

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**VERMONT'S OFFICE OF CHILD SUPPORT  
NEEDS BETTER OVERSIGHT OVER ITS  
ADMINISTRATIVE COSTS CLAIMED**

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September 2019  
A-01-18-02501

# *Office of Inspector General*

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

## Report in Brief

Date: September 2019  
Report No. A-01-18-02501

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Review

In Vermont, child support services are provided by the State Office of Child Support (State agency) under a cooperative agreement with the Vermont Supreme Court. The State agency claims the costs for the courts that are related to child support services. Based on a prior Office of Child Support Enforcement audit and current issues we found during our preliminary review, we selected court costs specific to the cooperative agreement for review.

Our objective was to determine whether the State agency claimed administrative court costs for the Title IV-D Child Support Enforcement Program (the CSE program) that were allowable and in accordance with Federal and State requirements.

### How OIG Did This Review

We reviewed direct staff salaries and building-space costs, which represents a high percentage of the total eligible Title IV-D costs included in the establishment of the county rates. We performed analysis on the 2016 through 2017 motions, petitions, and requests (MPRs) invoiced by the court and reimbursed by the State agency during our audit period.

## Vermont's Office of Child Support Needs Better Oversight Over Its Administrative Costs Claimed

### What OIG Found

The State agency claimed IV-D administrative costs that were not allowable or supported during Federal fiscal years 2016 and 2017. Specifically, we found the State agency claimed (1) \$180,288 (\$118,990 Federal share) in unallowable costs for 1,000 duplicate MPRs out of 17,919, which had been paid previously; (2) \$48,891 (\$32,268 Federal share) in unallowable costs due to the incorrect IV-D county rate paid of \$186.84 instead of \$144.62 to one county for all 1,158 MPRs; and (3) \$1.37 million (\$907,051 Federal share) in unsupported costs due to the salary allocation of 156 employees included in individual county rates.

The State agency claimed these unallowable and unsupported costs because it did not (1) ensure the court MPR processing system had edits and controls in place to prevent or detect duplicate MPRs from being processed (2) have any policies and procedures in place for the review and approval of invoices and supporting documentation prior to the payment to the court administrator's office, and (3) have any policies and procedures in place for allocating salaries to the individual family courts which could have ensured allocations are supported and accurately reflect the relative benefits received. As a result, the State agency included \$229,179 (\$151,258 Federal share) in unallowable expenditures and \$1.37 million (\$907,051 Federal share) in unsupported costs on the OCSE-396 quarterly reports during our audit period.

### What OIG Recommends and State Agency Comments

We recommend that the Vermont Office of Child Support (1) refund \$229,179 (\$151,258 Federal share) in unallowable expenditures, and (2) work with ACF to determine what portion of the \$1.37 million (\$907,051 Federal share) for unsupported salaries allocated represents Title IV-D eligible costs or refund the entire amount. We also make procedural recommendations to improve the State agency's CSE program operations.

In written comments on our draft report, the State agency concurred with our recommendations.

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## INTRODUCTION

### WHY WE DID THIS REVIEW

In Vermont, child support services are provided by the State Office of Child Support (State agency) and under a cooperative agreement<sup>1</sup> with the Vermont Supreme Court (Supreme Court). The State agency claims the costs for the courts that are related to child support services. Based on a prior Office of Child Support Enforcement (OCSE) audit and current issues we found during our preliminary review, we selected court costs specific to the cooperative agreement for review. Specifically, in 2007 the Administration for Children and Families (ACF), OCSE, questioned court charges that were not properly supported or calculated and included costs not eligible for Federal reimbursement under the Title IV-D program. In addition, State agency officials informed us they did not review any support for the expenditures reported under the cooperative agreement during our audit period.

### OBJECTIVE

Our objective was to determine whether the State agency claimed administrative court costs for the Title IV-D Child Support Enforcement Program (the CSE program) that were allowable and in accordance with Federal and State requirements.

### BACKGROUND

#### Child Support Enforcement Program

The CSE program is a Federal, State, and local partnership established in 1975 under Title IV-D of the Social Security Act to collect child support payments from noncustodial parents for distribution to custodial parents. Within the Department of Health and Human Services, ACF, OCSE provides Federal oversight of the CSE program. All 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands operate individual CSE programs and are entitled to Federal matching funds. The Federal Government and the States share CSE program costs at the rate of 66 percent and 34 percent, respectively. Responsibilities of the CSE program include locating noncustodial parents—those who are not the primary caregivers for their children or do not have custody or control of their children—establishing paternity and support orders and collecting and distributing child support payments.

