

Internal Audit Department

INTERNAL CONTROL AUDIT: PROBATION DEPARTMENT TITLE IV-E FOSTER CARE PROGRAM CLAIMS PROCESS

For the Year Ending:
September 30, 2008

We audited the internal controls and processes over the Probation Department's Title IV-E Foster Care Program Claims Process where total costs for administrative activities during the audit period from October 1, 2007 through September 30, 2008 were approximately \$16 million, and claimed matching reimbursement totaled \$5.7 million during the same period.

We found that overall internal controls are in place to ensure: (1) Title IV-E eligibility determination and preparation of claims complies with Federal and State regulations; (2) Title IV-E claims are processed accurately, completely and timely; and (3) Business processes are efficient and effective as related to the Title IV-E claims process.

AUDIT No: 2822
REPORT DATE: SEPTEMBER 16, 2009

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Deputy Director: Eli Littner, CPA, CIA
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RISK BASED AUDITING

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Transmittal Letter



Audit No. 2822 **September 16, 2009**

TO: Colleene Preciado
Chief Probation Officer

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: Internal Control Audit:
Probation Department
Title IV-E Foster Care Program
Claims Process

We have completed an Internal Control Audit of the Probation Department's Title IV-E Foster Care Program Claims Process for the year ending September 30, 2008, in which total costs were approximately \$16 million and claimed matching reimbursements totaled \$5.7 million. We performed this audit at your request and in accordance with our *FY 2008-09 Audit Plan and Risk Assessment* approved by the Audit Oversight Committee and the Board of Supervisors. Our final report is attached for your review.

Please note we have a structured and rigorous **Follow-Up Audit** process in response to recommendations and suggestions made by the Audit Oversight Committee (AOC) and the Board of Supervisors (BOS). As a matter of policy, our **first Follow-Up Audit** will begin at six months from the official release of the report. A copy of all our Follow-Up Audit reports is provided to the BOS as well as to all those individuals indicated on our standard routing distribution list.

The AOC and BOS expect that audit recommendations will typically be implemented within six months and often sooner for significant and higher risk issues. Our **second Follow-Up Audit** will begin at six months from the release of the first Follow-Up Audit report, by which time **all** audit recommendations are expected to be addressed and implemented.

At the request of the AOC, we are to bring to their attention any audit recommendations we find still not implemented or mitigated after the second Follow-Up Audit. The AOC requests that such open issues appear on the agenda at their next scheduled meeting for discussion.

We have attached a **Follow-Up Audit Report Form**. Your department should complete this template as our audit recommendations are implemented. When we perform our first Follow-Up Audit approximately six months from the date of this report, we will need to obtain the completed document to facilitate our review.

Letter from Dr. Peter Hughes, CPA



Each month I submit an **Audit Status Report** to the BOS where I detail any material and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report to the BOS.

As always, the Internal Audit Department is available to partner with your staff so that they can successfully implement or mitigate difficult audit recommendations. Please feel free to call me should you wish to discuss any aspect of our audit report or recommendations.

Additionally, we will request your department complete a **Customer Survey** of Audit Services. You will receive the survey shortly after the distribution of our final report.

Attachments

Other recipients of this report are listed on the **OC Internal Auditor's Report** on page 5.

Table of Contents



**Internal Control Audit:
Probation Department
Title IV-E Foster Care Program Claims Process
Audit No. 2822**

**For the Year Ending
September 30, 2008**

Transmittal Letter	i
OC Internal Auditor's Report	
OBJECTIVES	1
BACKGROUND	1
SCOPE	3
RESULTS	4
Detailed Findings, Recommendations and Management Responses	
1. Completion of Time Study Forms and Documentation of Corrections (Control Finding)	7
2. Operational Policies And Procedures For Title IV-E Claims (Control Finding)	8
3. Accounting Controls For Title IV-E Funds (Control Finding)	9
4. Title IV-E Spreadsheet Data Storage Controls (Control Finding)	9
5. Interagency Operating Agreement Needs Updating (Control Finding)	10
ATTACHMENT A: Report Item Classifications	12
ATTACHMENT B: Probation Department's Management Responses	13



Audit No. 2822

September 16, 2009

TO: Colleene Preciado
Chief Probation Officer

FROM: Dr. Peter Hughes, CPA, Director
Internal Audit Department

SUBJECT: Internal Control Audit: Probation Department
Title IV-E Foster Care Program Claims Process

Audit Highlight

We audited the internal controls and processes over the Probation Department's Title IV-E Foster Care Program Claims Process where total costs for administrative activities during the audit period from October 1, 2007 through September 30, 2008 were about **\$16 million**, and claimed matching reimbursement totaled **\$5.7 million**.

