

Office of the Auditor General
Performance Audit Report

Michigan State Disbursement Unit
Office of Child Support
Michigan Department of Health and Human Services

May 2024

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution



OAG

Office of the Auditor General

Report Summary

Performance Audit

Michigan State Disbursement Unit (MiSDU)

Office of Child Support (OCS)
Michigan Department of Health and Human
Services (MDHHS)

Report Number:
431-0142-23

Released:
May 2024

MDHHS's OCS contracts with a vendor to operate MiSDU. The vendor centrally collects and disburses child support remittances in accordance with federal child support enforcement program requirements and applicable State laws. Between June 1, 2021 and May 31, 2023, the MiSDU vendor collected and processed 15.8 million child support remittances totaling \$2.4 billion.

This performance audit is required by Section 400.238(3) of the *Michigan Compiled Laws*.

Audit Objective			Conclusion
Objective 1: To assess the effectiveness of OCS's efforts to ensure the accurate receipt and timely disbursement of child support remittances by the MiSDU vendor.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
OCS did not obtain, evaluate, or document its review of any assurance reports or underlying support for security certifications related to a third-party sub-servicer's internal control. Review of these reports helps increase assurance regarding the existence and functioning of controls relied upon for the receipt and disbursement of child support remittances (Finding 1).		X	Disagrees
OCS did not always identify potential conflicts of interest for employees responsible for MiSDU activities (Finding 2).		X	Agrees

Audit Objective			Conclusion
Objective 2: To assess the effectiveness of OCS's efforts in monitoring the accuracy and completeness of the bank accounts used to record child support financial activities.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
See Finding 2 .			

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

Doug A. Ringler, CPA, CIA
Auditor General

Laura J. Hirst, CPA
Deputy Auditor General



OAG

Office of the Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • audgen.michigan.gov

Doug A. Ringler, CPA, CIA
Auditor General

May 31, 2024

Elizabeth Hertel, Director
Department of Health and Human Services
South Grand Building
Lansing, Michigan

Director Hertel:

This is our performance audit report on the Michigan State Disbursement Unit, Office of Child Support, Michigan Department of Health and Human Services. This performance audit is required by Section 400.238(3) of the *Michigan Compiled Laws*.

We organize our findings and observations by audit objective. Your agency provided preliminary responses to the recommendations at the end of our fieldwork. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

Doug Ringler
Auditor General

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AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

ACCURATE RECEIPT AND TIMELY DISBURSEMENT OF CHILD SUPPORT REMITTANCES

BACKGROUND

Federal law requires states to operate a central unit to collect and disburse certain child support* remittances. In addition, federal law requires state disbursement units to process all remittances received with complete information within two business days after receipt and to use automated data processing to the greatest extent possible.

The Office of Child Support (OCS), Michigan Department of Health and Human Services (MDHHS), contracts with a vendor to operate the Michigan State Disbursement Unit* (MiSDU). The vendor centrally collects and disburses child support remittances in accordance with federal child support enforcement program requirements. In addition, the vendor's operations include a research department, customer call center, and quality assurance department. OCS staff monitor the vendor's operations and oversee the contract.

The vendor receives child support remittances from, and on behalf of, noncustodial parents* in a variety of methods, including paper payments (i.e., personal checks, cashier's checks, certified checks, money orders, and cash) and electronic payments (i.e., Automated Clearing House* [ACH] transfers, wire transfers, and credit card payments through telephone and Internet). The vendor processes the daily child support remittances and develops an electronic file that transfers the remittance information to MDHHS's Michigan Child Support Enforcement System* (MiCSES). MiCSES receives the daily remittance file, determines the appropriate allocation and distribution amounts for each remittance, and returns to the vendor an electronic disbursement file reflecting the allocations and distributions to custodial parents by means of a check, debit card, or direct deposit. The MiCSES allocation and distribution determination process is external to MiSDU operations.