#### Vermont Office of Child Support

In Vermont the State agency is a division of the Department for Children and Families (DCF), designated as the single and separate Title IV-D agency within in the Agency of Human Services (AHS) and designated to administer the program and fulfill the responsibilities in accordance with 45 CFR section 302.12 as outlined in

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<sup>1</sup> “Cooperative agreement means a legal instrument of financial assistance between a Federal awarding agency or pass-through entity and a non-Federal entity . . .” (45 CFR § 75.2).

the State agency plan.<sup>2</sup> The State agency establishes and enforces child support court orders, locates missing parents, and ensures the steady flow of economic support to Vermont children. The State agency entered into a cooperative agreement with the Supreme Court to:

- further the administration of justice with respect to State and Federal child support laws and secure funding necessary to achieve this purpose;
- resolve parentage, child support, and medical support cases and ensure compliance with court orders in a manner that is as fair, expeditious, and cost effective as possible for all parties;
- define the roles, relationships, and responsibilities of the parties; and
- establish a basis for financial reimbursement that complies with 45 CFR section 303.107(d) and OMB Circular A-87.<sup>3</sup>

### **Vermont Office of Court Administrator and Courts**

In Vermont the Judicial branch is made up of a Supreme Court, Superior Court (with Civil, Criminal, Family, Environmental, and Probates), and the Judicial Bureau. The Vermont court system is administered by the Supreme Court. The Vermont Court Administrator's Office (court administrator's office) monitors the operation of the Judiciary and works to improve its operation. A family division is located within each of Vermont's 14 counties. The Superior Court, family division is responsible for all family related legal matters. The Superior Court encompasses all the State agency Title IV-D activities. Child support orders are the primary responsibility of family division magistrates. The Vermont Superior Court, Family Division, is overseen by the Vermont Supreme Court and the Vermont Court Administrator's Office. Family division staff are responsible for entering Title IV-D cases and court orders into the Vermont Court Access System (VCAS).

### **Cooperative Agreement Between the Vermont Office of Child Support and the Vermont Supreme Court**

Under the cooperative agreement, the State agency is responsible for, among other things, reimbursing the court administrator's office for its costs associated with resolving Title IV-D child support cases. The cooperative agreement outlines the activities and costs of the family court that are eligible for reimbursement and sets forth a reimbursement methodology to calculate the reimbursable costs for performing Title IV-D services.

The reimbursement methodology provides that the State agency reimburses the court administrator's office for Title IV-D activity less applicable court fees on the basis of (1) the number of motions, petitions, and

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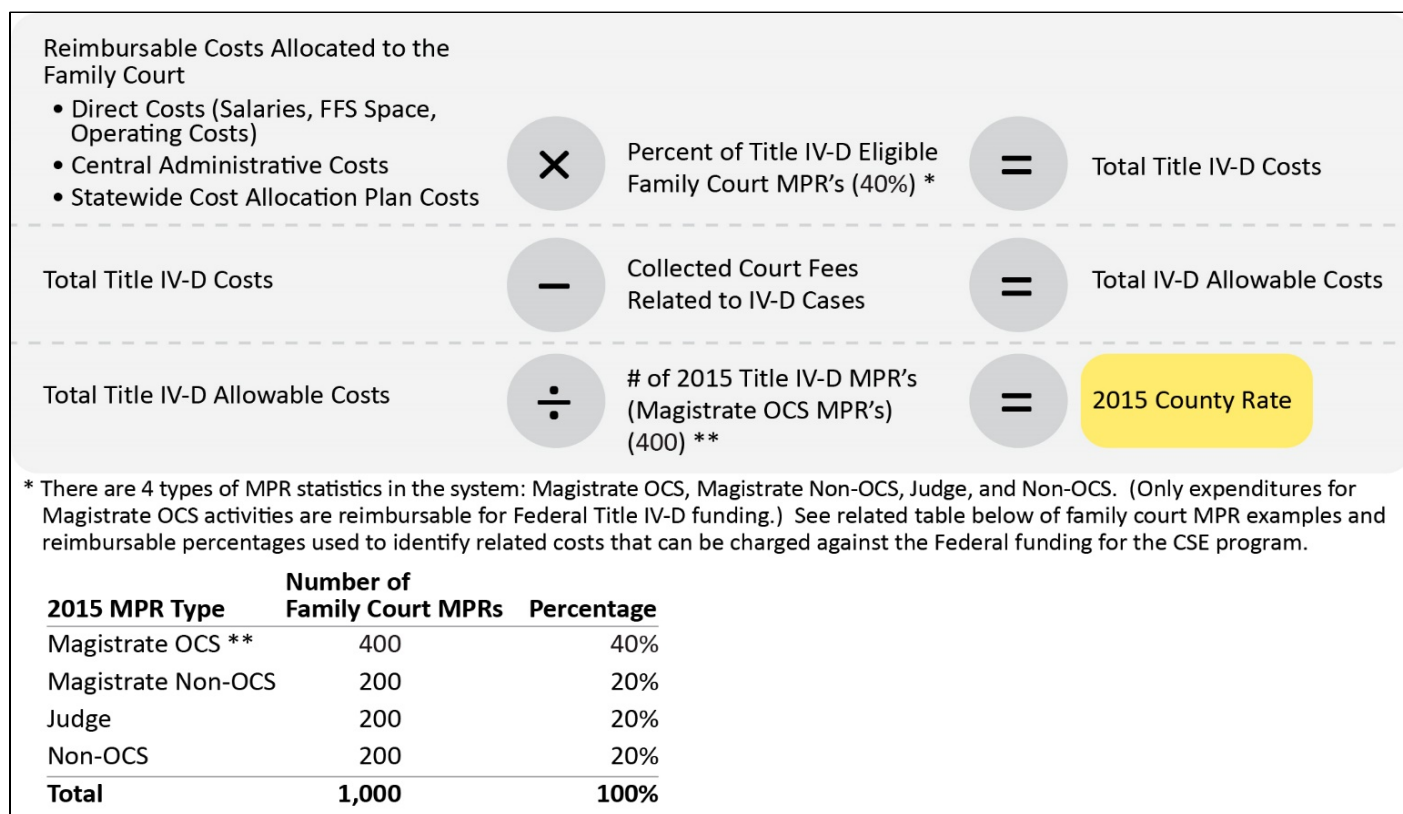
<sup>2</sup> Vermont State Plan Section 1.1.