We found overall internal controls are in place to ensure: (1) Title IV-E eligibility determination and preparation of claims complies with Federal and State regulations; (2) Title IV-E claims are processed accurately, completely and timely; and (3) Business processes are efficient and effective as related to the Title IV-E claims process.

OBJECTIVES

The Internal Audit Department conducted an internal control audit of the Probation Department's Title IV-E Foster Care Program (Title IV-E) Claims Process. Our audit objectives were to determine if:

1. Title IV-E eligibility determination and preparation of claims comply with Federal and State regulations.
2. Title IV-E claims are processed accurately, completely and timely.
3. Business processes are efficient and effective as related to the Title IV-E claims process.

BACKGROUND

The mission of the **Probation Department** is to protect the community by conducting investigations for the Court, enforcing court orders, assisting victims, and facilitating the resocialization of offenders. The Probation Department operates in three key service areas: Institutional Services, Field Services, and Special Services. Institutional Services provides oversight and direction for the County juvenile correctional facilities. Field Services assists the Criminal and Juvenile Courts in monitoring and providing services to adult and juvenile probationers. Special Services provides the primary support services for the department's overall operation including data systems, research support, human resources, collection enforcement, and administrative and fiscal services.

Title IV-E Foster Care Program

The Foster Care Program is authorized under *Title IV-E of the Social Security Act*. The program helps States to provide safe and stable out-of-home care for minors until the minors are safely returned home, placed permanently with adoptive families or placed in other planned arrangements for permanency. Funds are available for monthly maintenance payments to eligible foster care providers; administrative costs to manage the program; training staff and foster parents; foster parent recruitment; and other related expenses. The Title IV-E program impacts all three Probation's service areas in assessing client's initial and ongoing eligibility, case management, and fiscal claiming. The Probation Department and **Social Services Agency (SSA)** have an Interagency Operation Agreement to claim Title IV-E costs in SSA's quarterly administrative claiming process.



Reasonable Candidacy for Title IV-E Eligibility

Administrative costs are claimed for activities related to cases where a minor is considered a "reasonable candidate" for foster care. To determine reasonable candidacy, Probation identifies the factors that will require removal of the minor from the home unless they are satisfactorily resolved. This must occur prior to the Probation Department claiming Title IV-E administrative costs. The Probation Department identifies and documents these reasons at the earliest opportunity. Written documentation is retained in the minor's case file. The three acceptable methods of documentation indicating that a minor is a candidate for foster care benefits are:

- (1) A defined Case Plan which indicates that absent effective preventive services, foster care is the planned arrangement for the minor; or
- (2) An eligibility determination form which has been completed to establish the minor's eligibility under Title IV-E; or
- (3) Evidence of court proceedings in relation to the removal of the minor from the home, in the form of a Petition to the Court, a Court Order, or a Transcript of the Court's Proceedings.

There is no maximum length of time a minor may be considered a reasonable candidate; however Probation is required to document in the case record the reasons the minor is a reasonable candidate every six months. A *Juvenile Reassessment Report* documents the chronological history along with required six month candidacy evaluation. Chronological history is maintained in the Probation's Case Management System.