The primary information systems used by the MiSDU vendor to process child support collections are MiCSES, KidSTAR, and OpenKey. MiCSES is MDHHS's child support case management system that tracks all child support collection and distribution activities. KidSTAR and OpenKey are the MiSDU vendor developed systems used to receipt, process, and disburse child support payments. These systems contain sensitive and confidential child support data, including personally identifiable, financial, and/or federal tax information.

The vendor collected and processed 15.8 million child support remittances totaling \$2.4 billion between June 1, 2021 and May 31, 2023.

* See glossary at end of report for definition.

AUDIT OBJECTIVE

To assess the effectiveness* of OCS's efforts to ensure the accurate receipt and timely disbursement of child support remittances by the MiSDU vendor.

CONCLUSION

Effective.

**FACTORS
IMPACTING
CONCLUSION**

- The MiSDU vendor:
 - Accurately posted the amount received and disbursed the MiCSES calculated payment amounts for all child support remittances reviewed.
 - Timely disbursed 100% of sampled child support remittances requiring disbursement within two days.
 - Consistently provided OCS with required reports to monitor compliance with significant contractual requirements.
- OCS:
 - Contractually required and ensured the vendor regularly reported on compliance for significant activities including, but not limited to, payment processing and disbursement activities, quality assurance activities, IT operational activity, mailroom activities, and customer service activities.
 - Took appropriate actions for all instances of significant noncompliance in sampled reports.
- Reportable conditions* related to monitoring of the vendor's sub-service organization* controls (Finding 1) and OCS MiSDU employees' conflict of interest disclosures (Finding 2).

* See glossary at end of report for definition.

FINDING 1

Improvements needed in monitoring of the MiSDU vendor's sub-service organization controls.

OCS needs to strengthen its monitoring of the MiSDU vendor's sub-service organization controls. Strengthened monitoring would increase OCS's assurance regarding the existence and functioning of controls relied upon for the receipt and disbursement of child support remittances.

We used the following criteria to evaluate OCS's monitoring efforts:

- OCS contractually required the vendor to annually provide the State a System and Organization Controls (SOC) 2, type 2 report*, which provides reporting relevant to the control principles for the applicable trust services criteria of security*, availability*, processing integrity*, confidentiality*, and privacy.
- The State of Michigan Financial Management Guide (Part VII, Chapter 1, Section 1000) requires each department to:
 - Establish and maintain a sound internal control* system over activities and transactions, including those managed by service organizations.
 - Utilize the results of reports issued in accordance with the American Institute of Certified Public Accountants' SOC reporting framework or alternative acceptable reports to gain assurances service organization controls are present and functioning as needed to provide the State assurance its interests are protected in an acceptable fashion. Consultation with the Office of Internal Audit Services (OIAS) is recommended when alternative assurance reports are to be used.
 - Consider and document conclusions regarding whether the servicer's and any related sub-servicer's controls are relevant to the department's control environment and document in its evaluation of the assurance report(s) whether the department was able to gain assurances regarding the relied upon servicer's and sub-servicer's controls.

We noted OCS performed a review of the vendor's SOC 2, type 2 report and concluded additional consideration of the vendor sub-servicer's relevant controls was not necessary. However, the vendor's 2022 SOC 2, type 2 report disclosed an evaluation of the design, implementation, or operational effectiveness of the sub-service organization's controls was not included in the review. We also noted OCS did not:

- Obtain either the sub-servicer's SOC 2, type 2 report or an alternative assurance report to evaluate the impact on

* See glossary at end of report for definition.

OCS's internal control over the receipt and disbursement of child support remittances.

- Document how it gained assurances regarding the relied upon sub-servicer's controls and/or whether consultation with OIAS occurred.

OCS's evaluation of the vendor's SOC 2, type 2 report indicated that because the sub-servicer possessed a certification related to security and protection of information, OCS believed it could rely on the relevant controls related to this certification. However, the review criteria for the certification did not encompass all trust services criteria included in a SOC 2, type 2 evaluation for identified relevant controls. Also, the documentation OCS obtained to support the certification did not provide a description of any identified deficiencies within the related certification assurance review, thereby allowing for OCS's evaluation of potential impact(s) on MiSDU operations.

