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Management Letter

To the Board of Directors
and Executive Director
Northwest Missouri Area Agency on Aging

In planning and performing our audit of the financial statements of Northwest Missouri Area Agency on Aging for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated March 23, 2021, on the financial statements of Northwest Missouri Area Agency on Aging.

We will review the status of these comments during our next audit engagement. We have already discussed the comments and suggestions with management, and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We wish to thank you for the cooperation and consideration extended to us during the course of our audit.

This communication is intended solely for the information and use of the Board of Directors, management, and others within the Organization and the Missouri Department of Health and Senior Services and is not intended to be and should not be used by anyone other than these specified parties.

Marsh, Espey & Merrill, P.C.

March 23, 2021
Maryville, Missouri

**Northwest Missouri Area Agency on Aging
Memorandum to Management Letter
For the Year Ended June 30, 2020**

1. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

In December 2014, OMB together with Federal awarding agencies issued an interim final rule to implement the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). This guidance and implementing regulations were issued to better target financial risks and better direct resources to achieve evidence-based outcomes.

These new requirements and principles represent significant changes from the prior requirements and principles, especially in the following area:

- Post Federal Award Requirements

Requirements for pass-through entities §200.331(a)

All pass-through entities must ensure that every subaward is clearly identified to the subrecipient as a subaward and include all of the *required* information at the time of the subaward and if any of these data elements change, include the changes in subsequent award modification.

Observations – Currently, the Organization communicates the *required* data elements in various documents available to the subrecipients, rather than in one specific document.

Recommendations – the Organization develop a form that will communicate all of the required information to its subrecipients.

2. Monitoring documentation

Uniform Guidance §200.352(d) requires pass-through entities to monitor the activities of subrecipients as necessary to ensure that subawards are used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include follow-up to ensure a subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

Observations – Monitoring files lack uniformity in how the files are structured and kept.

Recommendations – A monitoring control index be placed in the front of each site's monitoring file to aid in keeping the contents of all of the files uniform and consistent. Further, supporting workpapers should be referenced back to the monitoring control index. Even though different personnel will perform the various monitoring activities, the content of the supporting files would be uniform.

Observations – The existing monitoring "Supervisory Control Sheet" reflects the dates of each respective monitoring type (e.g., nutrition, general, internal control, etc.) however it is difficult to follow exactly which date of subsequent supervisory review goes with which monitoring performed.

Recommendations –The monitoring "Supervisory Control Sheet" be modified to better follow the flow of the monitoring procedures performed.