



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF AUDIT SERVICES
233 NORTH MICHIGAN AVENUE
CHICAGO, ILLINOIS 60601

REGION V
OFFICE OF
INSPECTOR GENERAL

August 22, 2006

Report Number: A-05-05-00058.

Ms. Barbara Riley, Director
Ohio Department of Job and Family Services
30 East Broad Street, 32nd Floor
Columbus, Ohio 43215-3414

Dear Ms. Riley:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG) report entitled "State Agency Use of Contracted Services in Hamilton County" for the period of January 1, 2003, through December 31, 2004. A copy of this report will be forwarded to the action official 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 Act (5 U.S.C. 552, as amended by Public Law 104-231), OIG reports issued to the department's grantees and contractors are made available 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 report number A-05-05-00058 in all correspondence relating to this report.

Sincerely,

Paul Swanson
Regional Inspector General
for Audit Services

Enclosures

Direct Reply to HHS Action Official:
Regional Administrator
Administration for Children and Families, Region V
U.S. Department of Health and Human Services
233 North Michigan Avenue, Suite 400
Chicago, Illinois 60601

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**STATE AGENCY USE OF
CONTRACTED SERVICES IN
HAMILTON COUNTY**

**OHIO DEPARTMENT OF JOB AND
FAMILY SERVICES**



Daniel R. Levinson
Inspector General

August 2006
A-05-05-00058

Office of Inspector General

<http://oig.hhs.gov>

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The Office of Audit Services (OAS) provides all auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

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Notices

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OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS divisions will make final determination on these matters.



EXECUTIVE SUMMARY

BACKGROUND

Child Support Enforcement Program

The child support enforcement program is a Federal, state, and local partnership, with each level of government having clearly defined roles. The program was enacted in 1975 under Title IV-D of the Social Security Act and is administered by the Office of Child Support within the Administration for Children and Families. In Ohio, the Department of Job and Family Services (State agency) is the designated Title IV-D agency. The Ohio child support enforcement program is State supervised and county administered. The Hamilton County Department of Job and Family Services (County agency) administers the program in the Cincinnati area.

The goal of the child support enforcement program is to ensure that parents provide financial support to their children. Each of the State of Ohio county agencies enters into contracted services with county departments such as the Clerk of Courts, Domestic Relations Court, Juvenile Court, Prosecutor's Office, Sheriff's Department, and other providers to help achieve child support enforcement program goals.

Office of Inspector General Reviews

In a prior Office of Inspector General (OIG) audit of the State agency's contracting activities, we found that contract charges by the Hamilton County Sheriff's Department for security of the County cashier's office and for serving warrants were overstated and unallowable. Security costs were not allocated to IV-D activities in accordance with benefits received and the cost of serving warrants was only charged to the Title IV-D program, contrary to the Federal child support enforcement requirements. The report recommended that the State agency implement necessary oversight procedures to ensure that county allocated charges to child support enforcement program contracts are based on benefits derived by each program.¹

OBJECTIVES

The objectives of our audit were to review State agency oversight procedures for child support enforcement program contracts and determine the allowability of contracted services costs for the Title IV-D child support enforcement program administered by the Hamilton County Department of Job and Family Services.

SUMMARY OF FINDINGS

The State agency had extensive policies and procedures in place for properly procuring contracted services for the child support enforcement program. We found that reviewed

¹ "State Agency Use of Contracted Services in the State of Ohio" (A-05-04-00054, issued May 31, 2005)

charges to the Title IV-D program were generally acceptable.

We determined that previous OIG audit recommendations regarding improper allocation of claims for security costs and unallowable charges for service of warrants were addressed.

RECOMMENDATION

We recommend that the State agency continue to emphasize its policies and procedures to ensure that County agency allocations for contracted services for the child support enforcement program are in accordance with benefits received.

In a written response dated August 7, 2006, State agency officials concurred with our recommendation. The response is summarized in the body of this report and is included in its entirety as an Appendix to this report.

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INTRODUCTION

BACKGROUND

Child Support Enforcement Program

The child support enforcement program was enacted in 1975 under Title IV-D of the Social Security Act. The goal of the child support enforcement program is to ensure that parents provide financial support to their children. Welfare reform legislation signed in 1996 provided strong measures to ensure that children receive this support.

The child support enforcement program is a Federal, state, and local partnership, with each level of government having clearly defined roles. Within the Department of Health and Human Services, the Administration for Children and Family, Office of Child Support Enforcement, is responsible for administering the program at the Federal level. In Ohio, the Department of Job and Family Services (State agency) is the designated Title IV-D agency responsible for administering the State program. The Office of Child Support, within the State agency, has the primary responsibility for the child support enforcement program, which is State supervised and county administered. As such, each county in Ohio is required to establish a separate child support enforcement agency. The State agency and each of the 88 counties share responsibility for the child support enforcement program, which provides five major services:

- locating noncustodial parents
- establishing paternity
- establishing child support and medical support obligations
- enforcing child support and medical support orders
- reviewing and modifying support orders

In providing IV-D services, the county agencies enter into contracted services with county departments such as the Clerk of Courts, Domestic Relations Court, Juvenile Court, Prosecutor's Office, Sheriff's Department, and other providers to help achieve child support enforcement program goals. The Hamilton County Department of Job and Family Services (County agency) administers the program in the Cincinnati area.

