



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Office of Audit Services
1100 Commerce, Room 4A5
Dallas, TX 75242

October 18, 1996

CIN: A-06-95-00037

Mr. George A. Miller, Director
Department of Human Services
P.O. Box 25352
Oklahoma City, Oklahoma 73125

Dear Mr. Miller:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General, Office of Audit Services' (OAS) report entitled "Review of Oklahoma Claims for Contract Training and Administrative Costs." A copy of this report will be forwarded to the action official(s) noted below for his/her review and any action deemed necessary.

Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Law (Public Law 90-23), OIG, OAS reports issued to the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the Department chooses to exercise. (See 45 CFR Part 5.)

To facilitate identification, please refer to Common Identification Number A-06-95-00037 in all correspondence relating to this report.

Sincerely yours,

A handwritten signature in cursive script that reads "Donald L. Dille".

Donald L. Dille
Regional Inspector General
for Audit Services

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF OKLAHOMA CLAIMS FOR
CONTRACT TRAINING AND
ADMINISTRATIVE COSTS**



JUNE GIBBS BROWN
Inspector General

OCTOBER 1996
A-06-95-00037



October 18, 1996

CIN: A-06-95-00037

Mr. George A. Miller, Director
Department of Human Services
P.O. Box 25352
Oklahoma City, Oklahoma 73125

Dear Mr. Miller:

This report provides you with the results of the Office of Inspector General (OIG) Office of Audit Services (OAS) Review of Oklahoma Claims for Contract Training and Administrative Costs. The purpose of our review was to determine the allowability of training costs claimed by the Oklahoma Department of Human Services (State) under Department of Health and Human Services (HHS) programs. Our review covered the period July 1, 1993 through June 30, 1994.

Generally, we found that costs for training were allowable as claimed. However, the State claimed \$36,563 of excess reimbursement under the title IV-E program and \$135 of excess reimbursement under title XIX. The title IV-E claim was overstated by \$35,563 because the State:

- o did not allocate direct foster care training costs to the benefitting State foster care program (\$35,236),
- o claimed foster parent training costs at the 75 percent Federal Financial Participation (FFP) rate instead of the correct rate of 50 percent (\$993),
- o overstated reported costs on dependent care grant (\$344).

The State also overstated reported Title XIX costs on the dependent care grant resulting in an overclaim of \$135.

State officials concurred with our findings and made appropriate adjustments. (For a complete text of the State's comments see Appendix I.)

INTRODUCTION

BACKGROUND

The State has the responsibility for training social services personnel so that they will have the skill, knowledge, and proficiency to meet the stated objectives of the various programs they administer. The training provided includes both staff in Oklahoma City at the State's central offices and State workers located throughout the counties of Oklahoma.

The State's Child Welfare Comprehensive Training Program provides essential core training of 10 weeks for new employees of the Division of Children, Youth, and Family Services (DCYFS). Additionally, this program provides ongoing training to the staff, managers, supervisors, and administrators of DCYFS. The State also conducts department wide training through the Center for Professional Development. While many training needs are met through internal resources, some training is provided through contracts with educational institutions and consultants.

Federal funding for the costs of training is authorized under the relevant titles of the Social Security Act. The State claimed training costs under the following Social Security Act titles:

- Title IV-E Foster Care and Adoption,
- Title XIX Medical Assistance, and
- Title XX Social Services (Block Grant).

Training costs that are incurred by the State are claimed through their Cost Allocation Plan (CAP). Generally, training funded under the above titles must comply with the requirements of the Code of Federal Regulations (CFR) and cost principles of the Office of Management and Budget (OMB).

SCOPE

We performed our review in accordance with generally accepted government auditing standards. The objectives of our review did not require an evaluation of internal controls. The review was limited to determining the allowability of \$1,076,162 of training costs claimed for FFP under HHS programs for the fiscal year ended June 30, 1994. The FFP for title IV-E was \$625,032, for title XIX \$183,048 and for title XX \$268,082. Our review included:

- Reconciling the training costs claimed on quarterly expenditure reports with the accounting records,
- Reviewing the State's CAP,

- Holding discussions with officials of the State and with an official of the Federal Agency for Children and Families (ACF), and
- Determining the allowability of training costs claimed.

Field work was performed from June 1, 1995 through December 31, 1995 at the State office in Oklahoma City, Oklahoma.

