

Report in Brief

Date: March 2023

Report No. A-01-22-02500

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



Why OIG Did This Audit

Under the Child Support Enforcement Program (CSE program), the Federal Government and States share administrative costs related to locating noncustodial parents, establishing paternity and support orders, and collecting and distributing child support payments. In a prior audit, we found that one State claimed unallowable and unsupported CSE program administrative costs for Federal reimbursement. In Maryland, child support services are provided under cooperative reimbursement agreements with various entities.

We reviewed administrative costs claimed by Maryland under its agreement with the Maryland Judiciary, Administrative Office of the Courts (AOC), because it was the largest agreement in terms of administrative costs claimed by the State for Federal fiscal year (FFY) 2021.

Our objective was to determine whether Maryland claimed administrative costs for the CSE program that were allowable and allocable in accordance with Federal and State requirements.

How OIG Did This Audit

We reviewed the salary and fringe benefit costs of 158 AOC employees charged to the CSE program during FFY 2021 (audit period) as well as indirect costs charged through the application of a de minimis rate of 10 percent.

Maryland's Child Support Administration Generally Claimed Administrative Costs That Were Allowable and Allocable

What OIG Found

Maryland generally claimed AOC administrative costs for the CSE program that were allowable and allocable, and the overall effect of the errors we identified during our audit period were immaterial. However, we determined that Maryland did not have an adequate invoice review process to ensure that AOC salary and fringe benefits allocated to the CSE program were accurate and supported and that the AOC properly calculated indirect costs charged to the CSE program.

What OIG Recommends and Maryland Comments

We recommend that Maryland: (1) periodically review the allocation and support of payroll costs invoiced by the AOC, and (2) verify that the AOC calculates indirect costs charged to the CSE program by applying the de minimis rate of 10 percent to the correct allocation base.

In written comments on our draft report, Maryland concurred with our recommendations. Maryland also described the actions it will take to address the recommendations. For example, Maryland said it would periodically conduct site reviews, beginning April 1, 2023, and evaluate the AOC billing process, internal controls, and supporting documentation to verify the allocation and support of payroll costs invoiced by the AOC.