



Department of Job and Family Services

Child Support Enforcement ARRA Audit

Audit Period: October 1, 2008 to September 30, 2010



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Executive Summary

Background

The American Recovery and Reinvestment Act (ARRA), signed into law on February 17, 2009, include the following statement of purposes:

- To preserve and create jobs and promote economic recovery.
- To assist those most impacted by the recession.
- To provide investments needed to increase economic efficiency by spurring technological advances in science and health.
- To invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits.
- To stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

The State of Ohio has applied for over 90 ARRA programs with expected total grant awards to exceed \$8 billion during the next two years. These applications have been initiated by 21 state agencies in the form of formula, competitive, and discretionary grants. The grant awards are distributed in the following four spending categories:

- Countercyclical Funds: The two largest components of the State's budget that is exposed during a recession, while state revenues decline, are health care and education. The State has been awarded two formula grants (Medicaid and State Fiscal Stabilization) to assist the State's budget. The State Fiscal Stabilization Fund is primarily for education.
- Appropriated Funds: These grants represent additional funding for existing programs such as transportation, labor, and justice programs which will assist in job creation.
- Safety Net Funds: These grants provide relief for lower-income families in the form of supplemental nutrition assistance, child care, and extension of unemployment benefits.
- Economic Growth Funds: These awards focus on new technologies such as alternative energy, health information technology, broadband, and research initiatives.

The Department of Job and Family Services [JFS] has applied for approximately 17 awards. This audit will focus on the Child Support Enforcement ARRA Program which is a formula grant. As of May 31, 2011, JFS has disbursed \$82,705,361 for this program.

The Child Support Enforcement Grant (CFDA 93.563) is awarded to the states by the U.S. Department of Health and Human Services, to provide child support enforcement services directly to individuals who are receiving federally-funded Foster Care Maintenance Payments, Medicaid, Temporary Assistance to Needy Families (TANF) (or those who cease to receive



TANF), and to individuals not otherwise eligible for such services. TANF, Medicaid, and certain federally-funded Foster Care applicants or recipients must have assigned support rights to the State. Non-TANF individuals other than those who cease to receive TANF and/or who provide authorization to the IV-D agency to continue support enforcement services, must have signed a written application for support enforcement services. The State must provide services to locate absent parents, establish paternity and enforce support obligations.

The American Recovery and Reinvestment Act (ARRA) provides states a Federal match of 66% to help pay for the administrative costs of carrying out the child support enforcement program activities under Title IV-D of the Social Security Act (Act). ARRA temporarily changes the child support authorization language to allow states to use Federal incentive payments (provided in accordance with Section 458 of the act) as their state share of expenditures eligible for Federal match. This change became effective October 1, 2008, through September 30, 2010.

During the audit, OIA identified opportunities for JFS to strengthen internal controls and improve business operations. A summary, along with detailed observations, have been provided. OIA would like to thank JFS staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.



Scope and Objectives

OIA staff was engaged to perform assurance work related to the Child Support Enforcement ARRA Program. This work was completed between February 18, 2011 and June 13, 2011. The scope of this audit included the following areas:

- Program planning
 - Program risk assessment; and
 - Internal control process documentation
- Disbursement process
- Revenue (Cash Draw) process – excluding “Period of Availability” of which the analysis was performed by the Auditor of State
- Monitoring process

The following summarizes the objectives of the review along with a conclusion on the effectiveness of management’s internal controls.

Objective	Conclusion ¹
Evaluate the adequacy of the agency’s ARRA program risk assessment and internal control documentation based on guidance provided by State management.	Well-Controlled with Improvements Needed
Evaluate the design and effectiveness of the controls over the timeliness, accuracy, and completeness of ARRA stimulus disbursements.	Well-Controlled with Improvements Needed
Evaluate the design and effectiveness of the controls over the timeliness, accuracy, and completeness of ARRA stimulus revenue.	Well-Controlled
Evaluate the design and effectiveness of the controls over subrecipient monitoring and vendor monitoring process for the program.	Well-Controlled with Improvements Needed

¹ Refer to [Appendix A](#) for classification of audit objective conclusions.



Summary of Observations and Recommendations

The Summary of Observations and Recommendations includes only those risks which were deemed high or moderate. There were no high or moderate risk observations and recommendations identified as a result of this audit, however low risk observations and recommendations were considered as part of the audit objective conclusions on the prior page.



Appendix A – Classification of Audit Objective Conclusions and Observations

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Major Improvements Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.
Improvements Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Well-controlled with Improvements Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.