



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING

May 31, 2007



MARIANNE UDOW
DIRECTOR

Mr. Michael Moody, Director
Office of Financial Management
Department of Management and Budget
George W. Romney Building, 7th Floor
111 South Capitol Avenue
Lansing, Michigan 48913

Dear Mr. Moody:

Enclosed is the Department of Human Services' response and corrective action plan to the Auditor General's report of the Performance Audit of the Michigan State Disbursement Unit for the period of May 2005 through May 2006.

Sincerely,

Signature Redacted

Marianne Udow

Enclosure

c: State Budget Office
Office of the Auditor General
Laura J. Champagne
John Sorbet
Rita Barker
Marilyn Stephen
Cindy Osga



Department of Human Services
 Corrective Action Plan and Status of the Audit Recommendations
 Performance Audit of the Michigan State Disbursement Unit
 05/01/2005-05/31/2006
 Report Issued April 4, 2007

OAG Audit Finding	Responsible Administration	Proposed Implementation Date	Corrective Action/Update	Status
Finding 1—Improvement of Quality Assurance Process				
The OAG recommends that MiSDU improve its oversight of the service provider's quality assurance process to ensure the process is documented and provides accurate, complete, and unbiased results.				
a. MiSDU did not require the service provider to document the population used in its testing process.	LA	09/30/2007	OCS will request an amendment to the contract language that will clarify the sample population to be used by the vendor.	open
b. MiSDU did not require the service provider to document that it has quality assurance processes and procedures to ensure that only remittances that lacked sufficient and accurate information were appropriately sent to SDU research.	LA	09/30/2007	OCS will request an amendment to the contract language that will clarify that the vendor is required to perform quality assurance on payments sent to the SDU research.	open
c. MiSDU did not require the service provider to replace payments selected more than once for review.	LA	09/30/2007	OCS will request an amendment to the contract language to provide that duplicate payments will be excluded, and therefore do not count toward the requirements to meet the confidence levels.	open
Finding 2—Compliance with Contract Requirements				
The OAG recommends that MiSDU ensure that its service provider complies with contract requirements concerning conflicts of interest.				
a. MiSDU did not ensure that the service provider had formal policies and procedures to prohibit its employees from viewing or posting child support payments to restricted child support cases.	LA	completed	The vendor adopted the OCS Action Transmittal 2006-004 and implemented Employee Case Review Procedures which outlines the vendor's steps for monitoring cases of employees, necessary documentation and retention of documents.	closed
b. MiSDU did not ensure that its service provider monitored the activities of employees who disclosed conflicts of interest.	LA	completed	The vendor implemented procedural changes and now requires an annual disclosure update (State of Michigan MiCSES Child Support Disclosure Form DHS-428) from employees. The vendor implemented Employee Case Review Procedures which outlines the vendor's steps for monitoring cases of employees, necessary documentation and retention of documents. The vendor also implemented a quality assurance review to ensure compliance.	closed
Finding 3—Procedures for Child Support Remittances				
The OAG recommends that MiSDU ensure that its service provider initiates timely telephone contact with the remitter when information is need to post the remittance.				
MiSDU did not ensure that its service provider initiated timely telephone contact with the remitter when additional information was needed to post the remittance.	LA	09/30/2007	OCS will request an amendment to the contract language that will clarify the time frames and the required activities.	open