



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Undistributed and Undistributable
Child Support Collections
Child Support Program
Office of Child Support
Family Independence Agency (FIA)

Report Number:
 43-625-02L

Released:
 September 2002

County Friend of the Court (FOC) offices are responsible for the distribution of child support collections in Michigan. The small portion of child support collections that FOCs cannot distribute is categorized as undistributed. FOCs periodically review undistributed collections and, if unable to distribute, designate these funds as undistributable. FOCs are required to transfer undistributable collections to the Department of Treasury. FIA reports undistributed and undistributable collections quarterly to the U.S. Department of Health and Human Services (HHS).

Audit Objectives:

1. To assess the effectiveness of the Child Support Program in processing undistributed child support collections and making disbursements to the intended recipients on a timely basis.

2. To assess whether the Child Support Program transferred child support collections that cannot be distributed and disbursed to the Unclaimed Property Division (UPD), Department of Treasury, in accordance with federal and State laws, rules, policies, and procedures.

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Audit Conclusions:

1. We concluded that the Program was generally effective in processing undistributed child support collections and making disbursements to the intended recipients on a timely basis.

2. We concluded that the Program generally did not transfer child support collections that cannot be distributed and disbursed to UPD in accordance with federal and State laws, rules, policies, and procedures.

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Material Condition:

The Program often did not ensure that FOCs transferred undistributable child support collections (abandoned property) to UPD as required by statute (Finding 2).

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Other Conditions:

The Program usually did not earn interest income on child support funds held in the FOCs' bank accounts. Also, the Program did not ensure that FOCs competitively bid their banking agreements to either maximize Program income or reduce Program costs. (Finding 1)

The Program had not established controls to help ensure that FOCs accurately accounted for and/or reported undistributable child support collections transferred to UPD and that the Office of Child Support accurately reported undistributed and undistributable child support collections to HHS and properly credited Program income to HHS (Finding 3).

preliminary response indicated that it substantially agreed with the 4 recommendations. FIA also stated that the timing and extent of corrective actions would depend on the transition of collection and disbursement functions to the Michigan State Disbursement Unit. However, FIA did not provide a time line for the transition and when corrective actions would be implemented.

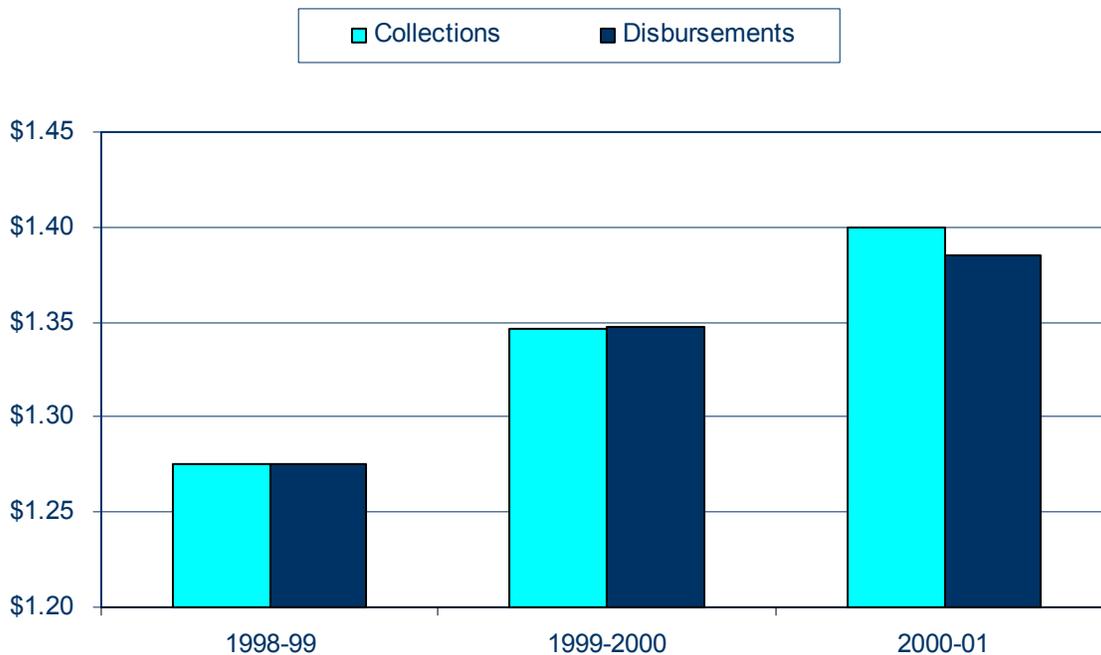
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Agency Response:

Our audit report contains 3 findings and 4 corresponding recommendations. FIA's

Child Support Collections and Disbursements by Fiscal Year
(In Billions)



A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: www.state.mi.us/audgen/



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