RECOMMENDATION

We recommend that OCS strengthen its monitoring of the MiSDU vendor's sub-service organization controls.

**AGENCY
PRELIMINARY
RESPONSE**

MDHHS provided us with the following response:

MDHHS disagrees with the finding. MDHHS believes that OCS performs sufficient monitoring of the sub-service organization controls, and no further evaluation is necessary. As required by the State of Michigan Financial Management Guide, MDHHS submitted a written review of the vendor's SOC 2, type 2 report to OIAS and documented on the required review template that the sub-service organization applications are hosted in a Federal Risk and Authorization Management Program (FedRAMP) certified environment, and MDHHS is relying on the relevant controls within that certification. The vendor's sub-service organization received certification through FedRAMP. FedRAMP is a federal government-wide program that provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services. The governing bodies of FedRAMP include the Office of Management and Budget, U.S. General Services Administration, U.S. Department of Homeland Security, U.S. Department of Defense, National Institute of Standards and Technology (NIST), and the Federal Chief Information Officers Council.

**AUDITOR'S
COMMENTS TO
AGENCY
PRELIMINARY
RESPONSE***

While MDHHS believes OCS performs sufficient monitoring of the sub-servicer's controls, it did not meet applicable State of Michigan requirements and/or recommendations. As noted in the finding, OCS did not obtain either the sub-servicer's SOC 2, type 2 report or the report(s) underlying the sub-servicer's FedRAMP certification.

* See glossary at end of report for definition.

Also, although OCS concluded it could rely on the relevant controls within the sub-servicer's FedRAMP certification, OCS's review did not:

- Describe the relied upon controls and their relevance to MiSDU's control environment.
- Establish the assurances gained through the sub-servicer's FedRAMP certification applicable to MiSDU's operations.
- Document consultation with OIAS regarding OCS's review and/or conclusion relevant to the sub-servicer.

Consequently, our finding and recommendation stand as written.

FINDING 2

Improvements needed in OCS's monitoring of MiSDU employee conflict of interest disclosures.

OCS needs to improve its monitoring of MiSDU employees' conflict of interest disclosures to increase assurance that it timely identifies employees with conflicts and implements applicable, mitigating controls.

The MDHHS Employee Handbook prohibits employees from engaging in actions that may constitute a conflict of interest with their employment. OCS MiSDU staff are responsible for various MiSDU operational and/or vendor monitoring activities.

We requested conflict of interest disclosure documentation for the six OCS employees responsible for MiSDU operational activities and/or contract oversight activities related to the vendor. We noted these employees had been employed by MDHHS ranging from 5 to 30 years; however, OCS was unable to provide any disclosure forms or other pertinent documentation for these six employees. We further noted a disclosable familial relationship existed between one OCS employee and a vendor employee during the audit period.

OCS informed us it did not have a process to monitor or periodically remind its MiSDU employees of their disclosure responsibilities because it relied on the Michigan Civil Service Commission to gather this information for MDHHS employees. However, this practice was not sufficient to ensure MiSDU staff always disclosed conflicts of interest relative to the vendor for OCS's consideration.

RECOMMENDATION

We recommend that OCS improve its monitoring of MiSDU employees' conflict of interest disclosures.

AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

MDHHS agrees with the finding. OCS will work with the Michigan Civil Service Commission to develop an internal process to obtain required conflict of interest disclosure forms for employees engaging with the MiSDU vendor. If any potential conflicts are identified, OCS will submit the required form to the Michigan Civil Service Commission and evaluate if further action is needed. The employee with the noted disclosable familial relationship that began during September 2022 appropriately completed the form in December 2023, explaining the job functions of the related parties and why no actual conflict exists, and will continue to submit the form annually as needed.