<sup>3</sup> Effective December 26, 2013, the Office of Management and Budget (OMB) consolidated the financial management requirements for all Federal awards, including those within OMB Circular A-87, into the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Grants and codified them at 2 CFR part 200 (78 Federal Register 78589 (Dec. 26, 2013)).

requests,<sup>4</sup> hereafter referred to as MPRs, processed by each of the 14 family courts through VCAS, hereafter referred to as MPR processing system, from July 2015 through June 2017;<sup>5</sup> and (2) the individual rate (county rate) calculated for each county based on actual costs from July 1, 2014, to June 30, 2015.<sup>6</sup>

The county rate for the period from October 2015 through September 2017 is based on a portion of their direct, central administrative, and State-wide indirect expenditures from July 2014 through June 2015, which were allocated to the family court and then allocated between reimbursable Title IV-D<sup>7</sup> and non-IV-D<sup>8</sup> activities. (Figure 1 is an illustration of how a county rate is calculated.)

**Figure 1: 2015 County Rate Illustration**



<sup>4</sup> Motions, petitions, and requests are documents requesting the court take an action or formal written documents to the court that ask either the court or another party to take or not take a specific action. As defined within the cooperative agreement, "MPRs are indicative of a specific activity in court and although that one activity may vary from case to case, the act of measuring the finest level of activity will give us the most reasonable and logical measure of cost on average."

<sup>5</sup> Effective period of the cooperative agreement which covers our audit period (October 1, 2015, through September 30, 2017).

<sup>6</sup> July 1, 2014, through June 30, 2015 is the State Fiscal Year (SFY) for 2015.

<sup>7</sup> For example, salaries and wages of staff that discuss case-specific child support matters.

<sup>8</sup> For example, salaries and wages of staff that docket and notice hearings that involve divorce or divisions of marital assets.

The county rate is applied to quarterly MPRs for each county, which are invoiced and sent by the court administrator’s office to the State agency for reimbursement (Figure 2).

**Figure 2: Quarterly Reimbursement Per County for 2016 and 2017**



### State Agency Refund Made During Our Review

During our review, the State agency identified and refunded to the OCSE \$152,704 Federal share for 1,334<sup>9</sup> of the 19,253 MPRs it deemed unallowable based on an internal review, which covered our audit period. We removed the MPRs that were disallowed from our review and recalculated the reported expenditures. (See Appendix B, Table 1 for the originally reported MPRs and expenditures and Table 2 for the revised MPRs and expenditures.)

### HOW WE CONDUCTED THIS REVIEW

Our review covered State agency reported court administrative costs included on line 1b<sup>10</sup> of the ACF form 396 Quarterly Financial reports for the period of October 1, 2015, through September 30, 2017,<sup>11</sup> totaling \$3.15 million<sup>12</sup> (\$2.08 million Federal share).