Administrative Costs for Title IV-E Program

Federal matching funds are available at the rate of 50% for State and County expenditures to administer the Title IV-E program. The Probation Department records the allowable costs necessary for the administration of the foster care program by compiling claimable administrative expenditures. The administrative expenditures subject to Title IV-E claim reimbursement are the salaries and employee benefits for Probation personnel. The Probation Department utilizes a cost allocation plan to identify the appropriate administrative costs applicable to the Title IV-E program. This cost allocation plan uses **Time Studies** (e.g., the total hours worked on the Title IV-E program) as the basis for identifying the amount of administrative costs to be distributed to the Title IV-E program. These time studies are completed during the second month of every quarter. The total time is summarized and used to calculate Probation's Title IV-E administrative costs. The following are examples of allowable costs necessary for the administration of the foster care program:

- (i) Referral to services;
- (ii) Preparation for the participation in judicial determinations;
- (iii) Placement of the minor;
- (iv) Development of the case plan;
- (v) Case reviews, case management and supervision;
- (vi) Recruitment and licensing of foster homes and institutions;
- (vii) Rate setting;
- (viii) A proportionate share of related agency overhead; and
- (ix) Costs related to data collection and reporting.



Fiscal Claiming for Title IV-E Program

At the end of each time study period, the completed time study forms are collected and forwarded to the **Probation Fiscal Services Unit**. An Administrative Manager examines each completed time study for completeness and accuracy; compiles the total allocable hours indicated for each component activity; reconciles total time study hours shown to County payroll records; determines the direct costs by calculating employee salary and benefits; determines the indirect costs allocable by multiplying the direct cost by an overhead rate provided by an external consulting firm; and summarizes the total cost (direct and indirect cost) on a *Summary of Expenditures*.

The *Summary of Expenditures* is reviewed and approved by an Administrative Manager in Fiscal Services and by the Director of Probation's Administrative/Fiscal Division. The approved summary with a cover letter from the Director of Probation Administrative/Fiscal Division is forwarded to the SSA Accounting Unit for the preparation of the *Countywide Administrative Expenditure Claim*. SSA Accounting Unit calculates an eligibility rate and applies it to the Probation Department's Title IV-E Program costs to quantify the reimbursement claim amount.

The total costs for Title IV-E administrative activities and claimed matching reimbursement by the Probation Department during the audit period from October 1, 2007 through September 30, 2008 were the following:

Quarter Ending	Title IV-E Cost	Title IV-E Reimbursement
December 31, 2007	\$5,157,479.84	\$1,882,038.00
March 31, 2008	4,188,501.22	1,510,987.00
June 30, 2008	4,538,770.25	1,604,243.00
September 30, 2008	2,265,918.97	775,531.00
Total	\$16,150,670.28	\$5,772,799.00

SCOPE

Our audit evaluated internal controls and processes over Title IV-E claims at the Probation Department for the period from October 1, 2007 through September 30, 2008. We audited the process of ensuring eligibility for reasonable candidates for foster care in the Title IV-E program through determination and documentation in client's case files. We audited the Title IV-E claims process starting from when time studies are prepared in designated Probation units responsible for administering foster care services through claims processing performed in Administrative/Fiscal Services to the amounts reported in SSA's *Countywide Administrative Expenditure Claim*. Our audit was conducted in accordance with professional standards prescribed by the Institute of Internal Auditors. Our methodology included inquiry, auditor observation and testing of relevant documents.

SCOPE EXCLUSIONS

We did not audit SSA's administrative expenditure claim process or information technology controls over Probation Department's Case Management System.



RESULTS

We audited the internal controls and processes over the Probation Department's Title IV-E Foster Care Program Claims Process where total costs for administrative activities during the audit period from October 1, 2007 through September 30, 2008 were approximately \$16 million, and claimed matching reimbursements totaled \$5.7 million.

We found that overall controls are in place to ensure: (1) Title IV-E eligibility determination and preparation of claims complies with Federal and State regulations; (2) Title IV-E claims are processed accurately, completely and timely; and (3) Business processes are efficient and effective as related to the Title IV-E claims process.

We identified **five (5) Control Findings** resulting in (5) recommendations to enhance existing controls and processes as discussed in the *Detailed Findings, Recommendations, and Management Responses* section of this report. See Attachment A for a description of Report Item Classifications. Based upon the objectives of our audit, we noted:

- ▶ **Objective 1.** *Title IV-E eligibility determination and preparation of claims comply with Federal and State regulations.*
- ▶ **Results:** Processes and controls are currently in place to ensure eligibility (reasonable candidacy) is established, maintained and documented per the requirements of Title IV-E. 30 case files were tested from various Probation units responsible for reasonable candidates for foster care. **We found no reportable issues.**