MONITORING OF BANK ACCOUNTS USED TO RECORD CHILD SUPPORT FINANCIAL ACTIVITIES

BACKGROUND

OCS monitors the accuracy and completeness of the bank accounts used to record child support financial activities in several ways, including obtaining and reviewing daily bank account reconciliations of the vendor and reconciling vendor activity with MiCSES and the MiSDU bank accounts.

AUDIT OBJECTIVE

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

CONCLUSION

Effective.

FACTORS IMPACTING CONCLUSION

- OCS conducted daily reconciliations of the bank accounts, and our review did not identify errors in any sampled daily bank account reconciliations.
- OCS provided limited access rights to the bank accounts used by the vendor and OCS staff for child support activities, in accordance with their assigned duties.
- OCS ensured all sampled outgoing ACH transfers initiated by the vendor were properly approved by OCS staff.
- Reportable condition related to monitoring of OCS MiSDU employees' conflict of interest disclosures (Finding 2).

AGENCY DESCRIPTION

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (commonly known as the federal Welfare Reform Act) revised Title IV-D* of the Social Security Act to require that each state operate a state disbursement unit to centrally collect and disburse certain child support remittances.

Also, Section 654b of the Social Security Act (Title 42, section 654b of the *United States Code*) requires state disbursement units to provide one central location for the receipt and disbursement of all Title IV-D child support remittances and for all private payments associated with a child support order* initially issued on or after January 1, 1994 that includes a court order for an employer to withhold income from the check of the noncustodial parent.

Public Act 161 of 1999 authorized the establishment of MiSDU as the State's centralized collection and disbursement unit for all child support remittances. MiSDU is directly responsible to the OCS within MDHHS.

MDHHS paid the MiSDU vendor \$9.2 million from June 1, 2021 through May 31, 2023 for services provided. The Office of Child Support Services*, U.S. Department of Health and Human Services, and the State General Fund provide 66% and 34%, respectively, to fund MiSDU operations.

* See glossary at end of report for definition.

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine the records and processes related to MDHHS's administration of MiSDU. We conducted this performance audit* in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

MDHHS's MiCSES determines the amount of child support to be disbursed to a custodial parent based on the amount remitted, the child support order, and various other factors related to the child support case. Our audit was not directed toward reaching a conclusion regarding the accuracy of the MiCSES determined allocation and distribution amounts and, accordingly, we provide no such conclusion.

As part of the audit, we considered the five components of internal control (control environment, risk assessment, control activities, information and communication, and monitoring activities) relative to the audit objectives and determined all components were significant.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered June 1, 2021 through May 31, 2023.

METHODOLOGY

We conducted a preliminary survey to gain an understanding of MiSDU operations and to establish our audit objectives, scope, and methodology. During our preliminary survey, we:

- Interviewed OCS and vendor staff.
- Obtained an understanding of the requirements set forth in the contract between OCS and the vendor.
- Obtained an understanding of applicable federal regulations, State statutes, and OCS and the vendor's policies and procedures.
- Reviewed and conducted on-site observations of pertinent processes and procedures.

* See glossary at end of report for definition.

OBJECTIVE 1

To assess the effectiveness of OCS's efforts to ensure the accurate receipt and timely disbursement of child support remittances by the MiSDU vendor.

To accomplish this objective, we:

- Examined the contract executed between OCS and the vendor, including amendments made to the contract.
- Observed and assessed relevant OCS and vendor internal control related to the receipting and disbursing of child support remittances including, but not limited to, significant quality assurance and vendor monitoring processes.
- Randomly selected 20 of 626 days from June 1, 2021 through May 31, 2023 to ensure we reviewed remittances reflective of MiSDU operations across the entire period. We judgmentally and randomly selected a total of 60 child support remittances from the 526,692 processed by the vendor on the selected days and traced the remittance amount to:
 - Supporting documentation to determine the accuracy of the remittance amounts posted by the vendor and sent to MiCSES.
 - The disbursement date within MiCSES to determine the accuracy and timeliness of the vendor's disbursement of the remittances.
- Analyzed selected vendor reporting requirements for key activities including, but not limited to, payment processing and disbursement activities, mailroom activity, IT operational activity, and quality assurance payment processing and disbursement activities. We reviewed a random and judgmental sample of 119 required reports out of a population of 545 for the selected key activities from June 1, 2021 through May 31, 2023 to evaluate:
 - OCS's monitoring of the vendor's compliance with selected reporting requirements.
 - Whether OCS responded appropriately to occurrences of noncompliance.
- Assessed selected MiCSES, KidSTAR, and OpenKey user access controls* related to MiSDU staff

* See glossary at end of report for definition.

processing of child support remittances and disbursements for:

- All 95 MiSDU active MiCSES users with assigned roles during the audit period.
 - 68 judgmentally selected OpenKey users from the population of 136 active users with assigned roles during the audit period.
 - 51 judgmentally selected users from the population of 105 MiSDU staff with access to both KidSTAR and OpenKey during the audit period.
 - 27 randomly and judgmentally selected active users from the population of 187 unique MiCSES, KidStar, and/or OpenKey active users during the audit period.
 - 9 randomly and judgmentally selected terminated vendor employees from the population of 80 employees terminated during the audit period.
- Randomly and judgmentally selected 3 vendor quarterly user access review reports from the population of 6 reports during the period of January 1, 2022 through June 30, 2023 to verify MiSDU evaluated users' continued propriety of access to MiSDU systems.
 - Verified MDHHS requested a fingerprint-based criminal history records check for 24 randomly and judgmentally selected MiSDU staff from the population of 154 MiSDU staff during the audit period.
 - Evaluated the appropriateness of individuals' physical access to the current vendor's payment processing and disbursement operations facilities.
 - Observed the vendor performing a test exercise of its business continuity and disaster recovery plan that focused on demonstrating functionality of payment processing.

Our random samples were selected to eliminate bias and enable us to project the results to the respective populations. We selected other samples judgmentally to ensure representativeness or based on risk and could not project those results to the respective populations.

OBJECTIVE 2

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

To accomplish this objective, we:

- Observed and assessed OCS's internal control related to monitoring the bank accounts used for child support financial activities.
- Judgmentally and randomly sampled and examined 9 of the 730 audit period calendar days to verify OCS:
 - Performed bank reconciliations for various MiSDU bank accounts.
 - Ensured the vendor consistently maintained sufficient collateral over the MiSDU bank balances and held allowable securities in accordance with the contract.
- Assessed the appropriateness of all OCS and vendor staff access to and capabilities in the bank accounts.
- Reviewed all 40 ACH transfers out of State bank accounts occurring between June 1, 2021 and May 31, 2023 to determine whether outgoing transfers were properly initiated and approved according to OCS policy.
- Traced the 10 check disbursements from our sample of 60 child support remittances for Objective 1 to the applicable United States Postal Service mailing reports to verify MiSDU's disbursement of the checks.

Our random samples were selected to eliminate bias and enable us to project the results to the respective populations. We selected other samples judgmentally to ensure representativeness or based on risk and could not project those results to the respective populations.

CONCLUSIONS

We base our conclusions on our audit efforts and any resulting material conditions* or reportable conditions.

AGENCY RESPONSES

Our audit report contains 2 findings and 2 corresponding recommendations. MDHHS's preliminary response indicates it agrees with 1 recommendation and disagrees with 1 recommendation.

* See glossary at end of report for definition.

