

# Department of Social Services

## Background

The Department of Social Services (Department) protects children from abuse and neglect and works to strengthen families. The Department provides services such as counseling, parent aid or day care to reduce risks to children and develop a safe environment so that they can remain at home whenever possible. When necessary, the Department places children with foster parents or in-group homes. Approximately 10,000 children are living in foster or group homes. When a child is removed from his or her home, the Department develops a plan to provide long-term, stable resolution as soon as possible. The Department also provides day care for children of low-income families to allow parents to work or attend school, respite care for families caring for a developmentally disabled child at home, shelter and other services for battered women and their children, and homes for the homeless.

For fiscal year 1998, the Department administered approximately \$417 million. Federal funds amounted to approximately \$175 million.

The federal funding to this Department is detailed in the accompanying Schedule of Expenditures of Federal Awards.

The Department's major federal programs were:

<b>CFDA #</b>	<b>Federal Program Description</b>
93.667	Social Services Block Grant
93.658	Foster Care - Title IVE
93.645	Child Welfare Grant

## ***Findings on Compliance with Rules and Regulations***

### **Finding Number 41: Subrecipient Monitoring Needs Improvement**

The Department of Social Services (Department) has not identified all of its subrecipients receiving funding under the Social Services Block Grant and, as a result, it cannot effectively perform appropriate monitoring procedures in compliance with Office of Management and Budget Circular A-133 (A-133). A-133 requires a state government that receives federal financial assistance and provides \$300,000 or more of it in a fiscal year to a subrecipient to determine that non-federal subrecipients have met the audit requirements of the Circular. The purpose of such audits is to determine whether subrecipients have spent the federal funds provided in accordance with applicable laws and regulations. The state government must also issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action. In addition, the Circular requires that subrecipients submit copies of reports to the pass-through agencies that provide them federal assistance within 30 days after receipt of the auditor's report, or thirteen months after the end of the audit period (nine months for fiscal years beginning on or after June 30, 1998), unless a longer period is agreed to

with the cognizant agency.

The Operational Services Division (OSD) has been created by the Commonwealth to consolidate the procurement efforts at the various departments providing social services to the public. As part of the legislation, the OSD has also been given the duty to monitor the compliance of subrecipients with A-133. The OSD accomplishes this task by first verifying which subrecipients receive in excess of \$300,000 of federal funds and confirming with them their responsibilities to file financial statements (Form UFR) to comply with the Commonwealth's requirements and to meet audit provisions of A-133.

OSD will then monitor the timely submission of the Form UFR with appropriate auditor's reports and all deficient providers will be notified again through a letter from the OSD. If there are deficiencies noted, the Principal Purchasing Agency (PPA), and not the OSD, is responsible for monitoring the resolution of the audit issue. A PPA is designated by the Executive Office of Health and Human Services to administer a provider's prequalification process and is also responsible for assuring that corrective action is taken on findings resulting from audits. If there is a compliance or internal control finding on a program funded by a Commonwealth agency other than the PPA, the PPA will look to the funding agency to resolve the finding.

Due to the Department's required legislative pooling of federal Social Services Block Grant funds and similar state funds in various state appropriation accounts, the Department is working with OSD to identify subrecipients and to monitor their performance and compliance with federal requirements. However, the Department needs to assure itself that its subrecipients are receiving accurate and timely information regarding the amount of federal financial assistance received. The Department has provided OSD with a series of reports displaying corporate providers that may have Social Service Block Grant funds assigned to them for fiscal year 1998, in order to assist OSD in identifying those providers that receive federal funds. The Department relies upon OSD to notify all subrecipients of federal funds provided. OSD sends out confirmatory letters of the amount of federal funding they have received. Because the Department does not notify the subrecipients of the amount of federal funding, this OSD letter becomes the only official notification of the amount of federal funding.

Although the use of OSD is a move towards overall departmental efficiency, the Department should continue to work with the OSD to ensure that all providers receiving in excess of \$300,000 of federal funds according to Department records have been properly identified by the Department and confirmed by OSD on a timely basis. Since it is the Department that applies for and receives federal funds, it is the Department's responsibility to notify the provider of the amount of federal funds it is providing and to monitor compliance with A-133. (*Department of Health and Human Services - Social Services Block Grant 93.667; Fiscal Year 1989; 1997 Single Audit Finding 37*)

### **Recommendation:**

The Department should continue to develop and implement a plan and policy to identify and notify all subrecipients receiving in excess of \$300,000 of federal funds of their responsibilities under A-133. The Department should continue to work with OSD in monitoring compliance. If practical, the re-establishment of a separate federal appropriation account for the Social Services Block Grant should be considered. If the re-establishment of a separate appropriation is not practical, the Department should consider supporting the subrecipients only with state funds. This would avoid the subrecipient notification issue.

### **Department corrective action plan:**

The Social Services Block Grant provides federal matching funds for services funded in the majority of the Department's appropriations through what is known as a minor fund structure. The minor fund percentage attributable

to each DSS appropriation is established by the legislature in the Department's General Appropriations Act. These minor fund percentages preclude the option of funding all sub-recipients with state appropriations, since the percent of spending in each account that is allocated to the Social Services Block Grant is mandated by law.

