in expenditures incurred by the program. Of the amount of rebates received, \$52,870,285 reduced total program expenditures and these expenditures were not reported on the SEFA. The remaining rebates of \$6,790,899 did not offset program expenditures and were not used to reduce program expenditures. The allowable use of drug rebates is restricted by 42 USC Section 300ff-26(g).

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### **6. Federal Loan Guarantees**

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Because of the Healthcare and Education Affordability Reconciliation Act enacted March 30, 2010 (Public Law 111-152), the authority to make or ensure loans under the Federal Family Education Loans program (CFDA No. 84.032) ended June 30, 2010. The Department of Higher Education and Workforce Development (DHEWD) will continue to act as the federal Department of Education's agent in fulfilling the responsibilities related to the outstanding guarantees. The original principal outstanding of all loans



State of Missouri - Single Audit  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

guaranteed by the DHEWD is \$897,617,247 as of June 30, 2020. The balance of defaulted loans (including principal and accrued interest) that the federal Department of Education imposes continuing compliance requirements of the DHEWD is \$186,879,720 as of June 30, 2020.

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## 7. Non-cash Assistance

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The Schedule contains values for non-cash assistance for several programs.

Supplemental Nutrition Assistance Program (CDFA No. 10.551) expenditures totaling \$1,252,185,325 represent actual disbursements for client purchases of authorized food products through the use of the electronic benefits card program administered by the Department of Social Services - Family Support Division (DSS-FSD).

The Department of Elementary and Secondary Education distributes food commodities to school districts under the National School Lunch Program (CFDA No. 10.555). Distributions are valued at the cost of the food paid by the federal government and totaled \$30,179,094.

The DSS-FSD, through the Summer Food Service Program for Children (CFDA No. 10.559), provides United States Department of Agriculture (USDA)-donated foods to providers who serve free healthy meals to children and teens in low-income areas during the summer months when school is not in session. The DSS-FSD, through the Emergency Food Assistance Program (Food Commodities) (CFDA No. 10.569), provides USDA-donated foods for disaster relief and to six non-profit food banks for distribution to food pantries and community groups for feeding those in need. Distributions are valued at the federally assigned value of the product distributed and totaled \$90,052 for the Summer Food Service Program for Children and \$11,718,250 for the Emergency Food Assistance Program and \$22,471,390 for Trade Mitigation.

The DHSS distributes food commodities to low-income persons under the Commodity Supplemental Food Program (CFDA No. 10.565). Distributions are valued at the cost of the food paid by the federal government and totaled \$8,389,338.

The Department of Public Safety distributes excess federal Department of Defense (DOD) equipment to state and local law enforcement agencies under the DOD Excess Property Program (CFDA No. 12.U01). Property distributions totaled \$3,567,163 when valued at the historical cost assigned by the federal government. Distributions are presented at the estimated fair market value of the property at the time of distribution, calculated as 23.34 percent of the historical cost, or \$832,576.

The State Agency for Surplus Property distributes federal surplus property to eligible donees under the Donation of Federal Surplus Personal Property



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State of Missouri - Single Audit  
Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2020

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program (CFDA No. 39.003). Property distributions totaled \$6,842,833 when valued at the historical cost assigned by the federal government. Distributions are presented at the estimated fair market value of the property at the time of distribution, calculated as 23.34 percent of the historical cost, or \$1,597,117.

The DHSS distributes vaccines to local health agencies and other health care professionals under the Immunization Cooperative Agreements program (CFDA No. 93.268). Distributions are valued at the cost of the vaccines paid by the federal government and totaled \$65,533,541.

The DHSS received donated equipment/supplies from Heart to Heart International, Inc. for activities related to the Centers for Disease Control (CDC) Opioid Crisis Grant Project under the Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises program (CFDA No. 93.391). Donated items are valued at the cost of the equipment purchased with funding from grant number 1 NU1ROT000013-01-00 from the Federal Department of Health and Human Services and totaled \$11,000.



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# State of Missouri - Single Audit

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2020

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

##### Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:

Qualified

Unmodified for all opinion units except for the governmental activities and the General Fund, which were qualified.

Internal control over financial reporting:

- Material weaknesses identified?  X  yes      no
- Significant deficiencies identified?  X  yes      none reported

Noncompliance material to financial statements noted?      yes  X  no

##### Federal Awards

Internal control over major federal programs:

- Material weaknesses identified?  X  yes      no
- Significant deficiencies identified?  X  yes      none reported

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

Unmodified for all major programs except for the following major programs that were qualified:

CFDA	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.767	Children's Health Insurance Program
93.775, 93.777, 93.778	Medicaid Cluster

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance (2 CFR 200.516(a))?

X  yes      no



State of Missouri - Single Audit  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food Program
10.565	
10.568	Food Distribution Cluster
10.569	
12.401	National Guard Military Operations and Maintenance (O&M) Projects
15.605	
15.611	Fish and Wildlife Cluster
17.225	Unemployment Insurance
21.019	COVID-19 - Coronavirus Relief Fund
66.458	Clean Water State Revolving Fund Cluster
84.010	Title I Grants to Local Educational Agencies
84.032	Federal Family Education Loans
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)
84.425D	COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund
93.044	
93.045	Aging Cluster
93.053	
93.659	Adoption Assistance
93.767	Children's Health Insurance Program
93.775	
93.777	Medicaid Cluster
93.778	

Dollar threshold used to distinguish  
between Type A and Type B programs: \$30,000,000

Auditee qualified as a low-risk auditee?        yes   X   no



State of Missouri - Single Audit  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2020

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## Section II - Financial Statement Findings

The findings related to the financial statement audit are reported in the Comprehensive Annual Financial Report - Report on Internal Control, Compliance, and Other Matters (Report No. 2021-017<sup>3</sup>) issued in March 2021. That report included the following findings:

FS2020-001. Department of Revenue Financial Reporting Controls

FS2020-002. Department of Social Services Financial Reporting Controls

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<sup>3</sup>See report at <[https://app.auditor.mo.gov/Repository/Press/2021017\\_8051878923.pdf](https://app.auditor.mo.gov/Repository/Press/2021017_8051878923.pdf)>.



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

**2020-001.**

**Medicaid Nursing Facility  
Cost Report Audits**

Federal Agency: Department of Health and Human Services (DHHS)  
Federal Program: 93.778 Medical Assistance Program  
2019 - 1905MO5MAP and 1905MO5ADM  
2020 - 2005MO5MAP and 2005MO5ADM  
State Agency: Department of Social Services (DSS) - MO  
HealthNet Division (MHD)  
Type of Finding: Internal Control (Material Weakness) and  
Noncompliance

As noted in our previous audit,<sup>4</sup> the MHD did not ensure periodic audits of cost reports or other financial information of nursing facilities participating in the Medical Assistance Program (Medicaid) were conducted as required. During the year ended June 30, 2020, the MHD made payments totaling approximately \$1.2 billion to over 500 nursing facility providers on behalf of Medicaid recipients.

In the Missouri Medicaid State Plan (State Plan), the DSS provided assurances and outlined procedures designed to collect and audit uniform cost reports from the nursing facilities. State Plan Attachment 4-19-D, Findings and Assurances, states the MHD requires the filing of uniform cost reports by each participating provider and provides for periodic audits of financial and statistical records of the providers. Cost reports serve as the primary method for nursing facilities to provide financial information to the MHD.

According to MHD records, no nursing facility cost report audits were completed during the year ended June 30, 2020. Our previous audit noted only a few cost report audits were completed in recent years. MHD officials indicated the department outsourced the collection and audits of nursing facility cost report data in May 2019; however, as of June 30, 2020, the contractor was still developing the necessary mechanisms and procedures to perform the audits and had not completed any audits. In addition, the MHD has not developed procedures to monitor and ensure the contractor collects and audits the nursing facility cost reports in accordance with the State Plan.

The DSS Corrective Action Plan (CAP) and Summary Schedule of Prior Audit Findings for prior audit finding number 2019-006 asserts the State Plan Attachment 4-19-D, Findings and Assurances, is not part of the State Plan because the federal legislation that previously required the filing of cost reports and audits was repealed in 1997. However, this attachment is included in the State Plan document and 42 CFR Section 430.12(c)(1)(i) requires the

<sup>4</sup>See single audit report at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding number 2019-006.



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State Plan to be amended whenever necessary to reflect changes in federal law, regulations, policy interpretations, or court decisions. The DSS Summary Schedule of Prior Audit Findings further states the DSS would submit a State Plan Amendment by the end of October 2020. However, the state plan amendment, submitted in December 2020, included no revisions or modifications to the Findings and Assurances attachment.

To ensure compliance with the State Plan, the MHD should establish internal controls over required cost report audits. When providers do not have periodic audits, there is an increased risk the submitted cost reports are not accurate and complete. Rule 45 CFR Section 75.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award." In addition, 2 CFR Section 200.318(b) requires non-federal entities to "maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders."

Recommendation

The DSS through the MHD develop and implement procedures to monitor and ensure the contractor completes periodic audits of cost reports of nursing facilities in accordance with the State Plan.

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.*

Auditor's Comment

The DSS CAP states the DSS disagrees that a plan for periodic audits and procedures, as well as a plan for monitoring the contractor, had not been developed. However, as discussed with DSS officials, the finding does not state a plan for periodic audits and procedures had not been developed. In fact, the finding outlines key components of the department's plan, including outsourcing of the audits to a contractor and the contractor's development of mechanisms and procedures to perform the audits. The finding states the MHD has not developed procedures to monitor and ensure the contractor performs the cost report audits as required. The DSS CAP states since the DSS worked with the contractor through development and implementation of the plan, including review and approval of various processes and documents, the DSS has monitored the contractor. While such monitoring is necessary during the development phase, it is also critical that the DSS establish procedures to monitor the contractor's performance.

As described in the finding, the DSS CAP outlines the department's disagreement that the State Plan Attachment 4-19-D, Findings and Assurances is part of the approved State Plan. The CAP also states the DHHS - Centers for Medicare and Medicaid Services (CMS) has indicated the



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Findings and Assurances section is not part of the State Plan; however, DSS officials could not provide documentation from the DHHS-CMS supporting this statement.

Because the DSS failed to comply with the State Plan requirement regarding nursing facility cost report audits during the year ended June 30, 2020, the finding is valid.

**2020-002.**  
**Medicaid National Correct**  
**Coding Initiative**

Federal Agency: Department of Health and Human Services (DHHS)  
 Federal Program: 93.767 Children's Health Insurance Program  
 2019 - 1905MO5021  
 2020 - 2005MO5021  
 93.778 Medical Assistance Program  
 2019 - 1905MO5MAP and 1905MO5ADM  
 2020 - 2005MO5MAP and 2005MO5ADM  
 State Agency: Department of Social Services (DSS) - MO  
 HealthNet Division (MHD)  
 Type of Finding: Internal Control (Material Weakness) and  
 Noncompliance

The MHD has not fully implemented the Medicaid National Correct Coding Initiative (NCCI) edits in the Medicaid Management Information System (MMIS) as required. In addition, the MHD did not ensure confidentiality agreements containing required elements to protect the confidentiality of the edit files were in place with the MMIS contractor. During the year ended June 30, 2020, the MHD made Medical Assistance Program (Medicaid) and Children's Health Insurance Program (CHIP) payments, subject to NCCI edits and confidentiality agreements, totaling approximately \$8 billion.

