

**Memorandum**

Date · JAN 19 1993

From Bryan B. Mitchell *Bryan Mitchell*
Principal Deputy Inspector General

Subject Consolidated Report - Job Opportunities and Basic
Skills Training Program State Maintenance of Effort
(A-06-92-00002)

To Jo Anne B. Barnhart
Assistant Secretary for
Children and Families

The attached final consolidated report provides you with the results of our audit of the maintenance of effort (MOE) provisions for the Job Opportunities and Basic Skills Training (JOBS) program in three States - Arkansas, Ohio and Oklahoma. The principal objective of our reviews was to determine if the States were complying with the MOE provisions relating to the JOBS program. Specifically, we determined if: (1) States were using JOBS funds to supplant State and local funds, (2) JOBS funds were used to pay for services otherwise available on a nonreimbursable basis, and (3) States met the Fiscal Year (FY) 1986 baseline year expenditure level for the JOBS program.

Our audits disclosed:

- o The Administration for Children and Families' (ACF) current implementing instructions regarding the treatment of child care costs when computing the FY 1986 baseline year conflicts with the JOBS regulations and is unfair to the States.
- o All three States reviewed met the MOE requirement of maintaining the FY 1986 level of expenditures for FY 1990. However, Oklahoma incorrectly computed the FY 1986 baseline costs.
- o Oklahoma was unable to ensure that JOBS funds were not used for services otherwise available on a nonreimbursable basis. As a result, we set aside \$213,900 (\$146,072 Federal share) for awarding agency adjudication.
- o Oklahoma claimed unallowable costs and excessive Federal financial participation (FFP) totaling \$388,218 (Federal share) for the JOBS program.

Page 2 - Jo Anne B. Barnhart

With respect to the ACF policy regarding the inclusion of child care costs in the determination of MOE compliance, we are recommending that ACF revise the written policy to treat child care cost consistently in the base year and current year.

We are recommending that ACF determine the allowability of the \$146,072 (Federal share) set aside.

Individual audit reports were issued to each State. We recommended that Oklahoma correct the procedural deficiencies and refund \$444,911 to the Federal Government for unallowable costs and excessive FFP claimed for the JOBS program. The State agreed with our findings and recommendations. Subsequently, we were advised by the regional ACF office that Oklahoma exercised its option to claim certain of these costs at the 90 percent FFP rate and made a financial adjustment of the remaining \$388,218.

We are requesting that ACF advise us of any actions taken on the recommendations in this report within 60 days. If you have any questions, please call me or have your staff contact John A. Ferris, Assistant Inspector General for Human, Family and Departmental Services Audits, at (202) 619-1175.

Attachments

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**CONSOLIDATED REPORT - JOB
OPPORTUNITIES AND BASIC SKILLS
TRAINING PROGRAM STATE
MAINTENANCE OF EFFORT**



A-06-92-00002

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Principal Deputy Inspector General

Subject Consolidated Report - Job Opportunities and Basic Skills Training Program State Maintenance of Effort (A-06-92-00002)

To Jo Anne B. Barnhart
Assistant Secretary for
Children and Families

This consolidated report summarizes the results of our audits concerning the maintenance of effort (MOE) provisions for the Job Opportunities and Basic Skills Training (JOBS) program in three States - Arkansas, Ohio and Oklahoma. The principal objective of our reviews was to determine if the States were complying with the MOE provisions relating to the JOBS program. Specifically, we determined if: (1) States were using JOBS funds to supplant State and local funds, (2) JOBS funds were used to pay for services otherwise available on a nonreimbursable basis, and (3) States met the Fiscal Year (FY) 1986 baseline year expenditures for the JOBS program.

Our audits disclosed:

- o The Administration for Children and Families' (ACF) current implementing instructions regarding the treatment of child care costs when computing the FY 1986 baseline year conflict with the JOBS regulations and is unfair to the States.
- o All three States reviewed met the MOE requirement of maintaining the FY 1986 level of expenditures for FY 1990. However, Oklahoma incorrectly computed the FY 1986 baseline costs.
- o Oklahoma was unable to ensure that JOBS funds were not used for services otherwise available on a nonreimbursable basis. As a result, \$213,900 (\$146,072 Federal share) was set aside for awarding agency adjudication.
- o Oklahoma claimed unallowable costs and excessive Federal financial participation (FFP) totaling \$388,218 (Federal share) for the JOBS program.