The agency preliminary response following each recommendation in our report was taken from the agency's written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

PRIOR AUDIT FOLLOW-UP

Following is the status of the reported findings from our September 2022 performance audit of the Michigan State Disbursement Unit, Office of Child Support, Michigan Department of Health and Human Services (431-0142-21):

Prior Audit Finding Number	Topic Area	Current Status	Current Finding Number
1	Improved monitoring of child support information system user access needed.	Complied	Not applicable

GLOSSARY OF ABBREVIATIONS AND TERMS

access controls	Controls that protect data from unauthorized modification, loss, or disclosure by restricting access and detecting inappropriate access attempts.
auditor's comments to agency preliminary response	Comments the OAG includes in an audit report to comply with <i>Government Auditing Standards</i> . Auditors are required to evaluate the validity of the audited entity's response when it is inconsistent or in conflict with the findings, conclusions, or recommendations. If the auditors disagree with the response, they should explain in the report their reasons for disagreement.
Automated Clearing House (ACH)	A system of the U.S. Federal Reserve Bank that provides electronic funds transfer (EFT) between banks. It is used for all kinds of fund transfer transactions, including direct deposit of paychecks and monthly debits for routine payments to vendors.
availability	Timely and reliable access to data and information systems.
child support	The payment of money for a child that is ordered by the circuit court. Child support may include the payment of medical, dental, other health care, childcare, and educational expenses.
child support order	A written court order that provides for periodic payment of money for the support of a child.
confidentiality	Protection of data from unauthorized disclosure.
effectiveness	Success in achieving mission and goals.
FedRAMP	Federal Risk and Authorization Management Program.
integrity	Accuracy, completeness, and timeliness of data in an information system.
internal control	The plan, policies, methods, and procedures adopted by management to meet its mission, strategic plan, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes the systems for measuring, reporting, and monitoring program performance. Internal control serves as a defense in safeguarding assets and in preventing and detecting errors; fraud;

violations of laws, regulations, and provisions of contracts and grant agreements; or abuse.

IT information technology.

material condition A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.

MDHHS Michigan Department of Health and Human Services.

Michigan Child Support Enforcement System (MiCSES) A Statewide automated information system that OCS, county prosecuting attorney offices, and county Friend of the Court offices use to perform critical child support functions, including case initiation, noncustodial parent locate, paternity establishment, court order establishment, and child support collection and distribution.

Michigan State Disbursement Unit (MiSDU) The centralized collection, processing, and disbursement unit for child support payments in Michigan.

NIST National Institute of Standards and Technology.

noncustodial parent The parent who does not have primary care, custody, or control of a child and has an obligation to pay child support.

OCS Office of Child Support.

Office of Child Support Services The agency within the U.S. Department of Health and Human Services that oversees the national child support program (formerly known as the Office of Child Support Enforcement).

OIAS Office of Internal Audit Services.

performance audit An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with

responsibility to oversee or initiate corrective action, and contribute to public accountability.

reportable condition

A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: a deficiency in internal control; noncompliance with provisions of laws, regulations, contracts, or grant agreements; opportunities to improve programs and operations; or fraud.

security

Safeguarding an entity's data from unauthorized access or modification to ensure its availability, confidentiality, and integrity.

sub-service organization

A service organization that provides services to the primary service organization and may be specifically excluded in the scope and opinion of a SOC report. These organizations are usually mentioned in the audit opinion as a scope limitation of the report.

System and Organization Controls (SOC) 2, type 2 report

Designed to help organizations that provide services to user entities build trust and confidence in their delivery processes and controls through a report by an independent certified public accountant (CPA).

SOC 2 (Report on Controls at a Service Organization Relevant to Security, Availability, Processing Integrity, Confidentiality, or Privacy) reports are intended for a broad range of users that need information and assurance about a service organization's controls relevant to any combination of the five predefined control principles.

SOC 2, type 2, reports on the:

- (1) Fairness of management's description of a service organization's system and the suitability of the design of controls to achieve the related control objective included in the description, as of a specified date.
- (2) The operating effectiveness of the controls to achieve the related control objectives included in the description, throughout a specified period.

Title IV-D

Refers to Title IV-D of the federal Social Security Act, which requires that each state create a program to locate noncustodial parents, establish paternity, establish and enforce child support obligations, and collect and distribute support payments.



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