The DSS contracts for the operation and maintenance of the MMIS. Medical providers submit fee-for-service claims for services provided to Medicaid and CHIP participants in the MMIS, and payments are made through the MMIS. To help ensure only allowable claims are paid, system edit checks flag and/or deny payment on suspicious or unusual claims. Title 42 USC 1396b(r) requires the MHD to completely and correctly implement specific NCCI methodologies and edits into the MMIS. The purpose of the NCCI is to promote correct coding, prevent coding errors, prevent coding manipulation, and reduce improper payments. The DHHS - Centers for Medicare and Medicaid Services (CMS) published the Medicaid NCCI Policy Manual and the Medicaid NCCI Technical Guidance Manual to provide specific requirements and assist state Medicaid agencies to implement the NCCI methodologies.

The two NCCI edit categories are Procedure-to-Procedure (PTP) edits that are designed to identify pairs of procedure codes that should not be reported together; and Medically Unlikely Edits (MUE) that limit the number of units



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of service allowed for certain services and items. The DHHS-CMS provides PTP and MUE edit files to the MHD quarterly. Each quarterly edit file contains all current edits and replaces the previously provided edit file. Section 7 of the Medicaid NCCI Technical Guidance Manual requires the MHD to implement the edit files into the MMIS on the first day of each quarter. If the applicable edit files are not implemented by the first day of the second month of the quarter, the MHD is required to reprocess any claims processed with outdated edits once the updates are implemented.

Section 7 of the Medicaid NCCI Technical Guidance Manual limits access to the NCCI edit files to the MHD and allows the MHD to share the edit files with the MMIS contractor only if appropriate confidentiality agreements are in place. The manual requires that confidentiality agreements include the following elements to protect the confidentiality of the edit files: (1) limit disclosure to only those responsible for the implementation, (2) prohibit disclosure of confidential information to the public, (3) limit contractors' use of confidential information to implementation of the NCCI methodologies, (4) prohibit public disclosure of new, revised or deleted Medicaid NCCI edits prior to disclosure on the Medicaid NCCI webpage, (5) restrict implementation of new, revised, or deleted Medicaid NCCI edits prior to the first day of the calendar quarter, (6) restrict release of additional information for selected individual edits or limited ranges of edits to the discretion of the state Medicaid agency and, (7) impose penalties, up to and including the loss of contract, for violations of any confidentiality agreement relating to the use of the edit files.

NCCI edit files

The MHD has not fully implemented NCCI edit files in the MMIS as required.

Rather than quarterly implementation, the MHD through the MMIS contractor, implements the PTP edit files annually; and the MHD does not reprocess claims upon implementation of the edits. For example, the MMIS contractor implemented the PTP edit file for the quarter ended March 31, 2020, on January 29, 2020; and the MHD did not reprocess claims paid for the quarters ended June 30, 2019, September 30, 2019, and December 31, 2019, with the updated edits. MHD officials indicated the edit files are not implemented quarterly because the MMIS contract includes only a limited number of programming hours dedicated to mandated system changes and the contract is subject to state appropriations.

The MHD has not implemented any of the MUE edit files received. MHD officials indicated they believe implementation of the MUE edit files is not necessary because the MMIS includes edits for state-specific maximum quantities for each procedure code. However, the state-specific edits cannot replace the MUE edits because the state-specific edits could be more or less restrictive than the MUE edits.



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Confidentiality agreements

The MHD did not ensure confidentiality agreements containing required elements were in place to protect the confidentiality of the edit files. The confidentiality agreements signed by the MMIS contractor and its employees did not include any of the seven elements required by the Medicaid NCCI Technical Guidance Manual.

Conclusion

In addition to noncompliance with 42 USC 1396b(r), the failure to fully implement the NCCI edits and reprocess claims paid with incorrect edits increases the risk that coding errors or irregularities will go undetected, and improper payments will be made. Also, without including the required elements in confidentiality agreements signed by the MMIS contractor and its employees, there is an increased risk of improper implementation, disclosure, and/or misuse of confidential NCCI information.

To ensure compliance with the NCCI requirements, the MHD should establish internal controls over NCCI edits. Rule 45 CFR Section 75.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Recommendation

The DSS through the MHD strengthen controls over the NCCI requirements to ensure NCCI edits are fully implemented and reprocess claims paid when edits are not implemented timely, as required. In addition, the DSS should ensure confidentiality agreements contain all elements required by the Medicaid NCCI Technical Guidance Manual.

Auditee's Response

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

**2020-003.  
 Medicaid and CHIP  
 MAGI-Based Participant  
 Eligibility**

Federal Agency: Department of Health and Human Services  
 Federal Program: 93.767 Children's Health Insurance Program  
 2019 - 1905MO5021  
 2020 - 2005MO5021  
 93.778 Medical Assistance Program  
 2019 - 1905MO5MAP and 1905MO5ADM  
 2020 - 2005MO5MAP and 2005MO5ADM  
 State Agency: Department of Social Services (DSS) - MO  
 HealthNet Division (MHD) and Family Support  
 Division (FSD)  
 Type of Finding: Internal Control (Significant Deficiency) and  
 Noncompliance  
 Questioned Costs: \$1,928





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As noted in our previous audit,<sup>5</sup> the DSS did not have sufficient controls to ensure compliance with the eligibility redetermination requirements of the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) for participants whose eligibility is based on their Modified Adjusted Gross Income (MAGI), prior to suspension of the requirements in March 2020. Of the approximately 989,000 Medicaid and CHIP participants as of June 30, 2020, approximately 654,000 (66 percent) were MAGI-based participants.

To ensure MAGI-based participants continue to be eligible for benefits, 42 CFR Section 435.916 requires a redetermination of eligibility once every 12 months, or when circumstances affecting a participant's eligibility change. The regulation requires termination of benefits when a participant no longer meets eligibility requirements. On March 19, 2020, the eligibility redetermination and most termination requirements were temporarily suspended in response to the COVID-19 public health emergency and the suspension remained in effect through the end of the audit period. All validly enrolled participants on March 19, 2020, remained continuously enrolled except for participants who requested removal, relocated to another state, or died.

The Medicaid Eligibility Determination and Enrollment System (MEDES), implemented in January 2014, tracks eligibility information for MAGI-based participants, including redetermination due dates; and in some cases, performs redeterminations. Other redeterminations are performed manually by FSD eligibility specialists. Eligibility information is transferred from the MEDES into the Medicaid Management Information System (MMIS), the Medicaid claims payment system, nightly. MEDES operations have been problematic since implementation and manual overrides to individual cases to compensate for system errors and limitations were not identified and corrected after the system errors and limitations were resolved.

To test compliance with eligibility requirements in effect prior to suspension of certain requirements, we reviewed eligibility documentation for 60 MAGI-based participants enrolled during the period July 2019 to February 2020, of which 54 participants required a redetermination during that period. We identified 1 participant (2 percent) for which the DSS did not perform an eligibility redetermination as required. The participant was last determined eligible in September 2018, and a redetermination was required in September 2019. DSS officials indicated the redetermination was not performed due to system limitations. DSS officials explained there was a period of time when the MEDES was incorrectly closing some eligible cases before a

<sup>5</sup>See single audit reports at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding number 2019-005.



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redetermination could be performed. To prevent affected cases from being closed, DSS personnel manually overrode system controls. However, once these system limitations were corrected in June 2017, the DSS did not remove the previously-established system overrides, which prevented the system from identifying the cases as needing redeterminations. The participant became ineligible in January 2019 when he moved out of state. The DSS was notified of the move, but the DSS failed to terminate his benefits and close the case. Because the DSS did not perform an eligibility redetermination when required, the DSS did not identify the participant as ineligible. Medicaid capitation payments made during the year ended June 30, 2020, on behalf of the ineligible participant, totaled \$2,803. We question the federal share, or \$1,928 (68.78 percent).

The failure to implement adequate internal controls to ensure annual eligibility redeterminations are performed as required can result in Medicaid and CHIP payments being made on behalf of ineligible individuals, which are unallowable costs of the federal programs. Rule 45 CFR Section 75.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

Managed Care Program  
 audit

In an audit of the DSS Managed Care Program (State Auditor's Office Report No. 2020-088,<sup>6</sup> issued in November 2020), we similarly disclosed significant internal control deficiencies related to MEDES limitations and weaknesses, and resulting noncompliance. Details of the findings, identified improper payments, and recommendations are included in that report.

Recommendation

The DSS through the MHD and the FSD strengthen internal controls over MAGI-based participant eligibility to ensure eligibility redeterminations are completed as required, once the COVID-19 public health emergency has expired and the suspended requirements are reinstated. In addition, the DSS should review and correct the eligibility and payments for the ineligible participant identified in this finding.

Auditee's Response

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

**2020-004.**  
**Adoption Assistance**  
**Eligibility and Payments**

Federal Agency: Department of Health and Human Services (DHHS)  
 Federal Program: 93.659 Adoption Assistance  
 2019 - G1901MOADP  
 2020 - G2001MOADP

<sup>6</sup>See report at <[https://app.auditor.mo.gov/Repository/Press/2020088\\_7166367580.pdf](https://app.auditor.mo.gov/Repository/Press/2020088_7166367580.pdf)>.



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State Agency: Department of Social Services (DSS) - Children's  
Division (CD) and Division of Finance and  
Administrative Services (DFAS)  
Type of Finding: Internal Control (Deficiency) and Noncompliance  
Questioned Costs: \$14,465

As similarly noted in our 6 previous audits<sup>7</sup> of the Adoption Assistance program, the DSS made payments on behalf of ineligible children and did not have sufficient controls to prevent and/or detect certain unallowable payments. From the Adoption Assistance program, the CD made payments on behalf of 5 ineligible children with backdated subsidy agreements, and made an unallowable payment for an additional child. During the year ended June 30, 2020, the CD paid Adoption Assistance program benefits totaling about \$60 million for approximately 14,000 children.

The Adoption Assistance program assists families in adopting eligible children with special needs by providing subsidy payments to adoptive parents. To be eligible to receive benefits under the program, eligibility requirements outlined at 42 USC Section 673 must be met. Among other things, the DSS is required to enter into adoption subsidy agreements with adoptive parents who receive subsidy payments on behalf of the child. The nature of services to be provided and nonrecurring expenses to be paid must be stated in the subsidy agreement as required by 45 CFR Section 1356.40 and 45 CFR Section 1356.41. Subsidized costs may include maintenance, child care, and nonrecurring adoption expenses.

The subsidy agreement must be signed and in effect prior to or at the time of the final adoption decree per federal regulations and DSS policy. The DSS Child Welfare Manual Adoption Subsidy policy requires subsidy agreements be signed by both the adoptive parent(s) and the DFAS Director to be considered in effect. Subsidy agreements are established by case workers and reviewed by supervisors in the local offices. After the subsidy agreements are signed by the adoptive parent(s) and reviewed and approved by local office supervisors, the agreements are sent to the Central Office Procurement Unit (formerly the Contract Management Unit (CMU)) where the DFAS Director's (previously the CD Director's) signature is applied by Procurement Unit staff.

In previous years, the Director's signature was applied with a signature stamp but is now applied as an electronic signature.

To test compliance with these requirements, we reviewed eligibility and payment documentation for 60 children receiving Adoption Assistance.

<sup>7</sup>See single audit reports at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding numbers 2019-001, 2018-004, 2015-005, 2014-008, 2011-15, and 2009-14.



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Assistance payments totaling approximately \$264,900 were made on behalf of these children during the year ended June 30, 2020. We identified payments made on behalf of 5 children ineligible for Adoption Assistance benefits and an unallowable payment for 1 other child.

Backdated subsidy  
agreements

For 5 cases with subsidy agreements prior to May 2008, the DSS did not maintain adequate documentation to support that the subsidy agreements were signed and in effect prior to or at the date of adoption because the CD Director's signature date was backdated.

