

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**CEILING FOR ENHANCED FEDERAL
FINANCIAL PARTICIPATION
EXCEEDED BY THE MISSOURI
DEPARTMENT OF SOCIAL SERVICES**



JUNE GIBBS BROWN
Inspector General

MARCH 1999
A-07-98-01033



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General
Office of Audit Services

Region VII
601 East 12th Street
Room 284A
Kansas City, Missouri 64106

CIN: A-07-98-01033

March 19, 1999

Mr. Gary J. Stangler
Director, Department of Social Services
Broadway State Office Building
P.O. Box 1527
Jefferson City, Missouri 65102

Dear Mr. Stangler:

This report provides you with our audit report entitled *Ceiling for Enhanced Federal Financial Participation Exceeded*, covering one aspect of our review of Missouri's Automated Child Support System (MACSS). The objective of our overall review was to evaluate selected areas of the management and cost accountability for the MACSS project. This report covers costs claimed in excess of the allowable ceiling for developmental expenditures.

We found that the Missouri Department of Social Services (State) claimed \$207,466 in excess of the allowable ceiling established by the Administration for Children and Families (ACF) for enhanced Federal funding. Specifically, the State claimed developmental costs totaling \$46,824,330 at the enhanced Federal Financial Participation (FFP) rate, when the State was limited to \$46,616,864. We are recommending the State make a prior period adjustment to reduce its quarterly claim.

State officials did not provide a response to our report.

INTRODUCTION

BACKGROUND

The Child Support Enforcement program was established in 1975 as title IV-D of the Social Security Act. Its purpose is to locate non custodial parents, establish paternity, establish and enforce child support, and collect child support payments. State title IV-D Child Support Agencies manage and operate child support programs.

Within the Department of Health and Human Services, ACF's Office of Child Support Enforcement (OCSE), has Federal oversight responsibility for State title IV-D Child Support programs. Missouri's Child Support Enforcement Program began in 1977 under an executive order, and on August 15, 1986, the Division of Child Support Enforcement (DCSE) was created by statute. The DCSE has the responsibility for operating the Child Support Enforcement Program pursuant to title IV-D of the Social Security Act and Chapter 454, RSMo.

The Division of Budget and Finance within the State provides various administrative services to the DCSE including collecting source documents from various State offices and preparing the reports titled Child Support Enforcement Program Quarterly Report of Collections (OCSE-34) and Child Support Enforcement Program Financial Report (OCSE-131). This second report (OCSE-131) is used for claiming costs, some of which are for the automated child support system. Costs cover various State offices including the DCSE and the Division of Data Processing within the State and the Office of Court Administrator within the State of Missouri's Judicial Branch.

SCOPE OF REVIEW

We conducted our review in accordance with generally accepted government auditing standards, except that we have not reported the auditee's views concerning our finding and recommendations. We repeatedly solicited, but did not receive, the State's comments on our report. The State's failure to respond to our report does not change the results of our audit.

This report covers costs claimed in excess of the allowable ceiling for developmental expenditures. During our review, we evaluated financial records and procedures related to the MACSS, reviewed other reports related to the MACSS, and interviewed State and ACF officials.

We performed our work during the period January through August 1998 at State offices in Jefferson City, Missouri.

FINDING AND RECOMMENDATIONS

CEILING LIMIT FOR ENHANCED FFP

The State exceeded the Federally authorized ceiling for enhanced funding of the MACSS project by \$207,466. Apparently, internal controls were not properly operating to preclude this overclaim. Therefore, we are recommending recovery of the overclaim and additional evaluation of controls to preclude such a recurrence.

As of June 30, 1998, the State claimed \$46,824,330 for developmental expenditures at the

enhanced FFP rate. Total FFP allowable at the enhanced rate (90 per cent) was \$46,616,864, or \$207,466 less than what was claimed for the period from project inception through September 30, 1997.

We are concerned that the overclaim was not detected by the State. State officials informed us that they had controls in place to monitor total expenditures for the MACSS, yet their controls were apparently inadequate because the overclaim was undetected. The magnitude of overclaim was reduced with the State's claim for the quarter ended March 31, 1998. On that claim, the State decreased the amount of developmental expenditures claimed at the enhanced FFP rate by \$2,011,300 to adjust for a clerical error we had reported earlier (CIN: A-07-98-01034). Had this adjustment not been made, the overclaim would have been \$2,219,056 above the enhanced FFP ceiling.

We were unable to determine the underlying reasons why the overclaim occurred. However, we noted that one division received the notification of the ceiling, while another division was responsible for preparing the Federal claim. Management is responsible for ensuring that the Federal claim complies with Federal laws and regulations as evidenced by the certification signature on the claim form.

Recommendations

We recommend that the State:

- Adjust the Federal claims to eliminate the \$207,466.
- Determine why controls reportedly in place, are not identifying overclaims.

Auditee Comments

As previously stated, State officials did not respond to report.

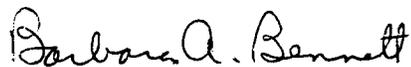
INSTRUCTIONS FOR AUDITEE RESPONSE

Final determinations as to actions to be taken on all matters reported will be made by the HHS Action Official identified below. We request that you respond to the HHS Action Official identified below within 30 days from the date of this report. Your response should address each recommendation and present any comments or additional information that you believe may have a bearing on the final determination.

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In accordance with the principles of the Freedom of Information Act (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.)

Sincerely,



Barbara A. Bennett
Regional Inspector General
for Audit Services

HHS Action Official:
Linda Lewis
Regional Administrator, Region VII
HHS/Administration for Children and Families
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