- ▶ **Objective 2.** *Title IV-E claims are processed accurately, completely and timely.*
- ▶ **Results:** Overall controls and processes are in place to ensure Title IV-E claims are accurate, complete, and timely. We did note **four (4) Control Findings** to improve controls in the areas of time studies; operational policies and procedures; accounting controls over the Title IV-E trust fund used to hold advances; and spreadsheet data storage. (See Finding Nos. 1 through 4 below)

- ▶ **Objective 3.** *Business processes are efficient and effective as related to the Title IV-E claims process.*
- ▶ **Results:** No inefficient or ineffective procedures such as backlogs or duplication of work were noted or came to our attention concerning Title IV-E claims at the Probation Department. However, we noted **one (1) Control Finding** regarding an efficiency/effectiveness issue concerning the Interagency Operation Agreement between the Probation Department and the Social Services Agency. (See Finding No. 5 below)



Management's Responsibilities for Internal Controls

In accordance with the Auditor-Controller's County Accounting Manual section S-2 - *Internal Control Systems*, "All County departments/ agencies shall maintain effective internal control systems as an integral part of their management practices. This is because management has primary responsibility for establishing and maintaining the internal control system. All levels of management must be involved in assessing and strengthening internal controls. Control systems shall be continuously evaluated and weaknesses, when detected, must be promptly corrected." The criteria for evaluating an entity's internal control structure is the Committee of Sponsoring Organizations (COSO) control framework. Internal Audit's review enhances and complements, but does not substitute for the Probation Department's continuing emphasis on control activities and self-assessment of control risks.

Inherent Limitations in Any System of Internal Control

Because of inherent limitations in any system of internal controls, errors or irregularities may nevertheless occur and not be detected. Specific examples of limitations include, but are not limited to, resource constraints, unintentional errors, management override, and circumvention by collusion, and poor judgment. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate. Accordingly, our evaluation would not necessarily disclose all weaknesses in the Probation Department's operating procedures, accounting practices and compliance with County policy.

Acknowledgement

We appreciate the courtesy extended to us by the Probation Department. If we can be of further assistance, please contact me directly; or Eli Littner, Deputy Director at 834-5899 or Michael Goodwin, Senior Audit Manager at 834-6066.

Attachments

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

Members, Board of Supervisors
Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
Steve Dunivent, Deputy CEO, Government and Public Services
Sean Barry, Chief Deputy Probation Officer, Juvenile Intake/Detention
Steve Sentman, Chief Deputy Probation Officer, Field Operations
Daniel Hernandez, Director, Juvenile Court Division
Bryan Prieto, Director, Juvenile Supervision Division
Brian Wayt, Director, Administrative and Fiscal Division
Lorna Winterrowd, Administrative Manager II, Fiscal Services
Espí Garcia, Senior Manager, SSA/Accounting Services
Foreperson, Grand Jury
Darlene J. Bloom, Clerk of the Board of Supervisors

Detailed Findings, Recommendations and Management Responses



Objective #1: Title IV-E eligibility determination and preparation of claims comply with Federal and State regulations.

To evaluate Title IVE eligibility determination, we audited **30 case files** for minors established as reasonable candidates at the following locations:

Unit	Location	# Files Tested
234	Westminster – West County	9
336	Santa Ana – Central County	8
351	Laguna Hills – South County	4
584	Youth Guidance Center	3
421, 443, 444	Youth and Family Resource Centers – Westminster, Anaheim, Santa Ana	3
117	Placement Juvenile Hall	1
797	Drug Court Juvenile Hall	1
323	MICOR	1

We also tested Probation's Title IV-E claim data for the quarter ending **September 30, 2008** provided to SSA for inclusion in their *Countywide Administrative Expenditure Claim*. We evaluated the associated time studies completed in August 2008 and the calculation and reporting of direct and indirect costs.

Process and Control Strengths

Our audit disclosed that controls and processes are currently in place to ensure Title IV-E eligibility determination (reasonable candidacy) is established, maintained, and documented in compliance with Federal and State regulations. No exceptions were noted in our testing of the 30 case files.