For 4 of these cases, the date of the CD Director's signature precedes the adoptive parent(s)' signature date(s); and for 1 case, the date of the CD Director's signature precedes that of the Children's Services Worker, Circuit Manager, and Regional Director; indicating the CD Director's signature (and thus, the effective date of the agreement) was backdated. Although all signature dates were before the adoption date for each of these cases, because the CD Director's signature was backdated, we could not determine whether the subsidy agreement was signed and in effect prior to the adoption decree. CD officials indicated DSS policy prior to May 2008 allowed backdating of subsidy agreements by CMU personnel, and they backdated the agreements because of a backlog in processing and submitting them to the CMU. During the year ended June 30, 2020, payments totaling \$20,540 were made on behalf of these 5 children, for which there is not adequate documentation to support that the subsidy agreements were signed and in effect prior to or at the date of the adoption decree. We question the federal share, or \$14,087 (approximately 69 percent). Payments for these 5 children were charged to the Adoption Assistance program from July 2003 to June 2020.

In May 2008, the CD issued a policy memo prohibiting backdating of subsidy agreements. The subsidy agreements for all 5 cases were established prior to this directive. DHHS - Administration for Children and Families (ACF) decision letters regarding prior audit findings have required the DSS to pay back the costs associated with backdated subsidy agreements identified in the audits. Although it is likely additional children adopted prior to May 2008 are ineligible due to backdated subsidy agreements, recent decision letters stated the ACF does not expect the CD to identify and resolve the backdated subsidy agreements.

Unallowable assistance  
payment

For 1 case, an unallowable assistance payment was claimed for an eligible child. For the month the child was adopted, November 2019, the CD paid and claimed both an Alternative Care payment of \$576 and an Adoption Assistance payment of \$622. We question the federal share, or \$378 (approximately 66 percent), for the unallowable Alternative Care payment.

The unallowable payment occurred because CD personnel did not follow policies and procedures related to children who have a change in placement,



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such as moving from the Alternative Care program to the Adoption Assistance program. The Family and Children Electronic System Payment Handbook requires CD personnel to update the placement in the system immediately upon change, and to review pending payments the following day to identify and correct any pending overpayments. Since these procedures were not performed as required, the overpayment occurred without detection. Ensuring this policy is followed for changes in placement can prevent unallowable costs. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

**Recommendation**

The DSS through the CD and the DFAS enforce policies and procedures regarding Adoption Assistance payments. The DSS should review and correct the eligibility and payments for the children identified in this finding.

**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.*

**Auditor's Comment**

The DSS Corrective Action Plan states the DSS agrees with correcting the payments for the ineligible children and unallowable payments identified in this finding. The DSS disagrees that policies and procedures regarding Adoption Assistance eligibility determinations need to be enforced because the DSS implemented processes in fiscal year 2008 prohibiting backdating of subsidy agreements and continues to provide training regarding dating of subsidy agreements and allowable costs. However, as noted in the finding, children with backdated subsidy agreements are not eligible for Adoption Assistance program benefits and similar errors of noncompliance will continue until all children with backdated subsidy agreements age out of the program. Therefore, this finding is valid.

**2020-005.  
 Medicaid Developmental  
 Disabilities  
 Comprehensive Waiver  
 Per Diem Rates**

Federal Agency: Department of Health and Human Services (DHHS)  
 Federal Program: 93.778 Medical Assistance Program  
 2019-1905MO5MAP and 1905MO5ADM  
 2020-2005MO5MAP and 2005MO5ADM  
 State Agency: Department of Mental Health (DMH) - Division of  
 Developmental Disabilities (DD)  
 Type of Finding: Noncompliance  
 Questioned Costs: \$173,694



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As noted in our prior 5 audit reports,<sup>8</sup> the DD continued to pay historical per diem rates to providers for residential habilitation services provided to participants of the Home and Community Based Services (HCBS), Developmental Disabilities Comprehensive Waiver (Comprehensive Waiver) program, but did not retain adequate documentation to support these rates. As a result, the DD could not demonstrate some amounts paid were allowable costs of the Comprehensive Waiver program.

The DD with its six habilitation centers and five regional offices is responsible for the direct administration of various Medical Assistance Program (Medicaid)-funded HCBS programs for children and adults with disabilities, including the Comprehensive Waiver program. Various types of services are allowed under the waiver, including residential habilitation services provided to 1,638 participants in group homes and 5,460 participants served by individualized supported living (ISL) providers during the year ended June 30, 2020. Residential habilitation services include care, supervision, and skills training in activities of daily living, home management, and community integration. Providers are paid a per diem rate for each participant receiving these services, based on the individual's needs. Certain costs, such as room and board, are not allowed to be included in per diem rates under the waiver program. During the year ended June 30, 2020, per diem payments for group home services totaled approximately \$130 million, and per diem payments for ISL services totaled approximately \$660 million.

In October 2013, the DD began phasing in acuity-based per diem rates to replace historical rates for residential habilitation services, and renewed the Comprehensive Waiver in July 2016 to include the new rates. However, these acuity-based per diem rates were not fully phased in as of June 30, 2020. Payments at the historical per diem rates are expressed as a percentage of the acuity-based rates, but some of these rates exceed 100 percent of the acuity-based rates. For participants who received residential habilitation services during the year ended June 30, 2020, DD officials indicated the DMH paid acuity-based per diem rates for approximately 91 percent of the participants in group homes and approximately 59 percent of the participants in ISL placements, and historical per diem rates for the remaining 9 percent and 41 percent, respectively. DMH officials indicated the per diem rates for the remaining group homes are expected to be standardized when the Comprehensive Waiver is renewed in late 2021. A corrective action plan approved by the federal DHHS - Centers for Medicare and Medicaid Services

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<sup>8</sup>See single audit reports at <<https://auditor.mo.gov/AuditReport/Reports?SearchLocalState=35>>, finding numbers 2019-007, 2018-014, 2017-017, 2016-006, and 2015-015.



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(DHHS-CMS), Division of Medicaid Field Operations - North in June 2019, stated the rates for ISL providers are planned to be implemented by 2024.

To test compliance with various Comprehensive Waiver program requirements, we tested 60 payments to service providers during the year ended June 30, 2020. Of these 60 payments, 27 were to ISL providers, and 10 were to group homes for habilitation services. The DD did not retain documentation to support the per diem rate, paid at a historical rate exceeding acuity-based rates, for 1 of the 10 group home habilitation service payments tested. The DD retained the group home individual plan of care and cost of living allowance (COLA) notices supporting some per diem rate increases. However, these documents did not show how the rate was originally determined or what costs were included in the per diem rate. The remaining 27 ISL and 9 group home payments were based on acuity-based per diem rates or historical rates that were less than or equal to acuity-based rates. Payments to a provider for habilitation services provided to the 1 participant during the year ended June 30, 2020, for which the historical per diem rate was not supported and exceeded the acuity-based rate, totaled \$258,550. We question the federal share, or \$173,694 (67.18 percent).

Audits performed by the DHHS - Office of Inspector General (DHHS-OIG), *Missouri Claimed Unallowable and Unsupported Medicaid Payments for Group Home Habilitation Services*, released in August 2015, and *Missouri Claimed Unallowable and Unsupported Medicaid Payments for Individualized Supported Living Habilitation Services*, released in March 2016, noted similar concerns with unsupported per diem rates for some group home payments and noted some ISL payments included unapproved and unallowable costs.

Payments to providers for those participants that have not been transitioned from the historical per diem rates to the acuity-based per diem rates, and at rates that exceed 100 percent of the acuity-based rates, are not adequately supported and documented as required by federal regulations. Similar errors of noncompliance will likely continue until all participants are transitioned to the acuity-based rate model.

Without proper documentation of the payment rates, the DD cannot demonstrate that payments based on these rates are proper and only include allowable costs. Rule 42 CFR Section 447.203(a) states, "[t]he agency must maintain documentation of payment rates. . . ." Rule 2 CFR Section 200.403(g) states costs must be adequately documented to be allowable. Also, the approved DD Comprehensive Waiver Program Application, Appendix I: Financial Accountability, section I-2(e), states "[r]ecords documenting the audit trail of adjudicated claims (including supporting documentation) are maintained by the Medicaid agency, the operating agency (if applicable), and providers of the waiver services for a minimum period of 3 years." Adequate



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documentation of habilitation services per diem rates is necessary to ensure compliance with the federal requirements related to the Comprehensive Waiver program and to ensure only allowable costs are included in the per diem rates.

**Recommendation**

The DMH through the DD continue to transition all per diem rates paid to providers for residential habilitation services provided under the Comprehensive Waiver program from historical rates to acuity-based rates and ensure documentation to support per diem rates is maintained as required.

**Auditee's Response**

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

**Auditor's Comment**

The DMH Corrective Action Plan states the DMH disagrees with the finding because all existing rates are now a factor of a rate study, the rate study serves as the documentation for all residential rates paid, and any other forms of documentation are irrelevant. However, as stated in the finding, payments to providers for any participants at historical per diem rates that exceed 100 percent of amounts calculated using the rate study are not adequately supported and documented, as required by federal regulations. Therefore, this finding is valid. Similar errors of noncompliance will likely continue until all participants are at or below 100 percent of the amounts calculated using the approved rate methodology.

<b>2020-006.</b> <b>CSFP Food Inventory</b>	Federal Agency:	United States Department of Agriculture (USDA)
	Federal Program:	10.565 Commodity Supplemental Food Program 2019 - 19CSFP 2020 - 20CSFP
	State Agency:	Department of Health and Senior Services (DHSS) - Bureau of Community Food & Nutrition Assistance (BCFNA)
	Type of Finding:	Internal Control (Significant Deficiency) and Noncompliance

The BCFNA did not establish adequate controls to ensure compliance with federal requirements regarding accountability of USDA-donated foods (USDA Foods) distributed through the Commodity Supplemental Food Program (CSFP). The BCFNA did not perform annual inventories of food bank storage facilities.

The DHSS contracts with 6 food banks to distribute USDA Foods to eligible low-income senior citizens. The food banks order food directly from the USDA, then distribute the food to food pantries. During the year ended June 30, 2020, the DHSS distributed USDA Foods valued at approximately \$8.4 million to the 6 food banks, through the CSFP.





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Rule 7 CFR Section 250.19(a) requires the maintenance of accurate and complete records with respect to the receipt, distribution/use, and inventory of USDA Foods; and provides the failure to maintain such records is considered prima facie evidence of improper distribution or loss of USDA Foods, and may result in a claim against the distributing agency for loss or misuse of USDA Foods. Rule 7 CFR Sections 247.28 and 250.12(b) require distributing agencies to conduct annual physical reviews of USDA Food inventories at all storage facilities, and reconcile physical and book inventories. The distributing agency must report donated food losses to the USDA - Food and Nutrition Service (FNS) and ensure restitution is made for such losses.

Each month, the food banks provide inventory information to the BCFNA including beginning inventory balances, units received, units disbursed, units disposed of, and ending inventory balances. BCFNA personnel reviewed this information, but did not perform physical inventories to verify the accuracy of the reported balances.

In addition to noncompliance with federal regulations, the failure to perform annual physical inventories, and reconcile the inventories to food bank inventory records, reduces the control and accountability over USDA Foods and increases the potential that loss, theft, or misuse will go undetected. Also, without effective internal controls over food bank inventories, the BCFNA cannot ensure complete and accurate inventory records are maintained. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

**Recommendation**

The DHSS through the BCFNA develop procedures to ensure annual physical inventories of USDA Foods at food bank storage facilities are performed, documented, and reconciled to food bank inventory records as required. In addition, discrepancies should be reported to the USDA-FNS as required.