Office of Inspector General Reviews

In a prior Office of Inspector General (OIG) audit of the State agency's contracting activities, we found that contract charges by the Hamilton County Sheriff's Department for security of the County cashier's office and for serving warrants were overstated and unallowable. Security costs were not allocated to IV-D activities in accordance with benefits received and the cost of serving warrants was only charged to the Title IV-D program, contrary to the Federal child support enforcement requirements. The report recommended that the State agency implement necessary oversight procedures to ensure

that county allocated charges to child support enforcement program contracts are based on benefits derived by each program.¹

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The objectives of our audit were to review State agency oversight procedures for child support enforcement program contracts and determine the allowability of contracted services costs for the Title IV-D child support enforcement program administered by the Hamilton County Department of Job and Family Services.

Scope

We did not review the overall internal control structure of the State and County agencies. Our internal control review was limited to obtaining an understanding of the procedures for budgeting and implementing contracts for the child support enforcement program.

We performed our fieldwork at the State agency office in Columbus, Ohio, and at the County agency office and selected provider offices in Cincinnati, Ohio. The fieldwork was conducted from August 2005 through April 2006.

Methodology

To accomplish our audit objectives, we interviewed State and County officials and reviewed applicable laws, regulations, and policies regarding the child support enforcement program for the period of January 1, 2003, through December 31, 2004.

We obtained information about the Hamilton County Title IV-D contracted services costs for the Clerk of Courts, Domestic Relations Court, Juvenile Court, and Prosecutor's Office. We examined inter-fund transactions, monthly expense reports, monthly financial statements, and provider invoices. We judgmentally selected a sample of contract expenditures totaling \$577,398 from the \$21,723,071 in Title IV-D contracted services incurred during the 2-year audit period. We verified expenditures through an examination of supporting documentation furnished by the providers. In addition, we judgmentally selected and reviewed 155 units of services to determine if the services provided were allowable under the terms of the Title IV-D contracts.

We performed additional work on the Hamilton County Sheriff's Department contracts to determine if recommendations, in our previous report, regarding charges for security costs and service of warrants were addressed.

We conducted our audit in accordance with generally accepted government auditing standards.

¹ "State Agency Use of Contracted Services in the State of Ohio" (A-05-04-00054, issued May 31, 2005)

FINDINGS AND RECOMMENDATION

The State agency had extensive policies and procedures in place to properly procure contracted child support enforcement program services, supervise and review performance, and keep detailed records. The County agency followed the State agency's procedures for contracted services with the Clerk of Courts, Domestic Relations Court, Juvenile Court, and Prosecutor's Office. Reviewed charges for child support enforcement program services were generally allowable.

Follow-up to Previous Audit Recommendations

We determined that previous OIG audit recommendations regarding improper allocation of claims for security costs and unallowable charges for service of warrants were addressed. We reviewed the 2005 Title IV-D contract for security services provided by the County Sheriff's Department and determined that the County agency had amended the contract and properly reallocated the costs to reflect the amount of square footage, which benefits the Title IV-D program. In regard to the Title IV-D contract with the County Sheriff's Department to serve warrants, the State agency provided a copy of a letter dated September 6, 2005, notifying the County agency that Federal financial participation would not be available after August 31, 2005. During our interviews with State and County officials, we determined that the County agency no longer seeks reimbursement for the service of warrants for child support related activities.

RECOMMENDATION

We recommend that the State agency continue to emphasize its policies and procedures to ensure that County agency allocations for contracted services for the child support enforcement program are in accordance with benefits received.

STATE AGENCY COMMENTS

State agency officials agreed with the findings and the recommendation.

APPENDIX

Bob Taft
Governor



Barbara Riley
Director

30 East Broad Street · Columbus, Ohio 43215-3414
jfs.ohio.gov

August 7, 2006

Mr. Paul Swanson
Regional Inspector General for Audit Services
Department of Health and Human Services
233 North Michigan Avenue, Suite 1360
Chicago, Illinois 60601

Dear Mr. Swanson:

RE: State Agency Use of Contracted Services in Hamilton County in the State of Ohio
Report Number A-05-05-00058

We appreciate the opportunity to provide comments concerning the above audit review. As recommended in the report, Ohio will continue to emphasize its role in providing policy guidance and monitoring to ensure that County agency allocations for contracted services for the child support enforcement program are in accordance with benefits received. To highlight a few of Ohio's proactive efforts with regard to contracted services, Ohio has:

- Promulgated expanded rules which delineate the guidelines for reimbursement for inter-governmental reimbursement agreements. These rules inject a high level of accountability and are designed to alleviate any future audit concerns.
- Successfully passed HB 200 which clarifies and allows the sheriff to be reimbursed for actual expenses in the performance of their duties in child support matters.
- Provided continued technical support and training to local child support enforcement agencies (CSEAs).
- Expanded its involvement in reviewing county contracts and providing oversight to insure appropriate expenditures are charged to this program.

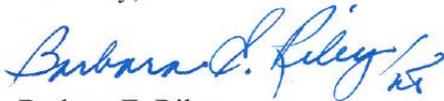
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In addition, the report refers to a previous audit conducted by your office for contracted services in Ohio (A-05-04-00054). As indicated in the report, the finding of unallowable costs for IV-D contracts has been addressed. The reimbursement was made as an adjustment to the quarter ending September 30, 2005 federal financial report.

We are pleased that your review confirms the actions taken by both the county and state agency conform to the federal regulations.

Sincerely,



Barbara E. Riley
Director
Ohio Department of Job and Family Services

cc: Neva Terry, Assistant Director/Operations
Fred Williams, Assistant Director/Services to Families
Bruce Madson, Assistant Director/Employer Services
Robert Ferguson, ODJFS/Chief Inspector
Joseph J. Pilat, ODJFS/Child Support
Bob Mullinax, ODJFS/Legal Services
Loretta Herron, ODJFS/Fiscal Services
Kevin Giangola, ODJFS/ORAA
B. Scott Chauvin, ODJFS/OCI
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