The Probation Department had the following processes and controls in place which ensure compliance with Federal and State regulations:

- *Minute Orders* are made to establish reasonable candidacy, specifically, reasonable efforts made to prevent or eliminate the need for removal from the home and temporary care and placement is vested with the Probation Department.
- *Intake Assessment Worksheets* are utilized for documenting initial interviews and eligibility determination.
- *Juvenile Case File Checklists* are used to ensure all applicable documents are obtained and steps taken for reasonable candidacy.
- Written *Case Plans* are established for responsibility of placement and care of the minors.
- *Juvenile Reassessment Reports* are used to document chronological history and the required six month candidacy evaluation.
- Supervisory reviews of the above are completed and generally documented as such.

As such, we have no audit findings or recommendations under this objective.

Detailed Findings, Recommendations and Management Responses



Objective #2: Title IV-E Claims are processed accurately, completely, and timely.

We audited Probation Department's Title IV-E cost claim data **for the quarter ending September 30, 2008** totaling approximately **\$2.2 million**. This included an evaluation of the corresponding time studies performed in August 2008 used as the basis for allocating direct and indirect costs to Title IV-E. We confirmed the hours reported in the time studies were appropriately applied in the claims process. We auditing the direct and indirect cost calculations and traced them to the *Summary of Expenditures* reported to and claimed by SSA.

Process and Control Strengths

Our audit disclosed that overall controls and processes are in place to ensure Title IV-E claim data is accurate, complete, and timely. The Probation Department had the following processes and controls in place which ensure complete, accurate and timely claim data complied with Federal and State regulations:

- Instructions for processing the *Countywide Administrative Expenditure Claim* and for claiming administrative Title IV-E expenditures are distributed from the **State Department of Social Services (DPSS)**.
- Written procedures for preparing individual time study forms are distributed to applicable personnel.
- Unit supervisors review and sign each employee's time study form prior to submitting them to Fiscal/Administrative Services.
- Total hours recorded on time study forms are verified with County payroll records.
- Time study forms are verified as being in the designated time study period and are mathematically correct.
- Claiming categories used in time studies and claim forms are derived from Title IV-E guidelines.
- The Administrative Manager has experience and expertise in processing the quarterly Title IV-E claim data.
- Management review and approval of Title IV-E *Summary of Expenditures* is performed and documented.

We noted **(4) Control Findings** to improve controls in the areas of time studies; operational policies and procedures; accounting controls over the fiduciary fund used to hold Title IV-E advances; and spreadsheet data storage controls as discussed below:

Finding No. 1 – Completion of Time Study Forms and Documentation of Corrections (Control Finding)

Based upon claiming instructions from the State, Probation uses the total hours worked on foster care activities over a four week period as the basis for identifying the amount of quarterly administrative costs to be reimbursed. This process is contingent upon the completion of quarterly individual employee time study forms. At the end of the four week period, the total time is summarized and used to prepare the reimbursement claim data. Probation personnel performing foster care activities for eligible minors considered reasonable candidates are required to complete the time study form.

Detailed Findings, Recommendations and Management Responses



During our review of the August 2008 time studies, we noted:

- Time study forms were not on file for two Deputy Probation Officers assigned to eight minors considered as reasonable candidates. As a result, claim documentation did not include the hours for the two Deputy Probation Officers and a correct allocation of supervision hours. While this does not materially impact the claim, it is important to ensure all time study forms be completed for purposes of claiming.
- Hours on certain time study forms are crossed out and amended without documenting the individual making the change, reason for the change, and supervisory approval of the change.

Recommendation No. 1

Probation Department establish documented procedures to ensure Title IV-E time study forms and corrections are prepared, documented, and submitted by relevant personnel.

Probation Department Management Response:

Concur. The Department will establish documented procedures per the above recommendation.

Finding No. 2 – Operational Policies and Procedures for Title IV-E Claims

(Control Finding)

One individual (Administrative Manager) has been responsible for summarizing the Probation Department's Title IV-E claim data for over 10 years. Because of the complexity, criticality and timeframe requirements of the process, well-documented procedures should be available. We noted operational policies and procedures for preparing individual time study forms are documented. However, there were no written policies and procedures for the steps performed in Fiscal Services once the time studies are received through the preparation of the *Summary of Expenditures* with respect to the following:

- Allocation method for charging supervisory staff time.
- Data processing reports/spreadsheets used in summarizing claimed administrative costs, including descriptions of source content, frequency, and purpose.
- Calculation and use of the indirect cost rate.
- Submission of initial and amended reimbursable claims to SSA.
- Reconciliation of reimbursement claims and funds received.
- Assignment of preparation, supervisory review, and approval duties.