**Auditee's Response**

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

**2020-007.  
DPS-OTAG Cooperative  
Agreement Final  
Accounting**

Federal Agency: Department of Defense (DOD)  
Federal Program: 12.401 National Guard Military Operations and Maintenance (O&M) Projects  
2016, 2017, 2018, and 2019 - W912NS-16-2-1001  
2018 and 2019 - W912NS-16-2-1002  
2018 and 2019 - W912NS-16-2-1003  
2018 and 2019 - W912NS-16-2-1004  
2019 - W912NS-16-2-1005



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2019 - W912NS-16-2-1007  
2019 - W912NS-16-2-1010  
2019 - W912NS-16-2-1011  
2018 and 2019 - W912NS-16-2-1014  
2019 - W912NS-16-2-1017  
2019 - W912NS-16-2-1021J  
2018 and 2019 - W912NS-16-2-1021L  
2019 - W912NS-16-2-1021S  
2019 - W912NS-16-2-1022J  
2019 - W912NS-16-2-1022S  
2019 - W912NS-16-2-1023J  
2019 - W912NS-16-2-1023S  
2019 - W912NS-16-2-1024  
2019 - W912NS-16-2-1040

State Agency: Department of Public Safety (DPS) - Office of the  
Adjutant General (OTAG)  
Type of Finding: Internal Control (Significant Deficiency) and  
Noncompliance

The DPS-OTAG does not have adequate controls and procedures to ensure a final accounting and/or a written request(s) for extension is filed for each National Guard Military O&M Projects program cooperative agreement (CA) appendix as required. The DPS-OTAG expended approximately \$52.4 million in National Guard Military O&M Projects program funds during the state fiscal year ended June 30, 2020.

The DOD - National Guard Bureau (NGB) entered into a master cooperative agreement (MCA) with the DPS-OTAG to provide support to the Army and Air National Guard in minor construction, maintenance, repair or operation of facilities, and mission operational support to be performed by the state. The MCA consists of the agreement and an appendix for each functional area.

National Guard Regulation (NGR) 5-1, Chapter 11-10, requires the DPS-OTAG to provide the United States Property and Fiscal Office (USPFO) a final accounting of all funding and disbursements under each CA appendix within 90 days of the end of the federal fiscal year, or upon termination of the CA appendix, whichever is earlier. If unliquidated claims and undisbursed obligations will remain outstanding for 90 days or more after the close of the federal fiscal year, the DPS-OTAG is required to submit a request for extension that includes a detailed listing of all uncleared obligations and a projected timetable for their liquidation and disbursement. Subsequent extension requests must be submitted every 90 days while there are unliquidated claims or undisbursed obligations. Costs not disclosed in the extension requests are not eligible for reimbursement by the NGB.



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The DPS-OTAG is responsible for ensuring final accounting and extension requests are filed; however, the DPS-OTAG has not established procedures to monitor and ensure these documents are filed timely, as required. Instead, DPS-OTAG personnel indicated they rely on federal employees (CA program managers and the Grants Officer Representative) to identify when the final accounting or a written request for an extension is required. Our review of 4 CA appendices requiring extension requests during the state fiscal year ended June 30, 2020, identified 1 CA appendix (25 percent) for which the OTAG had not submitted an extension request in accordance with National Guard regulations. For this CA appendix, an extension request was due on March 1, 2020, but was not submitted to the USPFO until March 31, 2020.

To ensure compliance with National Guard regulations, the DPS-OTAG should establish internal controls over final accounting and extension requests. The failure to submit final accounting and extension requests as required could result in ineligible reimbursements, and/or federal agency sanctions or disallowances. Rule 2 CFR Section 200.303(a) requires the non-federal entity to "[e]stablish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award."

**Recommendation**

The DPS through the OTAG establish controls and procedures to ensure a final accounting of all funding and disbursements and/or a written request(s) for extension is filed for each CA appendix in compliance with National Guard regulations.

**Auditee's Response**

*We agree with the auditor's finding. Our corrective action plan includes our planned actions to address the finding.*

**Additional State Auditor's Reports**

The Missouri State Auditor's Office regularly issues audit reports on various programs, agencies, and divisions of the state of Missouri. Audit reports may include issues related to the administration of federal programs. We reviewed the audit reports issued from April 2020 to April 2021 and the following report relates to a federal program.

<b>Report Number</b>	<b>Report Name</b>
2020-088	Medicaid Managed Care Program

All reports are available on the Missouri State Auditor's Office website: <http://auditor.mo.gov>.

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# State of Missouri - Single Audit

## Summary Schedule of Prior Audit Findings

### Year Ended June 30, 2020

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The Uniform Guidance requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings included in the prior audit's Schedule of Findings and Questioned Costs. The schedule is also to report the status of findings included in the prior audit's Summary Schedule of Prior Audit Findings, except those that were corrected, no longer valid, or not warranting further action.

The Uniform Guidance requires the auditor to follow up on prior audit findings; perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and report, as a current year audit finding, when the auditor concludes the schedule materially misrepresents the status of any prior audit finding.



State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020

**Michael L. Parson**  
Governor



**Sarah H. Steelman**  
Commissioner

State of Missouri  
**OFFICE OF ADMINISTRATION**  
Division of Accounting  
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Post Office Box 809  
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**Stacy Neal**  
Director

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

The Uniform Guidance requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all audit findings included in the prior audit's Schedule of Findings and Questioned Costs. The Schedule is also to report the status of findings included in the prior audit's Summary Schedule of Prior Audit Findings, except those that were corrected, no longer valid, or not warranting further action.

The attached documents are the Summary Schedule of Prior Audit Findings for the year ended June 30, 2020, and includes all findings from the audit for the Fiscal Year ended June 30, 2019, and certain findings from the audits for the Fiscal Years ended June 30, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011, and 2010.

These documents were prepared by the applicable State agencies as noted with each prior year finding.



State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020

**2019-001.**                    Adoption Assistance Eligibility and Payments

**Federal Agency:**        Department of Health and Human Services  
**Federal Program:**        93.659 Adoption Assistance  
**State Agency:**            Department of Social Services (DSS) - Children's Division (CD) and Division of  
Finance and Administrative Services (DFAS)  
**Questioned Costs:**        \$17,600 (2019)  
**Similar Finding:**            2018-004

DSS controls over eligibility and assistance payments were not sufficient to prevent and/or detect payments made on behalf of ineligible children and unallowable assistance payments. An adoption subsidy agreement was not signed and in effect prior to or at the date of adoption; and for some cases, the CD Director's signature date or the subsidy agreement effective date was backdated. Criminal background check results were not received until after the date of the subsidy agreement and adoption decree for a case; and a state-only contract was incorrectly coded and claimed to the Adoption Assistance program. In addition, the CD made a regular maintenance payment twice, for the same month; and a Guardian Ad-Litem payment was inappropriately claimed.

**Recommendation:**

The DSS through the CD and the DFAS strengthen and enforce policies and procedures regarding Adoption Assistance eligibility determinations and assistance payments. These procedures should ensure all adoption subsidy agreements are signed and in effect prior to the adoption, criminal background checks are obtained for all prospective adoptive parents, and payments are allowable. The DSS should review and correct the eligibility and payments for the children identified in this finding.

**Status of Findings:**

The DSS has modified the contract language on the current and the prior subsidy contracts to indicate the Department approval signature is the Authorized Signature of the Department of Social Services. Additionally, DSS continues to provide training and assistance to staff regarding adoption assistance agreement requirements and quality assurance reviews to ensure agreements have proper signatures and effective dates. The DSS reviewed and corrected applicable child and eligibility determinations in FACES to ensure accuracy. There continues to be ongoing training with IV-E Benefit Program Specialists of allowable assistance payments in accordance with IV-E regulations. The unallowable assistance payments identified in the SFY2019 Adoption Assistance review have been corrected and recouped in the FACES system.

**Contact Person:**        Amy Martin and Jodi Lodewegen  
**Phone Number:**        (573) 526-8040; (816) 234-5694



State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020

**2019-002.**                    Department of Social Services Public Assistance Cost Allocation Plan

**Federal Agency:**        Department of Health and Human Services  
**Federal Program:**        84.126 Rehabilitation Services Vocational Rehabilitation Grants to States  
                                  93.563 Child Support Enforcement  
                                  93.659 Adoption Assistance  
                                  93.667 Social Services Block Grant  
**State Agency:**         Department of Social Services (DSS) - Division of Finance and Administrative  
                                  Services (DFAS)  
**Similar Finding:**         2018-005A

The DFAS did not have a documented system of internal controls to ensure the AlloCAP system provided for accurate, allowable, and proper allocations in accordance with the proposed public assistance cost allocation plan (PACAP). In addition, the DFAS did not implement procedures to document each change made to the proposed PACAP or the AlloCAP system or approval of the changes, and did not document procedures to test the changes for accuracy and consistency with the proposed PACAP.

**Recommendation:**

The DSS through the DFAS implement internal controls and procedures over the PACAP and the AlloCAP system to ensure costs charged to federal programs are accurate, allowable, properly allocated, and consistent with the proposed and/or approved PACAP. Internal controls should be adequately documented and monitored for compliance with applicable requirements. These controls should include sufficiently detailed policies and procedures; documentation of the reason, justification, and approvals of changes to the proposed PACAP and the AlloCAP system; documented testing of system changes; and a complete log of all changes.

**Status of Findings:**

DSS Response: The DSS firmly disagrees with this finding/recommendation.

Audit Requirements for Federal Awards are covered under 2 CFR 200. Under section 200.516 subpart 7, auditors are required to indicate whether an audit finding represents an isolated instance or a systematic problem. Instances identified must be related to the universe and the number of cases examined and be quantified in terms of dollar value. The auditor should report whether the sampling was a statistically valid sample.

As noted in the audit finding, the sample selected included 17 cost centers allocated during the quarter ending June 30, 2019 and for every cost center examined, it was determined all costs were supported and allocated in accordance with the proposed Public Assistance Cost Allocation Plan (PACAP). No deviations were found in the tested sample to support that the DSS did not effectively design, implement, or put controls in place to prevent detection of non-compliance. In the prior year audit the sample selected included 14 cost centers allocated during the quarter ending March 31, 2018 and for every cost center examined, it was determined all costs were supported and allocated properly as well. Thus DSS has demonstrated consistently the system in place produces accurate results.

DSS offered additional cost pools for sampling; however the SAO audit crew conveyed, as those programs were not in the scope of the SWSA, a sample from grants outside of the scope would not be taken and reviewed.



State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
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Since results of the tested sample supports the Department's position, the DSS has provided sufficient evidence to demonstrate internal controls and procedures to ensure costs charged to federal programs are accurate, allowable, and properly allocated. Therefore DSS disagrees with the finding as 100% of the sample taken was accurate and compliant with federal requirements. Additionally DSS further disagrees with the finding as it is based on grants not sampled in this audit.