With respect to the ACF policy regarding the inclusion of child care costs in the determination of MOE compliance, we are recommending that ACF revise the written policy to treat child care cost consistently in the base year and current year.

We are recommending that ACF determine the allowability of the \$146,072 (Federal share) set aside.

Individual audit reports were issued to each State. We recommended that Oklahoma correct the procedural deficiencies and refund \$444,911 to the Federal Government for unallowable costs and excessive FFP claimed for the JOBS program. The State agreed with our findings and recommendations. Subsequently, we were advised by the regional ACF office that Oklahoma exercised its option to claim certain of these costs at the 90 percent FFP rate and made a financial adjustment of the remaining \$388,218.

In response to our draft report, your office generally agreed with our findings and recommendations with the exceptions that: (1) neither a change in the regulations nor in the action transmittals would be required and (2) it would be inappropriate to disallow the questioned costs. The response is attached to the report as Appendix A.

BACKGROUND

The Family Support Act (Act) of 1988, (Public Law 100-485) was signed into law on October 13, 1988. The Act amended Title IV of the Social Security Act. Its purpose is to reform the welfare system by changing the focus from income maintenance to promoting family self-support.

The Act revises the Aid to Families with Dependent Children (AFDC) program to emphasize work, child support and family benefits. It provides essential programmatic changes and funding support to encourage and assist needy families with children in obtaining the education, training and employment skills needed to avoid long-term welfare dependence.

The cornerstone of the Act is the JOBS program, which provides AFDC clients education, employment and training opportunities and related supportive services. The Act required each State to have a JOBS program implemented by October 1, 1990 or, at State option, as early as July 1, 1989.

The JOBS regulations at Title 45 Code of Federal Regulations (CFR) section 250.72, require States to maintain a certain level of State funding for JOBS. This is referred to as MOE. Federal regulations specify that Federal JOBS funds shall not be used to supplant nonfederal funds for services and activities that promote the purposes of the JOBS program. Also, States must spend no less than the total of State and local expenditures incurred in FY 1986, including expenditures for child care, for JOBS-like programs.

SCOPE

Our audits were performed in accordance with generally accepted government auditing standards. The principal objective of our audits was to determine if the States were complying with the MOE provisions of the Act for FY 1990. Our audits were conducted in Arkansas, Ohio and Oklahoma.

During our field work in Oklahoma, we identified unallowable costs charged to the JOBS program and determined that the State used improper matching rates to compute the Federal share of JOBS expenditures. Based on a situation we noted regarding unallowable supportive services in Oklahoma, we expanded our audit coverage in that State beyond FY 1990 through March 31, 1991.

Our review of internal controls was limited to internal control procedures related to the audit objective. We reviewed accounting records and cost reports maintained by the States, and we interviewed responsible State officials.

Our field work was conducted at States' administrative offices during the period November 1990 through May 1991. Since one of the States' JOBS program was administered by county level offices, we also made site visits to three counties within that State. A separate report was issued on each of the States reviewed--Ohio (A-05-91-00042), Oklahoma (A-06-91-00006), and Arkansas (A-06-91-00007).

RESULTS OF AUDIT

ACF INTERPRETATION OF MAINTENANCE OF EFFORT PROVISIONS

During our review of the ACF policy guidance on MOE, we found that its current treatment of child care expenditures conflicts with the JOBS regulations and is unfair to States. Child care costs are included

in the FY 1986 baseline year and excluded in the year being measured.

As a result of an inquiry by the State of Arkansas regarding child care expenditures, the ACF issued a memorandum dated January 2, 1991, which stated that child care expenditures for JOBS-like purposes are part of the FY 1986 baseline level of effort test. This memorandum also stated that the level of effort is compared only with the current FY's State JOBS match, and not with Title IV-A child care expenditures. The ACF formalized this interpretation as an official policy guidance in an action transmittal (AT) dated February 27, 1991.

Treatment of Child Care Expenditures

In order to address the apparent inconsistency in current ACF policy, we discussed this matter with the Office of General Counsel. Based on these discussions, we concluded that ACF's approach to the MOE requirement as contained in the AT both conflicts with the regulation at 45 CFR 250.72 and would be unfair to the States. The regulations at 45 CFR 250.72(b), in encompassing expenditures for supportive services, including child care, clearly intend to consider such expenditures as part of the State's baseline in FY 1986, as well as that they may be part of a State's actual expenditures under the program in later years. Moreover, a contrary view would depart from any logical application of the concept of a baseline measurement and would be inconsistent with the language of the JOBS regulations.