We reviewed direct staff salaries and building-space costs, which represents a high percentage of the total eligible Title IV-D costs included in the establishment of the county rates and performed analysis on the 2016 through 2017 MPRs invoiced by the court and reimbursed by the State agency during our audit period.

Specifically, we reviewed the accuracy of building space costs and court salaries allocated to the Title IV-D program used in the establishment of the county rates:

<sup>9</sup> Unallowable MPRs were identified in all 14 counties.

<sup>10</sup> The OCSE-396 instructions for line 1b define Title IV-D administrative expenditures as “expenditures for the routine administration and operation of the Child Support Enforcement Program.”

<sup>11</sup> The State agency reported the first and second quarter court expenditures during the first quarter of Federal fiscal year (FFY) 2016 due to a timing issue and did not report any court expenditures on the ACF 396 in the fourth quarter of FFY 2017. The State agency claims these costs on a cash basis; therefore, there were only 6 quarters included in our review.

<sup>12</sup> This total does not include any of the \$152,704 Federal share identified and reimbursed by the State agency for MPRs deemed unallowable based on their internal review.

1. **Building Space Costs:** We conducted site visits of 9<sup>13</sup> State-owned courthouses that hold family court, where building space costs were allocated to the Title IV-D program. These costs represent 19 percent of the total Title IV-D eligible costs used to establish the individual county rates. In October 2018, we conducted a physical walk-through of each courthouse and evaluated the reasonableness of the square footage which was applied to the family court based on the floor plan and the Building and General Services space book which documents the total useable space, common space, and total rentable space by agency and department.
2. **Direct Staff Salary Costs:** We reviewed the allocation of the 156 employees charged to the Title IV-D program, to include the positions, duties and allocation methodology, representing 57 percent of the total Title IV-D eligible costs used to establish the individual county rates.

We performed the following on the MPRs invoiced by the court:

1. We conducted interviews with State agency and court staff to gain a greater understanding of how the MPRs are invoiced and processed for payment.
2. We tested to verify only MPRs closed during allowable quarters were paid and that no duplicate MPRs were paid during our review period.
3. We selected 2,342 MPRs for additional review that appeared likely to be duplicates.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our scope and methodology.

## **FINDINGS**

The State agency claimed Title IV-D administrative costs that were not allowable or not supported during FFYs 2016 and 2017. Specifically, we found the State agency claimed:

- \$180,288 (\$118,990 Federal share) in unallowable costs for 1,000 duplicate MPRs,
- \$48,891 (\$32,268 Federal share) in unallowable costs for 1,158 MPRs for one county, and

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<sup>13</sup> Of the 14 counties, 5 family courts were excluded from our review because they did not claim building-space costs.

- \$1.37 million<sup>14</sup> (\$907,051 Federal share) in unsupported salary costs due to the allocation of 156 employees included in individual county rates.

The State agency claimed these unallowable or unsupported costs because it did not (1) ensure the court MPR processing system had edits and application controls<sup>15</sup> in place to prevent or detect duplicate MPRs from being processed, (2) have policies and procedures in place to review and approve invoices and supporting documentation prior to the payment to the court administrator's office, and (3) have any policies and procedures in place for allocating salaries to the individual family courts which would have ensured the allocations are supported and accurately reflect the relative benefits received. As a result, the State agency claimed \$229,179 (\$151,258 Federal share) in unallowable expenditures and \$1.37 million (\$907,051 Federal share) in unsupported costs on the OCSE-396 quarterly reports during our audit period.

### **UNALLOWABLE REIMBURSEMENT CLAIMED FOR DUPLICATE MPRS IN PROCESSING SYSTEM**

Federal regulations require that the State plan provide that the State agency maintains an accounting system and supporting fiscal records adequate to assure that claims for Federal funds meet applicable Federal requirements (45 CFR § 302.14).

The State agency claimed \$180,288 (\$118,990 Federal Share) for duplicate MPRs included in the court MPR processing system. Specifically, duplicate MPRs consisted of MPRs which were closed out or resubmitted in error during our audit period. Working with the State agency we were able to determine that 1,000 of the 17,919<sup>16</sup> Title IV-D MPRs were duplicates and should not have been claimed for Federal reimbursement. (See Appendix B, Table 3.)