Effective October 1, 2017, the DSS transitioned from utilizing an indirect cost rate methodology allocated manually on a spreadsheet to implementing a PACAP to directly allocate through cost pools which is allocated systematically in a proprietary cost allocation system. Implementation of a thoroughly documented PACAP coupled with the AlloCAP system supports that DSS has strengthened internal controls and procedures. Cost Allocation Services (CAS) requires DSS to document quarterly changes in a specific format, consisting of submission of summary of changes in Section III of the PACAP as well as submitting the PACAP in track change format from the previous version. DSS has been in compliance with this requirement each quarter, which was demonstrated through the documentation provided to the SAO audit crew. Additionally, the DSS has provided documented evidence to support the internal controls and procedures over PACAP and AlloCAP which includes but is not limited to: (1) the Chief Financial Officer and the Assistant Chief Financial Officer sign the internal approval sheet of PACAP changes prior to submission and the Chief Financial Officer signs each formal PACAP submission; (2) the Cost Allocation Manager submits PACAP narrative and a summary of quarterly changes to the Grants Unit to assist the Grants Unit in ensuring that AlloCAP matches the PACAP narrative exactly; (3) the AlloCAP manual outlines procedures for the quarterly cost allocation process; (4) the AlloCAP quarterly preparation is documented on grant approval tracking sheets with signatures from the Grants Unit Manager, Assistant Chief Financial Officer, and Chief Financial Officer each quarter prior to grant claiming; and (5) reports are produced directly from the AlloCAP system showing the allocation methodology matches the PACAP as submitted quarterly. Specifically the Chart of Accounts reports produced from AlloCAP from present quarter compared to prior quarter document the changes were in accordance with the submitted PACAP.

The DSS' internal controls were and continue to be a component of the successful implementation of the PACAP and AlloCAP system in order to ensure accuracy and compliance with federal requirements as supported by the sample results reviewed under this audit.

DSS had a conversation regarding the prior year finding with the prior year audit crew. Although DSS disagreed with the prior finding, DSS was willing to consider further steps to implement if these steps would provide a greater comfort level. The signature page was discussed and implemented in addition to the current adequate process as requested.

Corrective action planned is as follows: Not applicable

Contact Person: Kristen Pattrin  
Phone Number: (573)751-2426





State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020

**2019-003.**                      CSBG and CSE Program Subrecipient Risk Assessments

**Federal Agency:**            Department of Health and Human Services  
**Federal Program:**            93.563 Child Support Enforcement (CSE)  
   93.569 Community Services Block Grant (CSBG)  
**State Agency:**                Department of Social Services (DSS) - Division of Finance and Administrative  
   Services (DFAS) and Family Support Division (FSD)

The DSS did not prepare and document risk assessments for subrecipients of the CSBG and CSE programs to determine the nature, timing, and extent of monitoring procedures.

**Recommendation:**

The DSS through the DFAS and the FSD develop controls and procedures to ensure evaluations of each CSBG and CSE program subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward are performed, documented, and used for monitoring decisions as required by federal regulations.

**Status of Finding:**

Child Support Enforcement (CSE) created a risk assessment tool and completed documentation of risk assessments in April 2020. The Community Services Block Grant (CSBG) created a preliminary risk assessment tool and completed documentation of certain risks in June 2020. CSBG will continue to refine its risk assessment tool and incorporate additional areas of risk in accordance with Uniform Guidance and national CSBG best practices.

Contact Person: John Ginwright and Kimberley Sprenger  
Phone Number: 573-751-4995 and 573-522-8779



State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
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**2019-004.**                      CSBG Program Reporting

**Federal Agency:**            Department of Health and Human Services  
**Federal Program:**           93.569 Community Services Block Grant (CSBG)  
**State Agency:**              Department of Social Services (DSS) - Division of Finance and Administrative Services (DFAS)

The DSS did not have adequate procedures for preparation of the annual CSBG program federal financial report (SF-425), and as a result, amounts on the interim SF-425 report were misstated for the federal fiscal year ended September 30, 2018 (FFY18) grant. On the FFY18 grant interim SF-425 report, the DFAS reported unliquidated obligations as the total unspent FFY18 grant award of \$11.6 million rather than the total unpaid FFY18 contract amounts of \$3.8 million. By incorrectly reporting unliquidated obligations as the unspent FFY18 grant award, the DFAS overstated unliquidated obligations and understated the resulting unobligated balance at September 30, 2018, by about \$7.8 million.

**Recommendation:**

The DSS through the DFAS establish controls and procedures to ensure CSBG program federal financial reports are accurately prepared in accordance with federal requirements. In addition, the DSS should review, revise, and resubmit previously submitted inaccurate federal reports.

**Status of Finding:**

DSS Response: The DSS disagrees with this finding. In accordance with the DSS' 12/21/2018 response letter to the Administration for Children and Families (ACF) CSBG Missouri State Assessment Draft Monitoring Report, the accounting methodology employed for drawing and disbursing the CSBG award funds to eligible entities was based on the "first-in, first-out" approach. While the DSS contended the accounting records and methodologies were in compliance with the general terms and conditions of the grant and 45 CFR 75.309(a)(b), it acknowledged ACF's request to discontinue the "first-in, first-out" approach. On 6/26/2019 following issuance of the ACF CSBG Missouri State Assessment Final Monitoring Report, the DSS again acknowledged ACF's request to discontinue use of the "first-in, first-out" accounting method and confirmed the work being completed with the Community Action Agencies and other internal actions to affect the change that was implemented on October 1, 2019. As such, the difference between records referenced in the finding is due to the accounting methodology employed for drawing and disbursing CSBG award funds to eligible entities during the referenced time period.

Additionally, on September 30, 2020, the DSS awarded a contract for an independent and objective audit to be conducted on the FFY 2016 CSBG grant award.

Corrective action planned is as follows: Not applicable. The DSS disagrees with this finding and does not plan to resubmit the previously submitted FFY 18 federal reports.

**Contact Person:**            Kristen Pattrin  
**Phone Number:**            (573) 751-2426



State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020

**2019-005.**                      Medicaid and CHIP MAGI-Based Participant Eligibility

**Federal Agency:**            Department of Health and Human Services  
**Federal Program:**        93.767 Children's Health Insurance Program  
                                      93.778 Medical Assistance Program  
**State Agency:**            Department of Social Services (DSS) - MO HealthNet Division (MHD) and  
                                      Family Support Division (FSD)  
**Questioned Costs:**        \$2,832

The DSS did not have sufficient controls to ensure compliance with eligibility redetermination requirements of the Medical Assistance Program (Medicaid) and the Children's Health Insurance Program (CHIP) for participants whose eligibility is based on their Modified Adjusted Gross Income (MAGI). In addition, the DSS did not have sufficient controls to ensure the eligibility status was updated in the Medicaid Management Information System (MMIS), the Medicaid claims payment system, when participants were determined to be ineligible for benefits. The DSS did not perform the required eligibility redeterminations for some participants and a system error prevented a participant's case from being closed in the MMIS.

**Recommendation:**

The DSS through the MHD and the FSD strengthen internal controls over MAGI-based participant eligibility to ensure eligibility redeterminations are completed as required and that participants' eligibility statuses in the MMIS are accurate. In addition, the DSS should review and correct the eligibility for the ineligible participant identified in this finding.

**Status of Finding:**

The DSS is in the process of developing a monthly report to identify overdue annual reviews. To address accuracy in the MMIS, in August 2020 the DSS implemented a Continuous Case Improvement review on MAGI cases targeting the findings of this audit. The DSS will develop training and guidance for staff when needs are identified. The DSS completed the action to close the eligibility case noted in the recommendation in March 2020.

**Contact Person:**        Heather Atkins  
**Phone Number:**        573-751-4269



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Summary Schedule of Prior Audit Findings  
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**2019-006.**                      Medicaid Nursing Facility Audits

**Federal Agency:**            Department of Health and Human Services  
**Federal Program:**            93.778 Medical Assistance Program  
**State Agency:**                Department of Social Services (DSS) - MO HealthNet Division (MHD)

The MHD did not establish adequate internal controls to ensure audits of financial records of nursing facilities participating in the Medical Assistance Program (Medicaid) were conducted as required. The MHD did not establish a plan for providing periodic audits of cost reports or other provider financial information of participating providers, and only a few cost report audits were performed in recent years. In addition, the MHD did not ensure required independent financial audit reports were received for any of the facilities that began participating in the Medicaid program during the previous 2 years.

**Recommendation:**

The DSS through the MHD establish and enforce a plan for periodic audits of cost reports or other financial information of nursing facilities and ensure independent audits are obtained in accordance with the State Plan.

**Status of Finding:**

DSS partially agrees with the finding.

DSS agrees the State Plan language should be reviewed and updated. However, Attachment 4-19D (or TN00-18) Findings and Assurances that the State Auditor references in the finding is not part of Missouri's State Plan.

The DSS disagrees with the remainder of the findings. The Findings and Assurances that outlined procedures to collect uniform cost reports and the periodic audit of financial and statistical records was an annual assurance and finding required until the Boren Amendment and its corresponding regulations were repealed by the Balanced Budget Act of 1997. The purpose of the Boren Amendment was to require the State Medicaid Agency to consider the costs of efficient and economic providers in setting rates. In considering the costs of the efficient and economic providers, the State Medicaid Agency was required to collect uniform cost reports and audit financial and statistical records of the providers, among other requirements. Once the Boren Amendment was repealed, the costs of efficient and economic providers did not need to be considered in setting rates. The Findings and Assurances that the State Medicaid Agency provided each year were no longer required after 2000, and were no longer considered part of the State Plan. The DSS will submit a State Plan Amendment to remove references related to the provisions of the Boren Amendment by the end of October 2020.

The finding states that MHD is not fulfilling the requirement of periodic auditing of providers' financial and statistical records; however, MHD provided a list of financial and statistical records that it audits or reviews, which in addition to cost reports, includes provider credit balance reports, Certificate of Need (CoN) reports, and NFRA cycle reports.

The Auditor's report stated that MHD performed 0 cost report audits in 2019. MHD provided supplemental documentation of 5 cost report audits before the finding was complete; however, these audits were not reflected in the finding.



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In the Auditor's report it is documented that MHD did not receive independent audits in 2019 for new facilities established in the past two years. MHD received independent audits from two facilities in FY2019. Of the remaining new facilities that entered the nursing facility program in the last two years, the independent audits are not due until 2020/2021.

MHD has contracted with an outside vendor to perform audits of the nursing facility cost reports to assist with changes that resulted from new legislation. The contractor will collect the cost reports from the providers and ensure the cost reports are complete and submitted on a timely basis. In addition, the vendor will ensure the independent audits are received according to the State Plan.

MHD has worked with the outside vendor throughout SFY 2020 to successfully implement the nursing facility cost reporting functions for over 500 nursing facilities with the contractor. MHD has had regular communication with the contractor, providing input, reviewing information, and providing approvals of various documents and steps. MHD worked with the contractor to develop a mechanism to electronically collect, maintain, and transfer cost report data; ensure providers were informed of and had training for the new cost report processes; develop the audit guide or Agreed Upon Procedures (AUP); develop the Audit Adjustment Report (AAR); and, audit the cost reports. As part of the cost report collection procedures, the contractor has staff dedicated to reviewing the documents that have been submitted and will send an email to the provider requesting any missing information. Upon MHD's approval of the AUP and AAR, the contractor audit staff began performing audits of the 2019 cost reports on May 7, 2020.

**Contact Person:** Rebecca Rucker  
**Phone Number:** 573-751-5663



State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
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**2019-007.**                      Medicaid Developmental Disabilities Comprehensive Waiver Per Diem Rates

**Federal Agency:**            Department of Health and Human Services  
**Federal Program:**         93.778 Medical Assistance Program  
**State Agency:**             Department of Mental Health (DMH) - Division of Developmental  
   Disabilities (DD)  
**Questioned Costs:**        \$244,757 (2019)  
**Similar Findings:**         2018-014, 2017-017, 2016-006, and 2015-015

The DD continued to pay historical per diem rates to providers for residential rehabilitation services provided to participants of the Home and Community Based Services, Developmental Disabilities Comprehensive Waiver (Comprehensive Waiver) program, but did not retain adequate documentation to support these rates. As a result, the DD could not demonstrate some amounts paid were allowable costs of the Comprehensive Waiver Program.