Prior to the enactment of the JOBS program, certain AFDC work programs under title IV-A, such as the Community Work Experience Program and the Employment Search Program, included payments for child care as part of the title IV-A program. With the enactment of the JOBS program, these work programs were absorbed into the JOBS program.

We believe that ACF may have interpreted the requirement to include child care expenditures as part of the baseline because of the earlier inclusion of child care expenditures as part of these work-related programs which were absorbed into JOBS. Further, ACF may have interpreted the regulation to exclude child care expenditures in the years being assessed because they are IV-A rather than IV-F costs and separately identified in those later years. Nevertheless, these interpretations would not justify including these expenditures as part of a baseline year and requiring States to exclude them in the later years.

ACF RESPONSE

The ACF stated in their response that it would permit the consideration of JOBS child care expenditures in the later year expenditures in order to achieve a parallel comparison between the FY 1986 amount and the current expenditures. The inclusion of the JOBS child care expenditures for the later year will be optional for the State. The ACF believes that this will create the least administrative burden on the States. Thus, if the States can meet the required level of effort without determining the amount of child care funds were used for JOBS participants, they should not be required to do so. The ACF will inform the ACF regional offices of its revised position.

The ACF stated that this approach will not require a change in the Federal regulations or the JOBS AT since both speak only to the content of the FY 1986 level of effort figure. Also, in the 3 years since the final JOBS rules were published, no State has been found to be in non-compliance with the level of effort requirement.

OIG RESPONSE

We have reviewed ACF's response and believe their revised position is consistent with our recommendation. However, we do not agree with the implication of the response that the February 27, 1991 JOBS AT and interpretations reflect a policy allowing States the option of including child care expenditures in the later year. The JOBS AT states, "With the exception of counting certain child care expenditures in the FY 1986 level of effort, as discussed below, the provisions regarding maintenance of effort located at 45 CFR 250.72 do not apply to child care expenditures." We therefore recommend that the position reflected in ACF's response to this report be incorporated into a revised AT and distributed to all regional offices, State IV-A agencies and other interested organizations, agencies, and individuals.

STATE MAINTENANCE OF EFFORT

In FY 1990, all three States reviewed met the MOE requirement of maintaining the FY 1986 level of expenditures for JOBS-like programs. However, Oklahoma incorrectly computed the FY 1986 baseline costs. Additionally, we found that Oklahoma failed to fully comply with the requirement that contracts only be issued for services which were not available on a nonreimbursable basis.

FY 1986 Level of Expenditures Met

Regulations at 45 CFR 250.72(b) require States to spend no less than the total of State and local expenditures incurred in FY 1986 for training, employment, and education programs which had a defined purpose of preventing welfare dependency or potential welfare dependency. The regulations further require that the FY 1986 level of expenditures include State and local expenditures for Title IV-A and Title IV-C work programs, whether matched or unmatched, and other State and local expenditures for the purposes defined above. Supportive service expenditures such as child care expenses, must also be included in the level of effort computations.

Since the States met the level of effort requirement for FY 1990, we did not make any recommendations regarding this matter.

FY 1986 Maintenance of Effort Baseline Incorrectly Computed

Oklahoma reported in its JOBS State Plan baseline expenditures totaling \$2,640,451. We determined the correct State share to be \$2,174,025. We calculated adjustments totaling \$466,426 to correct the baseline data as follows:

- We deducted child care costs of \$556,605 which were incurred prior to FY 1986.
- We included child care costs of \$91,101, which were incurred in FY 1986, but were claimed in FY 1987.
- We deducted \$922 for minor miscellaneous adjustments.

An Oklahoma official noted that these errors were caused primarily by a misinterpretation of the JOBS regulations.

We recommended that Oklahoma revise the FY 1986 baseline year amount from \$2,640,451 to \$2,174,025 as the MOE requirement that the State must meet in the future. State officials agreed to make the changes.

ACF RESPONSE

The ACF stated that it distinguished between the terms "maintenance of effort" and "level of effort." The ACF requested that the report use the term "level of effort" where it refers to the FY 1986 "level of effort."

OIG RESPONSE

The report was changed to use the term "level of effort" where it refers to the FY 1986 "level of effort."