These errors occurred because the court MPR processing system did not have edits or controls in place to prevent or detect all duplicate MPRs from being invoiced to the State agency and charged to the Title IV-D program. Specifically, temporary order dates, which should not have been billed or claimed prior to the final billing date, were billed and then rebilled again on the final date. Further the system would also assign a new close date for MPRs that had previously been closed, due to key stroke errors (e.g., manually overriding of system caused it to be rebilled) or a change to a different county courthouse, which would cause the MPR to be billed again. The court officials informed us that the system is not able to automate checks to ensure that if these events occur, an MPR is not billed an additional time. In addition, the State agency did not have policies and procedures in place that incorporated a review and approval process to prevent duplicate payments from being processed. For example, the State agency did not maintain a file or log which illustrated that an MPR had previously been closed and billed; therefore, they were unable to detect these issues.

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<sup>14</sup> \$1,374,319.

<sup>15</sup> These types of controls are incorporated directly into computer applications for the purpose of validity, completeness, accuracy, and confidentiality of transactions and data during application processing; application controls include controls over input, processing, output, master file, interface, and data management system controls.

<sup>16</sup> Represents the revised total Title IV-D MPRs for 2016 and 2017 (see Appendix B, Table 2).

The lack of system edits and controls in the court processing system and the failure of the State agency to ensure policies and procedures were in place resulted in \$180,288 (\$118,990 Federal share) in unallowable expenditures being claimed for reimbursement.

### **UNALLOWABLE COSTS CLAIMED THE INCORRECT COUNTY RATE FOR ONE COUNTY**

Federal regulations require that the State plan provides that the State agency maintains an accounting system and supporting fiscal records adequate to assure that claims for Federal funds meet applicable Federal requirements (45 CFR § 302.14).

The cooperative agreement reimbursement process states that the court administrator's office must request reimbursement on a quarterly basis for the State fiscal year. In addition, the State agency is required to review the invoice and supporting documentation and reimburse the court administrator's office for all eligible costs. The State agency will reimburse the court administrator's office for Title IV-D activities less applicable court fees based on the number of MPRs in a county and at the individual rates calculated for each county.

The State agency claimed the incorrect county rate for all Title IV-D MPRs from 1 of the 14 counties. The Title IV-D county rate calculated for Bennington county was \$144.62 per MPR; however, the court administrator incorrectly invoiced the State agency for \$186.84 per MPR for all 1,158<sup>17</sup> Bennington county MPRs claimed during our audit period. When summarizing each of the county court rates into the quarterly invoices, the court administrator's office used the incorrect county rate for Bennington county.

This issue occurred because the spreadsheet used to calculate each of the 14 county rates was manually overwritten with the incorrect county rate for 1 of the 14 counties. Normally, the spreadsheet provided to the court administrators office by AHS links to various tabs within the workbook to pull in data into a total summary tab. However, for Bennington County, AHS staff inadvertently entered \$186.84 into the summary tab instead of the \$144.62 as calculated within the workbook. In addition, the State agency did not have policies and procedures in place to prevent incorrect rates from being paid or to ensure supporting documentation and invoices were reviewed and approved prior to the payment to the court administrator's office. According to the State agency, the cooperative agreement with the Supreme Court, which was developed under the prior leadership, was not specific about the invoice and data exchange process.

This error resulted in the overpayment to the county and the overstatement of reported Title IV-D expenditures in the amount of \$48,891 (\$32,268 Federal share).

### **SALARY ALLOCATION COSTS UNSUPPORTED FOR ALL 14 COUNTIES**

For a cost to be allowable, it must be allocable to a Federal award (45 CFR § 75.403 (a)). A cost is allocable to a cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with the relative benefits received (45 CFR § 75.405 (a)).

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<sup>17</sup> We excluded the unallowable and duplicate MPRs for Bennington county that are captured in another finding section of this report to avoid overstating of the unallowable costs for this finding.

The standards for the documentation of personnel expenses requires that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated. The records must also support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity (45 CFR §§ 75.430(i)(i) and (vii)).

Under the cooperative agreement the State agency reimburses the court administrator's office for its costs associated with resolving Title IV-D child support cases. The court administrator can include reimbursable activities and costs of the family court for Title IV-D cases which include salaries and wages for family court personnel performing select functions. The cooperative agreement also states that the Vermont Agency of Human Service, the internal audit group (IAG), determines the allocation of personnel time by a review of job positions, employee activity, and interviews of managing supervisors and staff to determine the reasonable amount of resources (time and effort) that staff devotes to the Family Division. The cooperative agreement further requires "the Court to have all staff working on Title IV-D reimbursable child support activity positively report that activity each pay period."