**Recommendation:**

The DMH through the DD continue to transition all per diem rates paid to providers for residential habilitation services provided under the Comprehensive Waiver program from historical rates to acuity-based rates and ensure documentation to support per diem rates is maintained as required.

**Status of Findings:**

The Centers for Medicare and Medicaid Services (CMS) has notified the Division that it is suspending a disallowance for this finding, as it did with the previous year's finding 2018-014, pending completion of a corrective action plan that has been approved for the Division of Developmental Disabilities. The result of the corrective action plan will be to align rates paid to providers with the approved rate methodology for this service.

**Contact Person:** Bryan Connell  
**Phone Number:** (573)751-8041



State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
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**2019-008.**                    MVC SEFA

**Federal Agency:**        Department of Veterans Affairs  
**Federal Program:**      64.015 Veterans State Nursing Home Care  
**State Agency:**         Missouri Veterans Commission (MVC)

The MVC's controls and procedures related to the preparation of the schedule of expenditures of federal awards (SEFA) were not sufficient; and as a result, expenditures reported on the MVC SEFA submitted to the Office of Administration - Division of Accounting (DOA) for inclusion in the statewide SEFA for the year ended June 30, 2019, were misstated.

**Recommendation:**

The MVC implement controls and procedures to prepare and submit an accurate SEFA to the DOA.

**Status of Finding:** Corrective Action was taken

**Contact Person:**        Terressa Sherlock  
**Phone Number:**        573-522-1405



State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
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**FS2019-001.**                    Department of Social Services Financial Reporting Controls

**State Agency:**             Department of Social Services (DSS)

The DSS - Division of Finance and Administrative Services (DFAS) did not have adequate controls and procedures over financial reporting of federal grant accounts receivables. As a result, the accounts receivable data submitted to the Office of Administration - Division of Accounting (DOA) for inclusion of *Missouri Comprehensive Annual Financial Report (Annual Report)* for the year ended June 30, 2019, was misstated.

**Recommendation:**

The DSS through the DFAS implement controls and procedures to prepare and submit accurate accounts receivable reports to the DOA.

**Status of Finding:**

The DSS disagrees with this finding. The Department has internal controls and procedures in place to prepare and submit accurate accounts receivable reports to the Division of Accounting. In fact, the accounts receivable balance was correct as originally reported.

Although the department did revise the SFY 2019 accounts receivable report after submission and upon discussion with the SAO, the department's original position, in reporting the accounts receivables as received after August (or as a deferred inflow for reporting purposes) was a more conservative approach for the financial statements. Additionally, the DSS does view this as a difference of opinion in how this information is captured, as a revenue versus as a deferred inflow.

The department does and continues to submit accurate accounts receivable reports to the Division of Accounting.

Corrective action plan is as follows: Not applicable.

**Contact Person:** \_\_\_\_\_ Kristen Pattrin \_\_\_\_\_  
**Phone Number:** \_\_\_\_\_ 573-751-2426 \_\_\_\_\_





State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020

**FS2019-002.**            Department of Natural Resources Capital Asset Controls

**State Agency:**        Department of Natural Resources (DNR)

The DNR did not recently perform and document complete annual physical inventories of state park capital assets.

**Recommendation:**

The DNR ensure complete physical inventories of capital assets are performed annually, documented, and reconciled to the statewide accounting (SAM II) system.

**Status of Finding:** Corrective actions were taken as stated in the State Auditor's Office Report 2020-010 titled State of Missouri Comprehensive Annual Financial Report on Internal Controls, Compliance, and Other Matters Year Ended June 30, 2019.

**Contact Person:** Cindy Luebbering \_\_\_\_\_

**Phone Number:** (573) 751-1117 \_\_\_\_\_



State of Missouri - Single Audit  
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**2018-007.**                      Child Care Payments

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.575 Child Care and Development Block Grant  
93.596 Child Care Mandatory and Matching Funds of the Child Care and  
Development Fund  
**State Agency:** Department of Social Services (DSS) - Children's Division (CD) and Family  
Support Division (FSD)  
**Questioned Costs:** \$586 (2018)  
**Similar Findings:** 2017-010, 2016-002A, 2015-002, 2014-005, 2013-009, 2012-11A&B, 2011-14A,  
and 2010-16A

DSS controls over Child Care Development Fund (Child Care) subsidy provider payments were not sufficient to prevent and/or detect improper payments to child care providers. The DSS had only limited procedures to monitor payments to providers, and overpayments were made to some providers.

**Recommendation:**

The DSS through the CD and the FSD continue to review, strengthen and enforce policies and procedures regarding Child Care subsidy provider payments. These procedures should include sufficient monitoring of provider payments and follow up on errors identified.

**Status of Findings:**

The Child Care Business Information Solution (CCBIS) will replace paper attendance records and will capture attendance electronically. This will allow for greater control of attendance tracking, invoicing, and monitoring for provider compliance. The CCBIS was fully implemented as of the end of SFY 2020.

Claims have been entered or adjustments have been made for agreed upon unallowable costs.

**Contact Person:** Marianne Dawson  
**Phone Number:** (573) 522-2294



State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020

**2018-009.** Foster Care Case Management Contract Payment Reviews

**Federal Agency:** Department of Health and Human Services  
**Federal Program:** 93.658 Foster Care - Title IV-E  
**State Agency:** Department of Social Services (DSS) - Children's Division (CD) and Division of Finance and Administrative Services (DFAS)  
**Questioned Costs:** \$172

The DFAS did not establish adequate internal controls to ensure certain Foster Care assistance payments to foster care case management (FCCM) contractors were allowable and adequately supported.

**Recommendation:**

The DSS through the CD and the DFAS strengthen monitoring controls and procedures over FCCM contractor payments to ensure costs claimed to the Foster Care program as assistance payments are allowable and adequately supported. Detailed reviews of data submitted by the FCCM contractors should include reviews of foster care payment rates and supporting documentation.

**Status of Finding:**

The DSS disagrees with this recommendation.

The Foster Care payment was allowable as the child was IV-E eligible and in a reimbursable placement. The rate paid should have been slightly less due to the child's age. This occurred due to timing of system changes with the FCCM and is a unique instance. Based on the finding, the selected sample population of \$271,000 included 60 items of which \$50,700 and 9 children correspond to FCCMs. The sample identified \$266 (\$172 federal share) of questioned costs pertaining to FCCMs which results in a potential deviation of 0.10% of the total and 0.52% corresponding to FCCMs and is deemed by the DSS to be immaterial. In addition to the immateriality of questioned costs, the DAB upheld that FCCMs are a contractor of the DSS pursuant to decision 2681. In accordance with the DAB decision, the DSS will not request documentation from FCCMs for review that would be required of a subrecipient as doing so would be imposing extraneous requirements of contractors. As evidenced by the sample tested under this audit, the DSS has demonstrated sufficient monitoring controls and procedures over FCCM contractor payments to ensure accuracy and compliance with federal requirements.

Additionally, child placement and IV-E eligibility are not uploaded to the system by the vendor. Placement and eligibility for all children in the care of Children's Division are housed in the same area of the system regardless of internal versus external case management.

Payment data for children case managed by a FCCM is uploaded to the state's system. Once payments are uploaded, the data runs through case management and eligibility code to determine the payment fund to assign. The system is programmed to only allow a IV-E Foster Care claim if the child is determined to meet Title IV-E eligibility criteria and is in an allowable placement to Title IV-E. Therefore, payments for foster care could only be claimed to the grant if the child was in a foster home setting where a family would receive a payment to meet the needs of the child(ren) in their care and if both the child and the placement were eligible.

**Contact Person:** Kristen Pattrin  
**Phone Number:** 573-751-2542



State of Missouri - Single Audit  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2020

**2018-010.**                    TANF Work Participation Sanctions

**Federal Agency:**        Department of Health and Human Services  
**Federal Program:**        93.558 Temporary Assistance for Needy Families (TANF)  
**State Agency:**            Department of Social Services (DSS) - Family Support Division (FSD)  
**Questioned Costs:**        \$171

The FSD did not have adequate controls to ensure TANF program recipients who failed to meet work participation requirements were sanctioned. The FSD's procedures to monitor subrecipients responsible for referring TANF program recipients to the FSD for failure to meet work participation requirements were not sufficient; and as a result, a recipient was not sanctioned and continued to receive full benefits.

**Recommendation:**

The DSS through the FSD continue to review, strengthen, and enforce controls to ensure TANF program recipients who fail to meet work participation requirements are sanctioned as required, or referred to the FSD for exemption.

**Status of Finding:**

The DSS disagrees with this audit finding. Although it is important to continue to review, strengthen, and enforce controls regarding TANF work participation sanctions, the DSS asserts the amounts referenced in this finding are immaterial. Regarding the immateriality, there was an error rate of less than 2% regarding the costs under review and an error rate of 5% regarding the cases under review.

The DSS agrees that internal controls are imperative to reducing errors and has successfully implemented controls to ensure clients are timely sanctioned. While the TANF regulations do not provide a threshold or an acceptable error rate, this is below what is required in other programs.

**Contact Person:** Jeriane Jaegers-Brenneke  
**Phone Number:** (573) 751-1078



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# State of Missouri - Single Audit

## Corrective Action Plans

### Year Ended June 30, 2020

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The Uniform Guidance requires the auditee to prepare a Corrective Action Plan (CAP) for each finding reported in the Schedule of Findings and Questioned Costs. The CAPs were prepared by the management of the applicable state agencies.



State of Missouri - Single Audit  
Corrective Action Plans  
Year Ended June 30, 2020

**Michael L. Parson**  
Governor



**Sarah H. Steelman**  
Commissioner

State of Missouri  
**OFFICE OF ADMINISTRATION**  
Division of Accounting  
570 Truman Building, 301 West High Street  
Post Office Box 809  
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**Stacy Neal**  
Director

**CORRECTIVE ACTION PLANS**

The State of Missouri's Office of Administration, Division of Accounting respectfully submits the following Corrective Action Plans for the findings related to the Statewide Single Audit for fiscal year ended June 30, 2020. Each Corrective Action Plan was prepared by the State agency noted.



State of Missouri - Single Audit  
Corrective Action Plans  
Year Ended June 30, 2020

**State of Missouri  
Single Audit  
Corrective Action Plan  
Year Ended June 30, 2020**

State Agency: Department of Revenue (DOR)

Audit Finding Number: FS2020-001 DOR Financial Reporting Controls

Name of the contact person  
Responsible for corrective action: Julie Ruetters

Anticipated completion date for corrective action: June 30, 2021

Corrective action planned is as follows:

The Department of Revenue took corrective action following the State Auditor's Office notification of the finding with the motor vehicle sales tax accounts receivable reports reported to the Office of Administration - Division of Accounting (DOA), and restated and resubmitted the motor vehicle sales tax accounts receivable reports for fiscal years ended June 30, 2019 and 2020. The Department of Revenue will also be evaluating and performing a detailed review of the future data extracted from the system; and, developing a new methodology for reporting the allowance for uncollectible accounts receivables going forward.





