



ARRA REPORT BY THE
INSPECTOR GENERAL AND STATE BOARD OF ACCOUNTS

2009-08-0171

August 27, 2009

ARRA REVIEW OF FSSA CCDF

Indiana Inspector General David O. Thomas and State Examiner Bruce A. Hartman of the Indiana State Board of Accounts report as follows:

This report addresses an evaluation of the Child Care Development Fund (CCDF)¹ activities within the Division of Family Resources (DFR)² of the Family and Social Services Agency (FSSA)³.

The CCDF is a federal program administered through FSSA with the purpose of increasing the availability, affordability and quality of childcare. Childcare funding is provided to low-income families receiving temporary public assistance so that the parent can work, attend training or continue education.

¹ IC 12-17.2-2-1 *et seq* establishes the authority for the FSSA DFR to regulate child care in the State. It also authorizes the division to adopt rules to implement the federal CCDF voucher program administered by the DFR.

² The DFR is established within FSSA in IC 12-13-1-1. This DFR is charged to “administer or supervise the public welfare activities of the state.” IC 12-13-5-1.

³ The Office of the Secretary of Family and Social Services is established in IC 12-8-1-1.

On February 17, 2009, the United States Government enacted the American Recovery and Reinvestment Act⁴ (ARRA). The ARRA intends to provide a stimulus to the United States economy by providing \$787 billion in program funding and tax credits.⁵

The purpose of this report is to document a preliminary ARRA compliance review of the FSSA CCDF program by the State Board of Accounts (SBOA) and the Office of the Inspector General (OIG).

I

To date, the DFR of FSSA has been provided \$42,764,321 in ARRA funding for CCDF operations. This money is to be obligated by September 30, 2010, and liquidated by September 30, 2011. Of the total amount awarded, \$33,082,213 will be utilized in direct services to families to ensure that low income families have access to child care that allows the parents to work. DFR plans to enroll more than 3,000 new children on the voucher program. The remainder of funding will be utilized for quality expansion and infant and toddler focused improvements, which may be reviewed at a later time.

II

The OIG's enabling statute provides that the OIG "is responsible for addressing fraud, waste, abuse and wrongdoing in agencies." IC 4-2-7-2(b).

⁴ 40 USC 1606.

⁵ See: <http://www.recovery.gov>.

The SBOA has similar duties, including the authority to develop and publish “accounting and uniform compliance guidelines manuals” (“Manuals”) to provide guidance to public entities, IC 5-11-1-24(a), to perform audits, IC 5-11-1-9, and to make written findings regarding violations of its Manuals or “any law.” IC 5-11-5-1(a).

Within these authorities, a preliminary review of this program was made. This review included, but was not limited to, reviewing the program objectives, meeting with the program staff, reviewing agency-completed spending plans, reviewing monthly update reports submitted to the Indiana Office of Management and Budget (OMB) and an assessment of the program’s risks.

From this preliminary review, we make the following findings and recommendations.

III

A

Findings

1

Except for the two issues discussed below, the program controls outlined in the CCDF spending plan approved by the OMB or other related documentation are adequate to meet the respective federal ARRA and OMB guidelines and requirements.

2

We did find that initial ARRA program expenditures were not posted

directly to the CCDF ARRA fund center as designated by the State Budget Agency. After OMB was apprised of the issue, OMB gave the DFR permission to follow an alternate method of accounting for ARRA program expenditures for CCDF. At a later date, additional procedures may be followed to verify that compliance has been met in accordance with OMB guidelines.

3

It was also determined that the existing CCDF program had an unresolved federal A-133⁶ finding which will be addressed by the SBOA during its 2009 A-133 audit of CCDF.

B

Recommendation

1

Accordingly, it is recommended that any future ARRA expenditures be made through procedures approved by the State Budget Agency.

2

It is further recommended that CCDF immediately come within compliance of any outstanding A-133 issues addressed previously in SBOA audit

⁶ Circular Number A-133 was issued by the United States Office of Management and Budget under the authority of the Single Audit Act of 1984, P.L. 98-502, and the Single Audit Act Amendments of 1996, Public Law §§104-156. The purpose of Circular A-133 is to set forth standards for obtaining consistency and uniformity among federal agencies for the audit of states, local governments, and non-profit organizations expending federal awards. *See*: 31 USC §§503, 1111 and 7501 *et seq.*

reports.

Dated this 27th day of August, 2009.

A handwritten signature in black ink, appearing to read "David O. Thomas". The signature is written in a cursive style with a horizontal line underneath it.

David O. Thomas, Inspector General