

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**ADP EXPENDITURE REPORTING
ERROR BY THE MISSOURI
DEPARTMENT OF SOCIAL SERVICES**



JUNE GIBBS BROWN
Inspector General

JUNE 1998
A-07-98-01034



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-07-98-01034

June 10, 1998

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 on an *ADP Expenditure Reporting Error* found in our Review of Missouri's Automated Child Support System (MACSS). We are reporting on this ADP error because it revealed an internal control weakness that should be immediately addressed. The objective of our overall review is to determine the allowability of costs to the title IV-D Program claimed by the Missouri Department of Social Services (State) for the procurement and implementation of the MACSS. The subject of this report is the State's claim for Federal reimbursement reported on Part 1, line 6 of the Office of Child Support Enforcement Form OCSE-131 during the quarter April 1, 1997 through June 30, 1997.

Specifically, the State inadvertently reported \$3,878,414 for ADP Developmental Expenditures at the enhanced Federal rate while the amount supported by accounting records was \$1,867,114, a difference of \$2,011,300 (Federal share \$1,810,170). We attributed this overstatement to a clerical error made in preparing the OCSE-131. We also believe if we had not discovered the error, it probably would not have been detected. (The error was undetected for about seven months.) We are recommending that the State correct this error and add a review step to ensure the accuracy of figures reported, before reports are signed.

The State concurred with our finding and recommendations. A copy of the State's response to our draft report is provided in its entirety as Appendix A.

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 noncustodial 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, the Office of Child Support Enforcement (OCSE), Administration for Children and Families (ACF), 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 Department of Social Services provides various administrative services to the Division of Child Support Enforcement 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 is used for claiming costs, some of which are for the automated child support system. Costs cover various State offices including the Division of Child Support Enforcement and the Division of Data Processing within the Department of Social Services and the Office of Court Administrator within the State of Missouri's Judicial Branch.

SCOPE OF REVIEW

We are conducting our review in accordance with generally accepted government auditing standards. The purpose of our review is to determine the allowability of specific costs allocated to the title IV-D program for the procurement and implementation of the MACSS.

During the current audit, which began in January 1998 and continues, we are evaluating financial records related to the MACSS, reviewing other reports related to the MACSS, and interviewing State and ACF personnel.

FINDING AND RECOMMENDATIONS

ERROR IN AMOUNT REPORTED ON OCSE-131

During our reconciliation of the State's OCSE quarterly cost allocation reports to the quarterly ACF OCSE Form OCSE-131, we discovered that the amount reported on Part 1, line 6 for the quarter ended June 30, 1997 was incorrect. The staff person in the Division of Budget and Finance preparing the OCSE-131 made a clerical error and incorrectly transferred \$3,878,414 rather than \$1,867,114 to the OCSE-131, Part 1, line 6. That line reports the ADP Developmental Expenditures at the enhanced Federal financial participation (FFP) rate for the MACSS. As a result, costs were over claimed by \$2,011,300 (\$1,810,170 FFP) for the quarter.

It is our understanding that the OCSE-131 report is routed from the preparer to a clerk typist III who submits it to the Deputy Director, Division of Budget and Finance, who approves it.

The report is then given to the Director, Division of Budget and Finance for signature. The following statement appears above the signature on the report: *This is to certify that all information reported on all parts of this form is accurate and true to the best of my knowledge and belief.* It is our opinion that the State should establish another control to ensure the information on the report is properly supported before it is submitted to ACF.

Recommendations

We recommend that the State:

- ① Adjust \$2,011,300 (\$1,810,170 FFP) from their future claims due to this error.
- ② Add a review step before future reports are signed to ensure that figures agree with supporting documents.

Auditee Comments

State officials concurred with our recommendations and stated that an adjusting entry was made on the report for the quarter ended March 31, 1998. The State officials also indicated that quality control reviews have been established to prevent and detect inadvertent errors of this nature in the future.

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 each of the recommendations in this report to the HHS action official, presenting 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

Enclosure

HHS Action Official:
Linda Lewis
Regional administrator, Region VII
HHS/Administration for Children and Families
601 East 12th Street, Room 276
Kansas City, Missouri 64106



**MISSOURI
DEPARTMENT OF SOCIAL SERVICES**

P.O. BOX 1527
BROADWAY STATE OFFICE BUILDING
JEFFERSON CITY
65102-1527

TELEPHONE: 573-751-4815, FAX: 573-751-3203

MEL CARNAHAN
GOVERNOR
GARY J. STANGLER
DIRECTOR

RELAY MISSOURI
for hearing and speech impaired
TEXT TELEPHONE
1-800-735-2966
VOICE
1-800-735-2466

May 15, 1998

Ms. Barbara A. Bennett
Regional Inspector General for Audit Services
601 East 12th Street, Room 284A
Kansas City, MO 64106

Dear Ms. Bennett:

We have received your draft audit report for CIN: A-07-98-01034, dated April 10, 1998. This report provides information related to an internal control weakness in the preparation of the OCSE-131.

We agree with the finding and recommendation that an inadvertent error occurred in the preparation for the OCSE-131 for the quarter ended June 30, 1997. We have made an adjusting entry on the report for the quarter ended March 31, 1998. Quality control reviews have been established to prevent and detect inadvertent errors of this nature in the future.

Thank you for the opportunity to comment on this draft report.

Sincerely,

Gary J. Stangler
Director

MAY 20 1998