State of Missouri - Single Audit  
Corrective Action Plans  
Year Ended June 30, 2020

**State of Missouri  
Single Audit  
Corrective Action Plan  
Year Ended June 30, 2020**

State Agency: Department of Social Services (DSS)

Audit Finding Number: FS2020-002 – DSS Financial Reporting Controls

Name of the contact person responsible for corrective action: Tara Giordano

Anticipated completion date for corrective action: June 30, 2021

Recommendation: The DSS through the DFAS implement controls and procedures to prepare and submit accurate accounts payable reports to the DOA.

DSS Response: The DSS agrees with this finding. The DSS had a transition of staff during the timeframe for completing the accounts payable reports. DSS is currently in the process of developing and formalizing written policies and procedures for preparing accounts payable reports. New team members responsible for report preparation will receive training by the Accounts Payable Manager or their designee.

Regarding the supervisory review, the review occurred and it was determined the accounts payable report was within a reasonable range of a normal submission.

Corrective action planned is as follows: As noted above, the DSS is currently taking measures to develop and formalize written policies and procedures for future accounts payable reporting.



State of Missouri - Single Audit  
Corrective Action Plans  
Year Ended June 30, 2020

**State of Missouri  
Single Audit  
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Year Ended June 30, 2020**

State Agency: Department of Social Services (DSS) – MO HealthNet Division (MHD)

Audit Finding Number: 2020-001 – Medicaid Nursing Facility Cost Report Audits

Name of the contact person responsible for corrective action: Rebecca Rucker

Anticipated completion date for corrective action: Not Applicable

Recommendation: The DSS through the MHD develop and implement procedures to monitor and ensure the contractor completes periodic audits of cost reports of nursing facilities in accordance with the State Plan.

DSS Response: DSS partially agrees with this finding.

The DSS disagrees that a plan for periodic audits and procedures, as well as a plan for monitoring the contractor, had not been developed. The DSS through MHD established the plan and procedures during SFY 2020. MHD worked closely with the contractor to develop the processes for the contractor to collect the cost reports electronically, create a data base for the nursing facility cost report data, and worked with the contractor in the development and approval of the audit guide. SFY 2020 was devoted to the development and implementation of the plan and processes for the contractor to conduct the periodic audits. MHD worked with the contractor throughout the development and implementation stages, including the review and approval of various processes and documents, therefore monitoring the contractor in SFY 2020.

MHD agrees with the portion of the finding to ensure that periodic audits are completed. Even though audits were started in SFY 2020, no audits were completed by June 30, 2020 due to the amount of time it took to get all the processes in place for the new contractor, as noted above, and due to the Public Health Emergency (PHE). During the PHE, sections of the nursing facility regulation relating to cost report submission due dates and the withholding of payments for late cost report submissions were suspended (13 CSR 70-10.015, (10)(A)5. and 6.).

The agency does not agree with the recommendation and does not believe that corrective action is required. Explanation and specific reasons are as follows:



State of Missouri - Single Audit  
Corrective Action Plans  
Year Ended June 30, 2020

Since the plans and procedures are now established, audits will be completed in accordance with the agreed upon schedule with the contractor going forward and therefore, no further corrective actions need to be taken. MHD will work with the contractor to determine the appropriate cost reports to audit. MHD, through the contractor, does not expect that it will always audit all cost reports for a given cost report year, but may do a sample of approximately 20%-30% of the total cost reports.

MHD would like to address some issues related to the findings described in the SAO's Schedule of Findings and Questioned Costs draft report:

Specific to the statements in the finding pertaining to the Findings and Assurances, MHD disagrees that the Findings and Assurances are part of the approved State Plan. If the Findings and Assurances were given to the SAO as part of the approved State Plan, it was included in error. The approved State Plan includes the pages that describe the policy and reimbursement for the nursing facility program. The Findings and Assurances were additional information that CMS used to review in conjunction with the State's cover letter that included the standard funding questions, the 179 Transmittal Form, and any other Requests for Additional Information (RAI) in approving proposed pages amending the State Plan. With the repeal of the Boren Amendment, the Findings and Assurances were no longer required to be submitted. MHD has discussed this with CMS and they indicated that the Findings and Assurances are not part of the State Plan.



State of Missouri - Single Audit  
Corrective Action Plans  
Year Ended June 30, 2020

**State of Missouri  
Single Audit  
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Year Ended June 30, 2020**

State Agency: Department of Social Services (DSS) – MO HealthNet Division (MHD)

Audit Finding Number: 2020-002 – Medicaid National Correct Coding Initiative Finding

Name of the contact person responsible for corrective action: Kim Johnson, Nanci Nikodym, and Holly Hern

Anticipated completion date for corrective action: July 1, 2022 estimated

Regarding the anticipated completion date, updates to address this finding require changes to the Medicaid Management Information System (MMIS). These system changes are substantial. MHD anticipates the implementation date of the changes to be July 2022, barring any unforeseen issues.

Recommendation: The DSS through the MHD strengthen controls over the NCCI requirements to ensure NCCI edits are fully implemented and reprocess claims paid when edits are not implemented timely, as required. In addition, the DSS should ensure confidentiality agreements contain all elements required by the Medicaid NCCI Technical Guidance Manual.

DSS Response: DSS agrees with the auditor's finding. The Corrective Action Plan includes planned actions to address the finding. The MO HealthNet Division (MHD) will fully implement National Correct Coding Initiative (NCCI) edits. One of the components to fully implement NCCI edits is to update the edits on a quarterly basis. System work will be needed to complete this task. Once completed, the NCCI edits will be updated quarterly and claims will be reprocessed.

Another component to fully implement NCCI edits is to follow the medically unlikely edits (MUE) provided by the Centers for Medicare and Medicaid (CMS). This is similar to the current MHD maximum quantity. Currently MHD partially follows MUEs. There are maximum quantities that differ from the MUEs. System work will also be needed to complete this task.

In addition, MHD worked with the MMIS fiscal agent to update the existing confidentiality agreement required by all employees/contractors to include new requirements covering NCCI file edits confidentiality. This change was put into



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State of Missouri - Single Audit  
Corrective Action Plans  
Year Ended June 30, 2020

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place on March 15, 2021; therefore, no additional corrective action is needed for this portion of the finding.



State of Missouri - Single Audit  
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Year Ended June 30, 2020

**State of Missouri  
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Year Ended June 30, 2020**

State Agency: Department of Social Services (DSS) – MO HealthNet Division (MHD) and Family Support Division (FSD)

Audit Finding Number: 2020-003 – Medicaid and CHIP MAGI-Based Participant Eligibility

Name of the contact person responsible for corrective action: Heather Atkins

Anticipated completion date for corrective action: September 1, 2021, or upon expiration of requirements suspended due to the Public Health Emergency

Recommendation: The DSS through the MHD and the FSD strengthen internal controls over MAGI-based participant eligibility to ensure eligibility redeterminations are completed as required, once the COVID-19 public health emergency has expired and the suspended requirements are reinstated. In addition, the DSS should review and correct the eligibility and payments for the ineligible participant identified in this finding.

DSS Response: The DSS agrees with the finding. Missouri Eligibility Determination and Enrollment System (MEDES) functionality to complete annual redeterminations was not complete until 6/2018. Prior to full implementation, MEDES was unable to complete systematic auto renewals and population of required pre-populated review forms. Since full implementation in 2018, FSD has strengthened controls as the system has been updated to automatically initiate the annual eligibility redetermination process. DSS staff will continue to strengthen controls and monitor the process to ensure eligibility redeterminations in MEDES are completed as required, once the COVID-19 public health emergency (PHE) has expired and the suspended requirements are reinstated. Additionally, the DSS has taken actions to close the eligibility case noted in the recommendation. DSS will also correct the payments for the ineligible participant noted in the recommendation.

The questioned costs identified in this finding are \$1,928, federal share. The total computable amount is \$2,803 which is .00009% of the SFY 2020 Medicaid expenditures of approximately \$3.1 billion for the MAGI population.

It should also be noted that the SAO reviewed 60 ABD participants enrolled during the period of July 2019 to February 2020 and no errors were found.



State of Missouri - Single Audit  
Corrective Action Plans  
Year Ended June 30, 2020

Corrective action planned is as follows: The DSS has developed a monthly report to identify overdue reviews. Upon the expiration of the PHE, the DSS will begin analyzing the reports to determine if additional policy or system updates are necessary and start the process of removing the previously-established system overrides on cases with an override to allow the system to identify the cases needing redeterminations.



State of Missouri - Single Audit  
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Year Ended June 30, 2020

**State of Missouri  
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State Agency: Department of Social Services (DSS) – Children’s Division (CD)  
and Division of Finance and Administrative Services (DFAS)

Audit Finding Number: 2020-004 – Adoption Assistance Eligibility and Payments

Name of the contact person  
responsible for corrective action: Amy Martin and Jodi Lodewegen

Anticipated completion date for corrective action: April 30, 2021

Recommendation: The DSS through CD and the DFAS enforce policies and procedures regarding Adoption Assistance payments. The DSS should review and correct the eligibility and payments for the children identified in this finding.

DSS Response: The DSS partially agrees with this finding.

The DSS agrees with correcting the payments for the children identified in this finding. The questioned costs of \$14,465 out of the annual \$44 million federal share claim will be returned on the March 2021 quarterly report filed no later than April 30, 2021. Since 97% of the questioned costs were due to action taken before the 2008 policy change, this is not indicative of current caseload or practices.

The DSS disagrees with strengthening and enforcing policies and procedures regarding Adoption Assistance eligibility determinations. The Department implemented new processes in FY 2008 regarding backdating subsidy agreements as stated in prior audit responses. Additionally, as noted by the SAO, DHHS – Administration for Children and Families (ACF) has issued decision letters regarding this matter. The DSS continues to provide new worker and refresher trainings to adoption assistance staff regarding adoption assistance agreement requirements and quality assurance reviews to ensure service start dates of the agreement are as of or after the Director’s signature on the agreement and ensuring start dates are on or prior to the date of adoption to assure eligibility for IV-E funds. The DSS continues provide training to IV-E Benefit Program Specialists on reviewing adoption assistance payments to ensure they are allowable. Additionally, DSS has internal steps in place to ensure agreements have proper signatures and effective dates.





State of Missouri - Single Audit  
Corrective Action Plans  
Year Ended June 30, 2020

**State of Missouri  
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Year Ended June 30, 2020**

State Agency: Department of Mental Health

Audit Finding Number: 2020-005 Medicaid Developmental Disabilities  
Comprehensive Waiver Per Diem Rates

Name of the contact person  
Responsible for corrective action: Bryan Connell

Anticipated completion date for corrective action: Not applicable

The agency does not agree with the audit finding and believes that a corrective action is not required. Explanation and specific reasons are as follows:

Although some rates are at a level established prior to the rate methodology change, as stated the last two years, all existing rates are now a factor of the rate study and therefore any other forms of documentation are irrelevant. The rate study serves as the documentation for all residential rates paid. The Division of Developmental Disabilities is under a corrective action plan (CAP) with the Centers for Medicare and Medicaid Services (CMS) that requires the division to standardize its Individualized Supported Living rates according to the current approved rate methodology (which is based on the rate study) by July 1 2024.



State of Missouri - Single Audit  
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Year Ended June 30, 2020

**State of Missouri  
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Year Ended June 30, 2020**

State Agency: Missouri Department of Health and Senior Services

Audit Finding Number: 2020-006 Commodity Supplemental Food Program  
(CSFP) Food Inventory

Name of Contact Person responsible for Corrective Action Plan: Gail Ponder,  
Senior Program Specialist

Anticipated Date for Completion of Corrective Action: Fall 2021

Corrective Action Plan is as follows:

The DHSS agrees with the auditor's finding.