FINDINGS AND RECOMMENDATIONS

State Foster Care Training Costs

For the period of our review, the State identified \$472,072 of child welfare training costs. For the quarter ended June 30, 1994, costs totaling \$93,402 were charged to the title IV-E program and claimed at the 75 percent FFP rate. However, the costs benefited not only the title IV-E program, but also the State foster care program. The \$93,402 of costs for one quarter were placed in the wrong account and, for that reason, were not properly allocated to the benefiting programs. Because the State did not allocate these costs to the State program there was an over claim of \$35,236 to title IV-E.

Attachment A Section C.3 of OMB Circular A-87 states that a cost is allocable to a particular cost objective to the extent of the benefits received by such objective. Officials of the State agreed to make adjustments on the title IV-E reports to reflect the correct charges to the Federal foster care program. The adjustments will reduce costs reported by \$46,981 and the amount of FFP claimed by \$35,236.

Foster Parent Training

Although Congress enacted legislation that allows states to claim foster parent training costs at the FFP rate of 75 percent, the states were not authorized to use the 75 percent FFP rate for foster parent training provided during the period October 1, 1992 through September 30, 1993.. States were notified of this provision on February 25, 1993, and were told to claim such training costs at the 50 percent FFP rate. However, the directive to change the FFP was not distributed to the person preparing the claims. As a result, the State used the 75 percent rate instead of the 50 percent rate and over claimed title IV-E by \$993, for the quarter ended September 30, 1993.

An official of the State said that cost reports would be adjusted to claim foster parent training at the 50 percent FFP for the quarter ended September 30, 1993. The official also informed us that the State would adjust the claims for the preceding three quarters which were not included in our review.

Dependent Care Grant

The State identified costs of a dependent care grant that were incorrectly reported on Federal cost reports which caused the FFP for training costs to be overstated. Title IV-E costs were overstated by \$334 and title XIX costs were overstated by \$135.

An Official of the State said that the cost reports would be revised to eliminate the overstatement of training FFP as well as the overstatement of FFP for all cost categories and for all time periods since the grant was first awarded in 1993.

RECOMMENDATIONS

We recommend that the State:

- Refund \$36,563 to the title IV-E program which consist of \$35,236 for State costs incorrectly charged to title IV-E, \$993 for foster parent training claimed at the wrong FFP rate and \$334 for the costs of a dependent care grant that were improperly charged to this program.
- Identify unallowable FFP for foster parent training that was claimed prior to our audit period using the wrong FFP rate and refund that amount to the title IV-E program.
- Refund \$135 to title XIX for the costs of a dependent care grant that were improperly charged to this program.
- Identify and refund unallowable FFP for costs of the dependent care grant that were improperly charged to Federal programs during the time prior to and after our audit period.

State's Response

State officials concurred with our findings and recommendations. These officials reported that they made appropriate adjustments, including those adjustments applicable to periods outside the scope of our audit. All adjustments were included on Quarterly Expenditure Reports filed for the March 1996 quarter. (For a complete text of the State's comments see Appendix I.)

Sincerely yours,



Donald L. Dille
Regional Inspector General
for Audit Services



COMMISSION
FOR HUMAN SERVICES

Donald L. Benson, Chairman

State of Oklahoma
DEPARTMENT OF HUMAN SERVICES

Sequoyah Memorial Office Building
P.O. Box 25352
Oklahoma City, Okla. 73125
(405) 521-3646



DEPARTMENT
OF HUMAN SERVICES

George A. Miller, Director

October 3, 1996

Donald L. Dille
Regional Inspector General
for Audit Services
Office of Audit Services
1100 Commerce, Room 4A5
Dallas, Texas 75242

Re: Draft Audit Report CIN: A-06-95-00037

Dear Mr. Dille:

We have reviewed the draft report "Review of Oklahoma Claims for Contract Training and Administrative Cost," prepared by your office. This is to confirm that we concur with all findings of the report and have made the recommended adjustments, including those applicable to periods not included in the review. All adjustments were included on Quarterly Expenditure Reports filed for the March 1996 quarter. Work papers concerning the adjustments will be made available to your office upon request.

Thank you for this opportunity to respond to the findings. If you require any additional information, you may continue to work with our Office of Finance staff.

Sincerely,

A handwritten signature in cursive script that reads "George A. Miller".

George A. Miller
Director
Department of Human Services