The State agency was unable to provide adequate support that the portion of 156 court salaries for all 14 counties that were allocated to the Title IV-D program accurately reflected the relative benefits received. Specifically, the State agency provided us with a spreadsheet that summarized the salary percentages applied to each of the various divisions of the Superior Court (Civil, Criminal, Family, and Probate) and the dollars allocated to the family court for each of the 14 county courts. The allocation used in the spreadsheet was based on unsupported percentages obtained from the individual court operations managers. The State agency was unable to provide us with documentation that showed how they determined the percentages allocated, and support for the activities performed such as individual activity reports.

As a result, the State agency claimed \$1.37 million (\$907,051 Federal share) to the IV-D program based on the unsupported salary allocation of these 156 employees included in the individual county court rates during our audit period.

This occurred because Vermont Agency for Human Services, IAG, did not perform the procedures outlined within the cooperative agreement, which required the IAG to determine the allocation of personnel time by reviewing job positions, employee activity, and interviews of managing supervisors and staff to determine the reasonable amount of resources (time and effort) that staff devotes to the Family Division. In addition, neither the State agency nor the IAG had policies and procedures in place to ensure the allocation of salaries to the individual family courts, and included in the individual county rates, was supported and accurately reflected the relative benefits received.

Based on our review of the employee positions and duties we believe that some portion of the direct salaries allocated would be considered allowable and that the court operations managers would be knowledgeable about which employees work on family cases. However, without any support, such as activity reports, we were unable to determine whether the salaries allocated to the program accurately reflected the relative

benefits received. In addition, the IAG's failure to perform the function as outlined within the cooperative agreement removes a layer of oversight, internal control over the segregation of key duties, and independent corroboration for the program.

### **RECOMMENDATIONS**

We recommend that the Vermont Office of Child Support:

- refund \$180,288 (\$118,990 Federal share) for duplicate Title IV-D MPRs;
- refund \$48,891 (\$32,268 Federal share) for Title IV-D MPRs, which were reimbursed at the incorrect county rate;
- work with ACF to determine what portion of the \$1,374,319 (\$907,051 Federal share) claimed due to the unsupported salaries allocated represents Title IV-D eligible costs or refund the entire amount;
- work with the court administrator's office to improve the MPR processing system and establish policies and procedures and application controls to ensure duplicates can be prevented or detected or establish policies and procedures to ensure a manual review of all MPRs is performed;
- develop policies and procedures to prevent incorrect rates from being paid and ensure supporting documentation and invoices are reviewed and approved prior to the payment to the court administrator's office and strengthen internal controls to ensure these invoice-review processes are followed; and
- develop policies and procedures for allocating salaries to the individual family courts which ensures the allocation is supported and accurately reflects the relative benefits received, specifically:
  - ensure the courts report their Title IV-D activities each pay period as described within the cooperative agreement, and
  - ensure the IAG performs its functions as outlined within the cooperative agreement to maintain the key internal control of segregation of key duties by reviewing job positions, employee activity, and interviews managing supervisors and staff to determine the reasonable amount of resources (time and effort) that staff devotes to the Family Division.

### **THE VERMONT OFFICE OF CHILD SUPPORT COMMENTS**

In written comments on our draft report, the State agency concurred with our recommendations and provided a clarification about a clerical error noted in the report that we addressed as appropriate. The State agency's comments are included in their entirety in Appendix C.

## **APPENDIX A: AUDIT SCOPE AND METHODOLOGY**

### **SCOPE**

Our review covered State agency reported court administrative costs included on line 1b<sup>18</sup> of the ACF form 396 Quarterly Financial reports for the period of October 1, 2015, through September 30, 2017,<sup>19</sup> totaling \$3,154,166 (\$2,081,750 Federal share). We reviewed direct staff salaries and building-space costs, which represents a high percentage of the total eligible Title IV-D costs included in the establishment of the county rates and performed analysis on the 2016 through 2017 MPRs invoiced by the court and reimbursed by the State agency during our audit period. Specifically, we reviewed the accuracy of building space costs and court salaries allocated to the Title IV-D program used in the establishment of the county rates. We limited our review of internal controls to those applicable to our objective.

We conducted our fieldwork at the State agencies office located in Waterbury, Vermont, and nine State-owned courthouses throughout Vermont from March 7, 2018, through February 14, 2019.

### **METHODOLOGY**

To accomplish our objective, we

- reviewed applicable Federal and State laws and regulations related to the Title IV-D program;
- reviewed the Vermont State Plan and cooperative agreement requirements for the reimbursement of expenditures related to the Title IV-D program for FFYs 2016 and 2017;
- reviewed annual Audit Reports (A-133) for the State of Vermont;
- interviewed State agency and court officials to gain an understanding of the CSE program;
- reconciled the court administrators invoices with the State's accounting system;
- adjusted the number of MPRs paid based on an internal review performed by the State agency during our audit period which disallowed<sup>20</sup> some MPRs;

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<sup>18</sup> The OCSE-396 instructions for line 1b define Title IV-D administrative expenditures as "expenditures for the routine administration and operation of the Child Support Enforcement Program."