Through clarifying correspondence with USDA, Missouri was notified in June 2020 of this requirement. As a result of the COVID-19 outbreak in the spring of 2020, the CSFP program was not allowed to complete this requirement as food banks were not allowing outside individuals into their facilities due to the potential threat of COVID-19.

The DHSS Corrective Action Plan (CAP) includes our planned actions to address the finding as follows:

The USDA and CSFP staff have discussed these requirements. As a result of these discussions, CSFP will perform the required inventory reviews during the summer and fall of 2021.

CSFP staff will continue to work with the USDA regarding any questions about the regulations and the completion of the physical inventory of the food banks. A spreadsheet will be developed prior to conducting the first inventory. CSFP staff will request that USDA review and approve the spreadsheet to verify information to be captured will satisfy federal regulations. CSFP staff will add an annual physical inventory requirement to the CSFP Policy and Procedures Manual.



State of Missouri - Single Audit  
Corrective Action Plans  
Year Ended June 30, 2020

**State of Missouri  
Single Audit  
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Year Ended June 30, 2020**

State Agency: Department of Public Safety, Office of the Adjutant General

Audit Finding Number: 2020-007 DPS-OTAG Cooperative Agreement Financial Accounting

Name of the contact person  
Responsible for corrective action: Nick Humphrey

Anticipated completion date for corrective action: April 2021

Corrective action planned is as follows: DPS-OTAG will implement internal controls and procedures for ensuring final accounting and extension requests are filed timely through regular monitoring of Cooperative Agreement (CA) appendices to identify upcoming lapses in completion of final accounting of all funding and disbursements or for extension request.



May 14, 2021

Zora Mulligan  
Commissioner  
Missouri Department of Higher Education & Workforce Development  
301 W High Street, Suite 840  
Jefferson City, MO 65101

Via Email

RE: Final Program Review Determination  
OPE ID: 99972400  
PRCN: 20194065004

Dear Nora Maxwell:

The U.S. Department of Education (Department), Financial Institution Oversight Service – Dallas Division conducted a review of Missouri Department of Higher Education and Workforce Development’s (MDHEWD) administration in programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §1071. The review was conducted September 17, 2019 through September 19, 2019.

The Department issued a program review report (PRR) on March 18, 2020. The review covered MDHEWD’s administration in programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, for the period of October 1, 2017 through September 30, 2018. The Department’s authority to conduct a program review is 34 CFR 682.414(c). MDHEWD’s response was received on June 1, 2020.

Final determinations have been made concerning all documentation provided and reviewed during the program review. Documentation provided by MDHEWD resolved all issues included in the PRR. The purpose of this letter and attached report is to close the review.

**Protection of Personally Identifiable Information (PII):**

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date, and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. The finding in the attached report does not contain any borrower PII.

**Federal Student Aid**  
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Financial Institution Oversight Service – Dallas Division  
Renaissance Tower – 1201 Elm Street, Suite, 1000, Dallas, Texas 75270

Zora Mulligan  
Commissioner  
Missouri Department of Higher Education & Workforce Development  
Page 2

### **Record Retention**

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims, or expenditures questioned in the program review, or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 682.414

We would like to express our appreciation for the courtesy and cooperation extended during the review. Please refer to the above program review control number (PRCN) in all correspondence relating to this report. If you have any questions concerning this report, please contact Cynthia Grooms at 214-661-9513 or send an e-mail to [Cynthia.Grooms@ed.gov](mailto:Cynthia.Grooms@ed.gov).

Sincerely,



Cynthia Grooms  
Division Chief – Dallas Division

Enclosure:  
Final Program Review Determination

cc: Nora Maxwell, Director–Missouri Student Loan Program

Prepared for  
**Missouri Department of Higher Education & Workforce Development**  
**OPE ID: 99972400**  
**PRCN: 20194065004**

Prepared by  
**U.S. Department of Education**  
**Federal Student Aid**  
**Financial Institution Oversight Service – Dallas Division**

## **FINAL PROGRAM REVIEW DETERMINATION**

May 14, 2021

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## **A. Institutional Information**

**OPE ID Number:** 99972400

**Program Review Control Number (PRCN):** 20194065004

### **Name and Address:**

Missouri Department of Higher Education & Workforce Development  
301 W High Street, Suite 840  
Jefferson City, MO 65101

**Dates of Review:** September 17, 2019 through September 19, 2019

**Review Period:** October 1, 2017 through September 30, 2018

### **Institutional Information:**

**Year began participation in the Federal Family Education Loan (FFEL) Program:** 1979

**Guarantor:** Missouri

**Total FFEL Program portfolio as of September 30, 2018:** \$307,889,891

**Previous FIOS review:** March 4, 2014 through March 7, 2014

### **Background Information:**

Missouri Department of Higher Education & Workplace Development (MDHEWD) has served as a guaranty agency within the Federal Family Education Loan (FFEL) Program since 1979. MDHEWD services and maintains its existing portfolio of loans guaranteed prior to July 1, 2010. As part of its responsibility as a FFEL Program student loan guarantor, MDHEWD supports numerous programs to assist Missouri students with access to postsecondary education.

MDHEWD reports to the Coordinating Board for Higher Education (CBHE), which was authorized by an amendment to the Missouri Constitution in 1972 and established by statute in the Omnibus State Reorganization Act of 1974. The nine board members are appointed by the governor and confirmed by the Senate. MDHEWD and the CBHE are included in Chapter 173 of the Missouri Revised Statutes.

## **B. Scope of Review**

The U.S. Department of Education (Department) conducted a program review of MDHEWD from September 17, 2019 through September 19, 2019. The period reviewed was from October 1, 2017 through September 30, 2018.



The focus of the review was to determine MDHEWD's compliance with the statues and federal regulations as they pertain to the agency's administration of the FFEL Program. The review included the following areas:

- Borrower Collections
- Servicemembers Civil Relief Act (SCRA)
- Guaranty Agency Procedure Controls
- Claims Paid
- GAFR MR-32

Samples were selected randomly from a statistical sample of the populations listed above excluding, Guaranty Agency Procedure Controls.

**Disclaimer:**

Although the review was thorough, it cannot be assumed to be all-inclusive. The absence of statements in this report concerning MDHEWD's specific practices and procedures must not be construed as acceptance, approval, or endorsement of those practices and procedures. Furthermore, it does not relieve MDHEWD of its obligation to comply with all of the statutory and regulatory provisions governing the FFEL Programs.

This report reflects final findings and details the Department's final determination based upon the response and corrective actions completed by MDHEWD. Any additional requirements are noted in the final determination. The review remains open until all required actions have been satisfactorily addressed.

**C. Findings and Final Determinations**

**Finding 1: Conflicts of Interest**

**Noncompliance:**

The Department reviewed MDHEWD contracts with Ascendium Education Solutions, Inc. (Ascendium) for servicing of guaranty activities. Effective November 1, 2014, MDHEWD contracted with Ascendium (formerly, Great Lakes Higher Education Guaranty Corporation) to provide guaranty services, including student loan software, data processing and operational support for outstanding FFEL Program loans guaranteed by MDHEWD. Ascendium also contracts with Performant and Navient to serve as the Master Servicer of Private Collection Agencies during the span of MDHEWD's contract.

Under the contract Ascendium manages default aversion activities and post default collections. Although Ascendium subcontracts these activities to other vendors, this is a violation of 34 CFR 682.404(j)(4), which prohibits an entity from contracting with an outside entity to perform any default aversion activities and then perform collection activities on the loan in the event of default within 3 years of the claim payment date.

**Required Action:**

MDHEWD must:

- Eliminate contracting arrangements that create a conflict of interest.
- Provide revised contracts showing that the conflict of interest has been resolved. Failure to eliminate this conflict of interest could result in the Department taking additional actions, which could include the imposition of a fine and/or limitation, suspension, or termination.

**MDHEWD Response:**

*“Ascendium Education Solutions Inc. is responsible for providing an operational system for MDHEWD guaranty functions. They are also responsible for printing and storing MDHEWD forms. They mail letters requested by MDHEWD and process return mail. Ascendium does perform default aversion assistance activities for delinquent MDHEWD accounts but Ascendium does not perform collection activities for defaulted MDHEWD accounts.*

*Ascendium completes default aversion activities on behalf of MDHEWD. Ascendium does not hold or service the loans in the MDHEWD portfolio. Additionally, Ascendium does not perform collection activities on MDHEWD guaranteed loans that default. All MDHEWD defaulted accounts are collected solely by a third-party collection agency or the MDHEWD internal AWG staff as identified by the CAGY field in the Ascendium system. Therefore, MDHEWD respectfully disagrees with the finding and feels there is no conflict of interest. The Ascendium staff that perform default aversion assistance for MDHEWD do not make collection calls or initiate administrative wage garnishments. Collection agencies under Navient’s Master Servicer Agreement perform collection activities. Additional Administrative Wage Garnishment collection activities are performed by internal MDHEWD staff. MDHEWD staff members initiate Notices Prior to Wage Withholding, Orders of Withholding and establish voluntary repayment arrangements for borrowers wishing to avoid garnishment. No collection calls are made by Ascendium staff.*

*MDHEWD can provide the Department a list of the Ascendium staff that perform default aversion efforts and the MDHEWD staff that perform our internal collections. Additionally, we can provide you screen shots that show the collection agency code a defaulted account is assigned to. Section 3.1.4 of the MDHEWD and Ascendium contract identifies that the contractor’s operational services shall comply with all applicable federal and state statutory and regulatory requirements, including any changes or amendment that may be made to those statutes and regulation. In an effort to make the separation clearer going forward we can update our student loan administration services contract to specify compliance with 34 CFR 682.404(j)(4).*

*MDHEWD was not aware the Department had concerns regarding a conflict of interest. We do not recall any mention of a concern from the Department reviewers during our review conducted at Ascendium’s location in July 2019 or during our program review discussions or exit conference calls conducted over the phone in September 2019. Had MDHEWD known the*

*Department reviewers had concerns we would have made a better effort to explain our process. We apologize for any confusion.”*

### **FINAL DETERMINATIONS**

The Department has reviewed all documentation and has made a final program review determination. The Department found that MHDHEW’s contract with Great Lakes Higher Education Corporation (now Ascendium) created a conflict of interest under 34 CFR 682.404(j)(4).

FIOS reviewed the contract provided by MOHELA that detailed its agreement with Ascendium for servicing. The proposal submitted by Great Lakes Higher Education Corporation in response to B2Z 14021 is accepted in its entirety, including Best and Final Offers #001 and #002, plus the e-mail letters of clarification dated October 31, 2013, February 10, 2014, and February 26, 2014.

Section 3.6.12 of the contract states: *“The contractor’s processes and procedures for default recovery must be designed to maximize net recovery while remaining in compliance with federal collection, privacy and other applicable statutes and regulations.”*

Section 3.4.1 of the contract states: *“The contractor must perform **default aversion assistance** in compliance with all pertinent federal statutory and regulatory requirements applying to a state guaranty agency and third-party servicers of guaranty agencies.”*

*Default recovery services are performed both by a dedicated Great Lakes default recovery team and through a Master Servicing Agency (MSA) with Performant Corp.*

MDHEWD’s response received on August 10, 2020, which stated that MDHEWD’s contract with Ascendium concluded on Oct. 31, 2020. The conclusion of the contract between MDHEWD and Ascendium resolves the finding from this review. FIOS will schedule a follow up review of MDHEWD’s new contracts and determine their compliance with conflict-of-interest requirements.

This finding is closed.

#### **D. Summary of Liabilities**

There are no liabilities associated with this program review.

#### **E. Review Status**

This review is closed.