NONREIMBURSABLE SERVICES

Oklahoma did not have adequate procedures to provide the information needed to ensure compliance with the requirement that JOBS funds not be spent for services already available on a nonreimbursable basis. The Oklahoma Department of Human Services (ODHS) entered into a contract with the Oklahoma State Department of Education (SDE) to provide adult education classes to AFDC recipients, with no assurance as to the extent that these services had been previously or currently furnished. Therefore, data were unavailable for us to determine whether ODHS' clients were receiving the appropriate level of services on a nonreimbursable basis.

As stated earlier, the intent for the MOE requirement is to ensure that Federal JOBS funds are not used to supplant nonfederal funds already available for services and activities that promote the purpose of the JOBS program.

Paragraph (d) of 45 CFR 250.72 defines "services provided on a non-reimbursable basis," as follows:

- "...Services provided on a "non-reimbursable basis" are those services that a State makes available to most eligible residents or to the low income population, including AFDC applicants and recipients."

The ODHS entered into a contract which required SDE to provide Adult Basic Education and General Education Development classes for AFDC recipients during the State's FY 1990. The contract for these services totaled \$285,000 (Federal share, \$146,072).

The SDE furnished educational services during the prior year and was currently providing these services to the State's general population, including AFDC recipients. These services were provided on a nonreimbursable basis for both years. We asked responsible State officials to provide information concerning the specific level of educational services provided by SDE to ODHS during the previous year. However, these officials stated that the information was not available. We were unable to determine if the proper level of service was maintained by ODHS for educational services provided by the SDE. We

are setting aside expenditures totaling \$213,900 (Federal share, \$146,072) for adjudication by the awarding agency.

We recommended that ODHS establish controls to ensure that services are obtained, using JOBS funds, only after receiving the appropriate level of services on a nonreimbursable basis. State officials agreed to implement our recommendation.

ACF RESPONSE

The ACF suggested that reference to paragraph (c) of CFR 250.72 be deleted since the preamble to the regulations states that this paragraph was developed in relation to providers who guarantee certain services under Job Training Partnership Act.

The ACF agreed that the State needs to establish controls however, it did not believe that the questioned costs should be disallowed for the following reasons:

- the concept of maintenance of effort was new to the AFDC program;
- the final rules were not issued until after the beginning of the audit period;
- the policy guidance on maintenance of effort was not issued until February 27, 1991 (just a month before the end of the 18-month audit period);
and
- the audit period covered the year before required implementation of the JOBS program (October 1989 through March 31, 1991).

OIG RESPONSE

We revised our report to delete the reference to paragraph (c) of CFR 250.72.

We reviewed ACF's reasons for not disallowing the questioned costs. However, our recommendation remains unchanged for the following reasons:

- The State exercised its option to implement JOBS earlier than required by the Act.
- The final rule was issued only 13 days after the beginning of the period. We do not believe there to be any material effect.

- We do not believe the February 1991 MOE policy issuance to be relevant to this issue.

OTHER MATTERS

Excessive FFP and Unallowable Costs

The ODHS did not have adequate procedures to: (1) ensure the use of appropriate matching rates for claiming FFP for JOBS program costs, and (2) exclude unallowable JOBS program costs from claims for FFP. As a result, ODHS overcharged the Federal Government \$444,911 (Federal share). These overcharges consisted of \$413,171 for excess FFP and \$31,740 for unallowable costs.

The subsequent paragraphs summarizes the deficiencies found.

Incorrect Matching Rate Used

Each State is required by 45 CFR 255.1 to submit a Supportive Services Plan (Plan) describing the supportive services and work-related expenses which will be available to participants in the JOBS program. The Plan submitted by Oklahoma identified the JOBS supportive services to be provided, including such items as participant allowances and special clothing allowances. Section 549 of the ODHS Operating Manual addresses supportive services for JOBS recipients, which include participant allowances and special clothing allowances. Participant allowances are for the reimbursement of transportation and other limited expenses incurred as a result of participation in the JOBS program. Special clothing allowances are for the purchase of uniforms or protective items such as hard hats, goggles or gloves, based on training facility or employer requirements.

A State's JOBS costs may be eligible for Federal reimbursement at the following rates:

- Ninety percent for expenditures up to an amount equal to the State's 1987 Work Incentive/Work Incentive Demonstration programs allotment.
- Sixty percent or the Medicaid matching rate, whichever is higher, for all direct costs associated with providing JOBS activities.
- Fifty percent for indirect personnel costs and certain other costs specifically identified in the regulations.