Documented policies and procedures provide a tool for cross-training, increased standardization of the process, clarification of responsibilities, and consistent application of management's expectations.

Recommendation No. 2

Probation Department establish written policies and procedures for Fiscal Services' preparation of the quarterly Title IV-E claim data.

Detailed Findings, Recommendations and Management Responses



Probation Department Management Response:

Concur. While the Department's claim inputs are well-documented and the incumbent manager can explain any item requested, Probation agrees this is an area that can be strengthened. Probation will establish written policies and procedures per the above recommendation.

Finding No. 3 – Accounting Controls For Title IV-E Funds (Control Finding)

Monies received as cash advances for Title IV-E are held in a Probation fiduciary fund account (No. 300-347-9200-004E) for eventual allocation or disbursement pursuant to regulatory requirements. The balance for the Probation fund account holding Title IV-E advances was **\$3,334,375** as of September 30, 2008. During a review of the reconciliations for the account, it was noted that:

- The fund account records were not reconciled to the Auditor-Controller's General Ledger on a monthly basis. Six reconciliations were prepared between October 2007 and September 2008.
- The reconciliations were not reviewed or approved by a supervisor/manager.
- The Administrative Manager reconciling the records also initiates and prepares journal vouchers affecting the fiduciary fund account. However, journal vouchers are subject to review and approval by an authorized manager.

Per the County Accounting Manual Section F-4 – *Fiduciary Funds*, fiduciary fund accounts should be reconciled, at least monthly, from the department's subsidiary ledger records or other detailed records to the Auditor-Controller's General Ledger balance. This reconciliation should be performed by a person having no other fiduciary fund responsibilities. If this responsibility cannot be segregated, a detailed supervisory review of fund reconciliations and resolution of reconciling items would be a mitigating control.

Recommendation No. 3

Probation Department ensure fiduciary fund accounts are reconciled in accordance with County Accounting Manual Section F-4 requirements.

Probation Department Management Response:

Concur. Probation will ensure fiduciary fund accounts are reconciled in accordance with County Accounting Manual Procedure F-4 requirements.

Finding No. 4 – Title IV-E Spreadsheet Data Storage Controls (Control Finding)

The Probation Department relies on spreadsheets as a key tool in their Title IV-E claims process to track and summarize administrative costs. Over \$16 million in Title IV-E administrative costs were processed during the one-year audit period using these critical spreadsheets. These spreadsheets are not supported by the same control environment as formally developed, purchased applications, and are not restricted from unauthorized access by security controls.

Detailed Findings, Recommendations and Management Responses



We noted that Title IV-E spreadsheets are saved on a zip drive but not in a location that allows restricted user access and regular backups. Also, spreadsheets from previous reporting periods are not converted to read-only formats. Data storage controls ensure that the spreadsheet files are protected from loss, destruction, and unauthorized changes.

Recommendation No. 4

Probation Department implement data storage controls to ensure the long-term usefulness of spreadsheets supporting Title IV-E claims.

Probation Department Management Response:

Concur. Probation will implement data storage controls per the above recommendation.

Objective #3: Business processes are efficient and effective as related to the Title IV-E claims process.

Our objective was to identify where efficiencies and effectiveness can be enhanced in the Title IV-E claims process for the Probation Department. Our audit noted the following:

Finding No. 5 – Interagency Operating Agreement Needs Updating (Control Finding)

The Probation Department's Interagency Operating Agreement dated June 26, 2000, with SSA does not address some of the current practices of the claims process.

