



Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit
Michigan State Disbursement Unit
Office of Child Support
Department of Human Services

Report Number:
431-0142-10

Released:
April 2011

The Office of Child Support (OCS), Department of Human Services (DHS), contracts with a service provider to operate the Michigan State Disbursement Unit (MiSDU). The service provider centrally collects and disburses child support remittances in accordance with federal child support enforcement program requirements. Act 161, P.A. 1999, authorized DHS to establish MiSDU as the State's centralized collection and disbursement unit for all child support remittances and requires an audit of MiSDU.

Audit Objective:

To assess the effectiveness of MiSDU's efforts in monitoring its service provider's collection and disbursement of child support remittances.

Audit Conclusion:

We concluded that MiSDU's efforts in monitoring its service provider's collection and disbursement of child support remittances were effective. However, we noted four reportable conditions (Findings 1 through 4).

Reportable Conditions:

MiSDU needs to improve the effectiveness of the SAS 70 examination of its service provider by ensuring that it includes testing of all key general controls of its operating system and its critical applications (Finding 1).

MiSDU should ensure that its service provider's quality assurance sampling

process used to verify the accuracy and completeness of child support postings includes all payments posted throughout the day (Finding 2).

MiSDU did not ensure that the service provider's procedures for providing documentation of bond and insurance coverage complied with the contract (Finding 3).

MiSDU should improve its monitoring of employee related cases to include all cases in which an employee has a personal interest, not just those cases annually disclosed by the employee (Finding 4).

~ ~ ~ ~ ~ ~ ~ ~ ~

Audit Objective:

To assess the effectiveness of OCS's efforts in monitoring the accuracy and completeness of the bank accounts used to account for child support activities.

Audit Conclusion:

We concluded that OCS's efforts in monitoring the accuracy and completeness of the bank accounts used to account for child support activities were effective. Our audit report does not include any reportable conditions related to this audit objective.

~ ~ ~ ~ ~

Agency Response:

Our audit report includes 4 findings and 4 corresponding recommendations. DHS's preliminary response indicated that it agrees with 3 of the recommendations and disagrees with 1 recommendation.

~ ~ ~ ~ ~

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



Michigan Office of the Auditor General
201 N. Washington Square
Lansing, Michigan 48913

Thomas H. McTavish, C.P.A.
Auditor General

Scott M. Strong, C.P.A., C.I.A.
Deputy Auditor General