The JOBS regulations, 45 CFR 250.73(b)(ii), establish a 50 percent matching rate for expenses incurred by the State for providing supportive services.¹ In that regard, the ODHS reported supportive service costs of \$1,255,090 for participant and special clothing allowances for FY 1990. As of March 31, 1991, an additional \$934,245 had been claimed during FY 1991. The ODHS used the Federal Medical Assistance Percentage matching rate (68.29 percent for FY 1990 and 69.65 percent for FY 1991)², instead of the approved rate of 50 percent for these costs. As a result, ODHS claimed excessive FFP of \$229,574 for FY 1990 and \$183,597 for FY 1991 (as of March 31, 1991).

We recommended that ODHS reimburse the Federal Government \$413,171 for excess FFP claimed as a result of using the wrong matching rate for the period October 1, 1989 through March 31, 1991 and for any subsequent excess FFP claimed until corrective actions are taken. We also recommended that controls be established to ensure that the correct matching rates are applied in the future.

In responding to our report, State officials agreed with our recommendation. Subsequently, we were advised by the regional ACF office that Oklahoma exercised its option to claim some of these costs at the 90 percent rate because it had not reached the FY 1991 maximum allotment for claiming costs at the higher rate. Using the 90 percent rate, the excess FY 1991 FFP was reduced from \$183,597 to \$126,905. The final refund total for the 2 years was reduced from \$413,171 to \$356,478.

Unallowable Costs

The ODHS did not have adequate procedures in effect to preclude unallowable costs from being charged to the JOBS program. As a result, ODHS claimed costs totaling \$46,478 (Federal share, \$31,740) for salaries, fringe benefits and other allocated costs for the child care licensing activities of the assistant director and staff of the Division of Children and Youth Services. According to 45 CFR 255.4(f)(1), costs incurred for

¹ Except for child care which is funded under Title IV-A, supportive services includes transportation and other work-related expenses or supportive services as described in each State plan.

² Although the State used the Federal Medical Assistance Percentage matching rate, the actual amount claimed was approximately \$17 higher than the computed amount.

licensing activities are also not available for FFP under AFDC.

During the fourth quarter of FY 1990, ODHS claimed \$46,478 (Federal share, \$31,740) for the following items associated with licensing activities:

- \$32,948 (Federal share, \$22,500) for salary costs,
- \$8,370 (Federal share, \$5,716) for fringe benefits, and
- \$5,160 (Federal share, \$3,524) for other allocated costs.

We recommended that ODHS refund to the Federal Government \$31,740 for the Federal share of the unallowable charges. We also recommended that ODHS establish controls to ensure that unallowable costs are not charged to the JOBS program in the future. State officials agreed with our recommendations.

ACF RESPONSE

The ACF stated that it would monitor implementation of procedural actions to verify that the correct matching rates are used and provide technical assistance to the State in achieving its program objectives.

It was suggested that the information pertaining to the "Excessive FFP and Unallowable Costs" be presented in a separate report or rename this report to reflect the broader scope of its contents. Also it was pointed out that the report used the term "supportive services" to define the term "supportive services" in a footnote.

OIG RESPONSE

In regards to ACF's comment pertaining to our findings on "Excessive FFP and Unallowable Costs", we do not believe there is a need to separately report this subject nor change the report title. While not directly related to the audit objective, this subject is being reported as "Other Matters" to alert you to additional findings disclosed during our audit. An audit is currently in process to separately look at this issue.

No change was made regarding the use of the term "supportive services" in the footnote. The second reference to supportive services is the types of services that are defined in the State plan.

CONCLUSIONS AND RECOMMENDATIONS

We believe that the current ACF written policy concerning the treatment of child care expenditures in computing the E level is in conflict with the regulations and should be revised. Therefore, we are recommending that ACF:

- revise its policy to allow States to consider child care costs in both the base year and current year and incorporate the revised position into an AT and distribute to all Regional Offices, State IV-A agencies and other interested organizations, agencies, and individuals;
- determine the acceptability of the \$146,072 of costs set aside and request refunds from Oklahoma as appropriate, and
- monitor the implementation of the procedural actions taken to ensure that the correct matching rates are used, program objectives are accomplished and recoveries are made.