The Department does have the ability to change percentages *within* each account by program code in order to reach the GAA percentages for the account as a whole. Through an analysis of these allocations within appropriation accounts, the Department will be able to send notification to sub-recipient providers that an approximate percentage of their contract will be funded with federal dollars, within a range of percentage points (e.g. 15-25%). This notification will give the providers an early indication of the *magnitude* of federal dollars they should expect, and should provide them with sufficient warning to perform an A-133 audit if the total federal dollars in their contracts is close to \$300,000. This approximate percentage will be supplied to sub-recipients in January-March, 1999 by the Department.

In addition, the Department has established a Memorandum of Understanding with OSD regarding the process and procedures for timely notification of sub-recipients. Through this memorandum, DSS gives OSD authority to act as its agent in notifying sub-recipients.

Responsible individual: Ceci Dunn, Director of Financial Management

Implementation date: January – March, 1999

## **Finding Number 42: Late Federal Reports**

The Department of Social Services (Department) has not submitted the required federal reports within the due dates for the Child Welfare Program and the Foster Care IV-E Grant during fiscal year 1998. Specifically, for the Child Welfare Program, the Financial Status Reports (SF-269), for the quarter ended June 30, 1997, was dated August 18, 1997 (18 days late), and, for the quarter ended March 31, 1998, was dated May 27, 1998 (27 days late). For the Foster Care IV-E Program, the Federal Cash Reports (PMS-272), for the quarter ended June 30, 1997, was dated August 27, 1997 (12 days late), and, for the quarter ended December 31, 1997, was dated February 23, 1998 (8 days late).

The Department must submit the SF-269 reports 30 days after the end of a quarter. The PMS-272 Report is due 45 days after the end of the quarter. Compliance with this requirement rests solely with the department and late federal reports could lead to the withholding of federal funds. The tardiness of the third quarter reports was due to the implementation of FamilyNet in February 1998. Apparently, there were "bugs" that hindered the Department to properly complete the reports on time. These "bugs" are in the process of being fixed and, as such, the late filings should no longer occur. (*Department of Health and Human Services - Foster Care IV-E Grant 93.658*)

### **Recommendation:**

The Department should develop a tickler file that would alert staff as to the due dates of the required reports so that the necessary work can be done to complete the work and file the reports timely.

### **Department corrective action plan:**

In cases where the Department's federal reports have been late in the past, the Department has maintained contact with Federal grant managers and other Administration for Children and Families staff in order to anticipate and prevent any cash flow issues, and this has proven effective. In the future, the Department will make sure that Federal

reports are submitted on a timely basis and that all involved staff are aware of deadlines. These deadlines will be included in the Financial Management Unit's Schedule of Responsibilities, which is monitored on a weekly basis by the Director of Financial Management. Finally, it is expected that this effort will be supported by the availability of FamilyNet data that is needed for some of these reports.

Responsible individual: Nancy Martin, Revenue Contract Manager

Implementation date: Effective immediately.

### **Finding Number 43: Semi-Annual Certification Not Filed**

The Department of Social Services (Department) does not require employees who work solely on one federal program to file the required semi-annual federal certification.

OMB Circular A-87 Attachment B (11)(h)(3) requires, that where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

The Department currently performs semi-annual performance reviews for each individual but does not include any type of a certification as part of this review. The Department was made aware of this requirement in conjunction with the audit.

For fiscal year 1998, the Department attempted to include the certification as part of the semi-annual evaluation process. However, this attempt was only partially successful. (*All federal programs; Fiscal Year 1997 Single Audit Finding 39*)

#### **Recommendation:**

The Department should develop an attachment to the performance evaluations currently used to include a certification statement by employees that work solely on federal awards. Since the Department already conducts the performance review on a semi-annual basis, incorporating the certification statement will not be a cumbersome task. In addition, the Department should include the certification as part of the timesheet process. This will ensure compliance with federal requirements.

#### **Department corrective action plan:**

In fiscal year 1998 the Department of Social Services mandated that all staff whose salary is derived totally from federal funds, must sign a semi-annual certification that their responsibilities meet the criteria of the funding source. This certification process was tied to the semi-annual performance rating for employees. Combining these two initiatives resulted in a successful end of the year certification process because the end-of-the-year performance rating determines salary increases. The mid-year certification was not as successful, due to the fact that the mid-year performance ratings do not effect salaries. At mid-year Human Resources will run a report identifying employees affected by this requirement and provide it to the managers of these employees. The managers of these employees will complete the certification concurrent with the evaluation process. The report and certification will be repeated for the end of the year evaluation. The Department will separate the certification process and track it separately in fiscal

year 1999 by centralizing the filing of certifications.

Responsible individual: David Young, Assistant Commissioner for Human Resources

Implementation date: January – February, 1999

## Findings Not Repeated from Prior Years

1. The Department had allocated excessive funds to direct child care costs based on the earmarking requirement of the program of only allocating 75% to direct child care costs. The Program transferred from the Department to the Office of Child Care Services and no similar occurrence was noted during the fiscal year 1998 audit. (*Fiscal Year 1997 Single Audit Finding 38*)

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