<sup>19</sup> The State agency reported the first and second quarter court expenditures during the first quarter of FFY 2016 due to a timing issue and did not report any court expenditures on the ACF 396 in the fourth quarter of FFY 2017. The State agency claims these costs on a cash basis; therefore, there were only 6 quarters included in our review.

<sup>20</sup> The State agency disallowed 1,334 MPRs during our review resulting in a reduction in MPRs to 17,919 from 19,253.

- conducted interviews with State agency and court staff to gain a greater understanding of how the MPRs are invoiced and processed for payment;
- tested to verify only MPRs closed during allowable quarters were paid and that no duplicate MPRs were paid during our review period;
- performed analysis on the remaining 17,919 MPRs claimed from October 1, 2015, through June 30, 2017,
- we selected 2,342 MPRs for additional review that appeared likely to be duplicates;
- reviewed building space costs and direct staff salary costs allocated in the establishment of the SFY 2015 individual county court rates;
- conducted site visits of 9 State-owned courthouses<sup>21</sup> that hold family court, where building space costs were allocated to the Title IV-D program;
- we conducted a physical walk-through of each courthouse and evaluated the reasonableness of the square footage which was applied to the family court based on the floor plan and the Building and General Services space book, which documents the total useable space, common space, and total rentable space by agency and department;
- reviewed the allocation of the 156 employees included in the individual county court rates and charged to the Title IV-D program, to include the positions, duties and allocation methodology;
- determined the effects of the errors (unallowable and unsupported) identified in our review;
- summarized results of our review; and
- discussed the results of our review with the state agency.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain enough, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>21</sup> Of the 14 counties, 5 family courts were excluded from our review because they did not claim building-space costs.

**APPENDIX B: STATE AGENCY CLAIMED TITLE IV-D COURT EXPENDITURES AND SUMMARY EFFECTS OF UNALLOWABLE AND UNSUPPORTED EXPENDITURES**

**Table 1: Original State Agency FFYs 2016 and 2017 Claimed Title IV-D Court Expenditures**

<b>County</b>	<b>Original Court Reported 2016 and 2017 MPRs</b>	<b>County Rate</b>	<b>State agency Claimed Title IV-D Court Expenditures</b>
Addison	726	146.64	106,461
Bennington	1,265	186.84*	236,353
Caledonia	1,352	207.13	280,040
Chittenden	3,120	199.65	622,908
Essex	211	113.22	23,889
Franklin	1,772	167.06	296,030
Grande Isle	155	268.21	41,573
Lamoille	792	135.31	107,166
Orange	559	129.53	72,407
Orleans	1,150	139.71	160,667
Rutland	2,822	167.55	472,826
Washington	2,002	137.69	275,655
Windham	1,380	200.10	276,138
Windsor	1,947	212.41	413,562
<b>Total</b>	<b>19,253</b>		<b>\$3,385,675 (\$2,234,546 Federal share)</b>

\* This is the incorrect rate MPRs were paid at for Bennington county. The correct rate is \$144.62.

**Table 2 Revised State Agency FFYs 2016 and 2017 Claimed Title IV-D Court Expenditures**

<b>County</b>	<b>Revised Court Reported 2016 and 2017* MPRs</b>	<b>County Rate</b>	<b>State agency Claimed Title IV-D Court Expenditures</b>
Addison	694	146.64	101,768
Bennington	1,194	186.84†	223,087
Caledonia	1,254	207.13	259,741
Chittenden	3,048	199.65	608,533
Essex	193	113.22	21,851
Franklin	1,689	167.06	282,164
Grande Isle	150	268.21	40,232
Lamoille	746	135.31	101,941
Orange	551	129.53	71,371
Orleans	1,049	139.71	146,556
Rutland	2,548	167.55	426,917
Washington	1,793	137.69	246,878
Windham	1,237	200.10	247,524
Windsor	1,773	212.41	376,603
<b>Total</b>	<b>17,919</b>		<b>\$3,154,166 (\$2,081,750 Federal share)</b>

\* The 2016 through 2017 MPRs represent a total of all quarterly MPRs invoiced and paid during our audit period and does not include the 1,334 unallowable MPRs identified and reimbursed by the State agency based on their internal review.