The Department of Social Services requires SSA to submit an original and revised expense claim on the behalf of the County. Original and revised expense claims are required to be submitted for reimbursement no later than 30 days and nine (9) months after the last calendar day of the fiscal quarter, respectively. Our review of expense claim data summarizing the Probation Department's Title IV-E administrative costs disclosed:

- Probation's expense claims for the quarters ending December 31, 2007 and September 30, 2008 were submitted to SSA between 22 and 25 days after the end of each quarter. However, the Interagency Operating Agreement in place states that the data is due within 10 days after the end of each quarter.
- The Interagency Operating Agreement does not address the submission of revised expense claim data.
- The Interagency Operating Agreement indicates that SSA is responsible for remitting the funds received as Title IV-E reimbursements to Probation. However, the agreement does not address the allocation or transfer process. We noted funds are initially received by SSA, which deposits the funds into Probation's fiduciary fund. The funds for SSA claimed expenditures are transferred by Probation to SSA via a Journal Voucher about two months following the initial receipt of the funds in SSA.

Discussions with SSA Accounting indicated that the required claim submission deadlines are tight and do not allow much time for a detailed, final management review. In addition, SSA expressed a desire to receive their portion of the Title IV-E funds more timely upon receipt of the funds. An evaluation should be made to determine if deposit and transfer procedures can be modified.

Detailed Findings, Recommendations and Management Responses



Recommendation No. 5

Probation Department update its Interagency Operating Agreement with the Social Services Agency to reflect current Title IV-E claiming practices, including but not limited to, the timeframe for filing cost claim data and for the deposit and transfer of Title IV-E cash advances.

Probation Department Management Response:

Concur. Probation will initiate review of its interagency operating agreement with SSA to reflect current Title IV-E claiming practices, with the goal of streamlining and more clearly delineating agency responsibilities for cash advance deposits and transfers.



ATTACHMENT A: Report Item Classifications

For purposes of reporting our audit observations and recommendations, we will classify audit report items into three distinct categories:

Material Weaknesses:

Audit findings or a combination of Significant Issues that can result in financial liability and exposure to a department/agency and to the County as a whole. Management is expected to address “Material Weaknesses” brought to their attention immediately.

Significant Issues:

Audit findings or a combination of Control Findings that represent a significant deficiency in the design or operation of processes or internal controls. Significant Issues do not present a material exposure throughout the County. They generally will require prompt corrective actions.

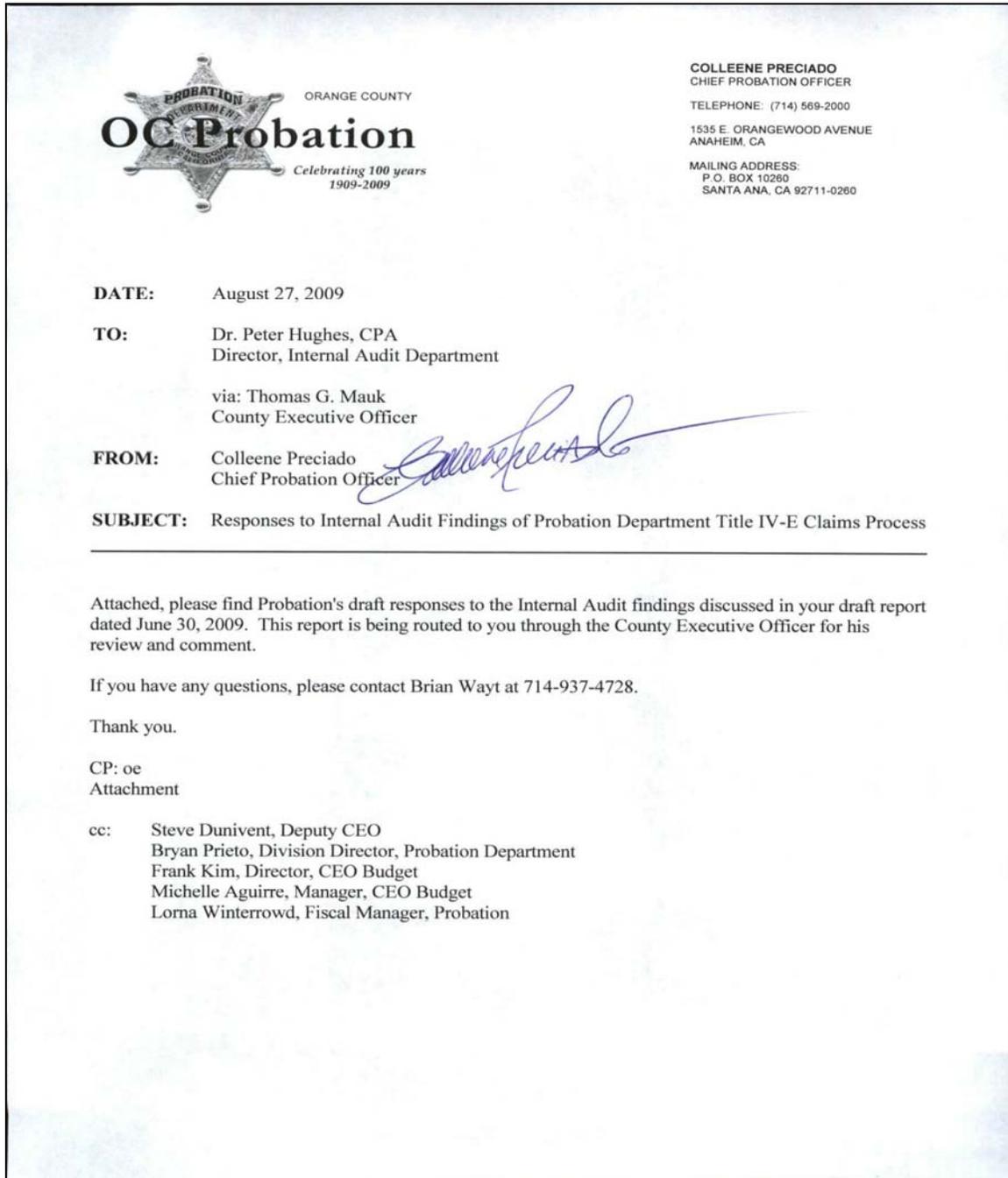
Control Findings and/or Efficiency/Effectiveness Issues:

Audit findings that require management’s corrective action to implement or enhance processes and internal controls. Control Findings and Efficiency/Effectiveness issues are expected to be addressed within our follow-up process of six months, but no later than twelve months.

Detailed Findings, Recommendations and Management Responses



ATTACHMENT B: Probation Department Management Responses





ATTACHMENT B: Probation Department Management Responses (continued)

Probation Management Responses to: Internal Audit of Probation Title IV-E Claims Process Audit Number: 2822

Finding No. 1 – Completion of Time Study Forms and Documentation of Corrections (Control Finding)

Recommendation:

Probation Department establish documented procedures to ensure Title IV-E time study forms and corrections are prepared, documented, and submitted by relevant personnel.

Probation Response:

Concur. The Department will establish documented procedures per the above recommendation.

Finding No. 2 – Operational Policies and Procedures For Summarizing Title IV-E Claims Not Documented (Control Finding)

Recommendation:

Probation Department establish written policies and procedures for Fiscal Services' preparation of the quarterly Title IV-E claim data.

Probation Response:

Concur. While the Department's claim inputs are well-documented and the incumbent manager can explain any item requested, Probation agrees this is an area that can be strengthened. Probation will establish written policies and procedures per the above recommendation.

Finding No. 3 – Accounting Controls For Title IV-E Funds (Control Finding)

Recommendation:

Probation Department ensure fiduciary fund accounts are reconciled in accordance with County Accounting Manual Procedure F-4 requirements.

Probation Response:

Concur. Probation will ensure fiduciary fund accounts for the Title IV-E program are reconciled per the above recommendation.

Finding No. 4 – Title IV-E Spreadsheet Data Storage Controls (Control Finding)

Recommendation:

Probation Department implement data storage controls to ensure the long-term usefulness of spreadsheets supporting Title IV-E claims.

Probation Response:

Concur. Probation will implement data storage controls per the above recommendation.



ATTACHMENT B: Probation Department Management Responses (continued)

**Finding No. 5 – Interagency Operating Agreement Requires Updating
(Control Finding)**

Recommendation:

Probation Department update its interagency operating agreement with the Social Services Agency to reflect current Title IV-E claiming practices, including but not limited to, the timeframe for filing cost claim data and for the deposit and transfer of Title IV-E cash advances.

Probation Response:

Concur. Probation will initiate review of its interagency operating agreement with SSA to reflect current Title IV-E claiming practices, with the goal of streamlining and more clearly delineating agency responsibilities for cash advance deposits and transfers.