ADMINISTRATION FOR CHILDREN AND FAMILI
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DATE : NOV 9 1992

TO : Bryan B. Mitchell
Principal Deputy Inspector General

FROM : Jo Anne B. Barnhart
Assistant Secretary
for Children and Families

SUBJECT: Consolidated Report - Job Opportunities and Basic
Skills Training Program State Maintenance of Effort
(A-06-92-00002)

As requested, we have reviewed the above report. The following provides our general comments as well as responses to each of your recommendations.

General Comments

Subject and Scope of this Report

Beginning on page 6, there is a rather lengthy discussion on "Excessive FFP and Unallowable Costs." Since the subject of this report is "Maintenance of Effort," we suggest you reserve this information for a separate report or rename this report to reflect the broader scope of its contents.

Terminology

In Action Transmittal JOBS-FSA-AT-91-2, we distinguished between the terms "maintenance of effort" and "level of effort." "Maintenance of effort" is the broader, all inclusive term for the requirement at 45 CFR 250.72 while "level of effort" refers to the pertinent State expenditures for FY 1986. You may want to consider changing the acronym MOE on page 5 in those places where it refers to the FY 1986 "level of effort."

In the first footnote on page 7, the term "supportive services" is used to define "supportive services."

Services not otherwise Available on a Non-Reimbursable Basis

We suggest that the reference to paragraph (c) of 45 CFR 250.72 on pages 8-9 be deleted since this refers to "guaranteed services" such as those under Section 203(b)(3) of the Job Training Partnership Act (JTPA). AFDC recipients are not

"guaranteed" adult education. As the preamble to the regulations states (54 FR 42194), that paragraph was developed in relation to providers who guarantee certain services, such as those services delivered under the section 203(b)(3) of JTPA.

OIG Recommendation

We are recommending that ACF either include child care expenditures in the base year and subsequent years, or revise 45 CFR 250.72 to omit entirely the reference to "child care expenditures" and thus, not consider such expenditures as part of the costs for the base year or for later years.

ACF Response

ACF will permit the consideration of child care expenditures in the later year expenditures that are compared with the State's FY 1986 level of effort amount, as follows:

- o In order to achieve a parallel comparison between the FY 1986 amount and the current expenditures, the State and local child care funds that are considered in later years must be funds that are dedicated to providing child care for individuals in the JOBS program.
- o The inclusion of JOBS child care expenditures in the figure for later year expenditures will be optional for the State.

We believe that allowing States the option to include child care creates the least administrative burden on the States, since the statute requires only that JOBS program expenditures be maintained "at least at the level of such [JOBS-like] expenditures for the fiscal year 1986." Also, we note that in the three years since the final JOBS rules were published no State has been found to be in non-compliance with the level of effort requirement. Thus, if the States can successfully meet the required level of effort without the added work of determining how much of their State/local child care funds were used for JOBS participants, they should not be required to break out JOBS child care from program funds that often intermingle child care services to a wider range of families.

We believe that this approach will require neither a change in the regulations at 45 CFR 250.72(b) nor in the Action Transmittal (AT), JOBS-FSA-AT-91-2. Both the regulations and the AT speak only to the content of the FY 1986 level of effort figure. They are silent regarding the content of the current year figure. The only document in which the content of the current year figure was articulated by ACF is a January 1, 1991, memorandum to ACF region VI. We will inform the ACF regional offices of our revised position.

We are recommending that ACF determine the acceptability of the \$146,072 of costs set aside and request refunds from Oklahoma as appropriate.

ACF Response

You recommend that we determine the acceptability of the \$146,072 of costs set aside because the State could not provide information on the level of service provided by the State Department of Education during the previous year. We agree that the State needs to set up some controls and are pleased to see that the State agrees also. However, we do not believe that it would be appropriate to disallow the questioned costs for the following reasons:

- the concept of maintenance of effort was new to the AFDC program;
- the final rules were not issued until after the beginning of the audit period;
- the policy guidance on maintenance of effort was not issued until February 27, 1991 (just a month before the end of the 18 month audit period); and
- the audit period covered the year before required implementation of the JOBS program (October 1989 through March 31, 1991).

OIG Recommendation

We are recommending that ACF monitor the implementation of the procedural actions taken to ensure that the correct matching rates are used, program objectives are accomplished and recoveries are made.

ACF Response

We will monitor to verify that the correct matching rates are used and will provide technical assistance as appropriate to assist the State in achieving its program objectives.

Thank you for the opportunity to comment on your report. If you have any questions, please do not hesitate to call.