† This is the incorrect rate MPRs were paid at for Bennington county. The correct rate is \$144.62.

**Table 3: Effects of Unallowable and Unsupported Title IV-D Costs Claimed by County**

<b>County Court</b>	<b>Unallowable Title IV-D Duplicate Costs Claimed</b>	<b>Unallowable Title IV-D Cost Claimed for Incorrect County Rate</b>	<b>Total Unallowable Title IV-D Costs Claimed</b>	<b>Unsupported Title IV-D Salary Costs Claimed</b>
Addison	4,253		4,253	34,500
Bennington	6,726	48,891	55,617	71,182
Caledonia	22,991		22,991	104,253
Chittenden	26,154		26,154	279,653
Essex	1,132		1,132	11,353
Franklin	15,704		15,704	138,159
Grande Isle	2,682		2,682	23,671
Lamoille	9,472		9,472	55,574
Orange	3,497		3,497	45,813
Orleans	3,772		3,772	85,122
Rutland	29,321		29,321	150,686
Washington	6,609		6,609	114,036
Windham	21,211		21,211	93,262
Windsor	26,764		26,764	167,055
<b>Total</b>	<b>\$180,288 (\$118,990 Federal share)</b>	<b>\$48,891 (\$32,268 Federal share)</b>	<b>\$229,179 (\$151,258 Federal share)</b>	<b>\$1,374,319 (\$907,051 Federal share)</b>



## APPENDIX C: THE VERMONT OFFICE OF CHILD SUPPORT COMMENTS

### Agency of Human Services

Office of Child Support  
280 State Drive, NOB1 A Bldg.  
Waterbury, VT 05671-1060  
[www.dcf.vermont.gov/ocs](http://www.dcf.vermont.gov/ocs)

[toll free] 1-800-786-3214

August 15, 2019

Mr. David Lamir  
Regional Inspector General for Audit Services, Region 1  
JFK Federal Building  
15 New Sudbury Street, Room 2425  
Boston, MA 02203

RE: Report number A-01-18-02501

Dear Mr. Lamir:

Thank you for your letter of July 17, 2019 and the opportunity to respond to the U.S. Department of Health and Human Services, Office of Inspector General, Office of Audit Services' draft report (number A-01-18-02501), entitled *Vermont's Office of Child Support Needs Better Oversight Over Its Administrative Costs Claimed*.

The Vermont Office of Child Support has reviewed the findings and concurs with the recommendations contained therein. Pursuant to your instruction, please see below Vermont's concurrence and statement describing the nature of corrective action planned for each recommendation:

- Vermont concurs and agrees to refund \$118,990 (Federal share) for duplicate Title IV-D MPRs;
  - x The Vermont Office of Child Support will continue to work with the court administrator's office to improve the MPR processing system and establish policies and procedures and application controls to ensure a manual review of all MPRs is performed.
- x Vermont concurs and agrees to refund \$32,268 (Federal share for Title IV-D MPRS);
  - x The Vermont Office of Child Support will work with the court administrator's office to develop policies and procedures to prevent incorrect rates from being paid and ensure supporting documentation and invoices are reviewed and approved prior to the payment to the court administrator's office and strengthen internal controls to ensure that invoice-review processes are followed.

While we concur with this finding and recommendation, we would like to clarify that this clerical error was committed by an Agency of Human Services' employee. AHS is responsible for calculating the county IV-D base rates and in turn, AHS develops the corresponding spreadsheets. Hence, the error causing the formula to be over-written for Bennington County rests with AHS and we would appreciate an edit to the final report to reflect this clarification. Nonetheless, the finding illustrates the need to strengthen internal controls and Vermont is committed to taking corrective action to avoid further errors.



- Vermont concurs and agrees to work with ACF to determine what portion of the \$1,374,319 (\$907,051 Federal share) claimed due to unsupported salaries allocated represents Title IV-D eligible costs or refund the entire amount;
  - The Vermont Office of Child Support will continue to work with the court administrator's office to develop policies and procedures for allocating salaries to the individual family (court) divisions which ensures the allocation is supported and accurately reflects the relative benefits received.

Should you have any questions or need further information, please feel free to contact me.

Sincerely,



Robin Arnell, Director  
Vermont Office of Child Support

cc: Ken Schatz, DCF Commissioner  
Martha Maksym, AHS Deputy Secretary  
Michael Ginns, ACF, OCSE, Regional Program Manager  
Tom Killmurray, ACF, OCSE, Child Support Program Specialist  
George Barnwell, ACF, OCSE, MPA and Finance Regional Grants Management Officer