

## Transmittal of External Audit Report

**Instructions:** Per Department of Finance & Management Policy #7.0: **External Audit Reports**, departments are required to complete and submit this **coversheet** with a copy of the external audit report to the Commissioner of Finance & Management within 30 days of issuance of the final audit report. This coversheet must be submitted by the department's business office to ensure their awareness and acknowledgment of any potential financial impact. Official department responses to the audit report, including corrective action plans (*if required*), must also be submitted to Commissioner of Finance & Management upon completion.

<b>Department</b>	DCF/OCS
<b>Business Office Contact</b>	Ashley Marsh
<b>Program/Activity Audited</b>	Data Reliability Audit OCS
<b>Audit Agency</b>	OCSE
<b>Audit Report Date</b>	10/27/2021

**1. Does the audit report contain any findings or recommendations?**

YES  NO

➤ If YES continue to question #2; otherwise coversheet is complete.

**2. Does the report contain any repeat audit findings?**

YES  NO

**3. Please rate the findings and/or recommendations contained in the audit report using the following scale; for reports with multiple findings, this overall rating should be based on the most critical finding:**

**Insignificant:** Nominal violation of policies, procedures, rules, or regulations. Corrective action suggested but not required.

**Notable:** Minor violation of policies, procedures, rules, or regulations and/or weak internal controls; and/or opportunity to improve effectiveness and efficiency. Corrective action may be required.

**Significant:** Significant violation of policies, procedures, rules, regulations or laws; and/or poor internal controls; and/or significant opportunity to improve effectiveness and efficiency. Corrective action required.

**Major:** Major violation of policies, procedures, rules, regulations or laws; and/or unacceptable internal controls; and/or high risk for fraud, waste or abuse; and/or major opportunity to improve effectiveness and efficiency. Immediate corrective action required.

**4. Is the department required to develop a corrective action plan (or similar) to address the audit findings and/or recommendations?**

YES  NO

➤ If YES continue to next question; otherwise skip to question #8.

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**5. Has the corrective action plan been developed?**

YES  NO [provide status below]

❖ Status of corrective action plan:

**6. Does the department anticipate any inability or delay in implementing its corrective action plan?**

YES  NO,

➤ If YES continue to next question; otherwise skip to question #8.

**7. What fiscal and programmatic impact is this inability or delay likely to have?**

**8. Does the report contain any disallowed costs<sup>1</sup>?**

YES  NO

➤ If YES list the amount(s) and page reference(s) below; otherwise skip to question #11.

Disallowed Amount \$	Audit Report Page #

Disallowed Amount \$	Audit Report Page #

**9. Has the method and timing of repayment for all disallowed costs been agreed upon with the applicable organization?**

YES  NO

**10. Assess the impact this disallowance will have on the:**

- a. Program/Activity:  Major  Significant  Minimal  None
- b. Dept Overall Budget:  Major  Significant  Minimal  None

**11. Does the report contain any questioned costs<sup>2</sup>?**

YES  NO

➤ If YES list the amount(s) and page reference(s) below; otherwise form is complete.

Questioned Amount \$	Audit Report Page #

Questioned Amount \$	Audit Report Page #

**12. Assess the likelihood that the questioned costs will result in disallowances and/or reductions in future revenues:**

Very Likely  Likely  Somewhat Likely  Not Likely

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<sup>1</sup> Costs determined as unallowable under the applicable program/activity and not eligible for financial assistance; generally disallowed costs must be reimbursed to the awarding organization.

<sup>2</sup> Costs identified as potentially unallowable for financial assistance under the applicable program/activity.



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
ADMINISTRATION FOR CHILDREN AND FAMILIES  
OFFICE OF CHILD SUPPORT ENFORCEMENT

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Office of Audit  
330 C Street SW, 5<sup>th</sup> Floor  
Washington, DC 20201

Audit Report No. **VT-20-DRA**

October 27, 2021

Mr. Mike Smith  
Secretary  
Vermont Agency of Human Services  
280 State Drive-Center Building  
Waterbury, VT 05671-1060

Dear Mr. Smith:

The Administration for Children and Families (ACF), Office of Child Support Enforcement (OCSE), Office of Audit completed a Data Reliability Audit (DRA) in Vermont for the fiscal year (FY) 2020 reporting period. Section 452(a)(4)(C)(i) of the Social Security Act (Act), requires OCSE to conduct audits to assess the completeness, reliability, and security of the data. OCSE is also required to conduct audits to assess the accuracy of the reporting systems used in calculating performance indicator data under sections 452(a)(4)(C) and 458(a).

This audit report only addresses any major deficiencies made by the state. We did not identify major deficiencies in any of the eight performance indicator lines reported on the OCSE-157, “Child Support Enforcement Annual Data Report,” for the FY 2020 reporting period. We also did not identify major deficiencies for the Cost-Effectiveness performance indicator data reported on the OCSE-34, “Child Support Enforcement Program Quarterly Collection Report,” and on the OCSE-396, “Child Support Enforcement Program Quarterly Financial Report.” A major deficiency was determined to be a universe that is deemed to be incomplete or unreliable. A major deficiency was also determined to be any performance indicator line for which the state could not provide an adequate audit trail or a performance indicator line with an efficiency rate below the 95-percent standard.

State officials should regard the receipt of this report as official notification as to the reliability of their data for the FY 2020 reporting period. However, ACF officials will make the final decision as to the effect of the results of this report on penalty and incentive determinations.

## **BACKGROUND**

Section 341(a) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) required the Secretary, HHS, to recommend to Congress a new incentive funding plan

for States. This plan was based on program performance and prepared in consultation with Directors of State Child Support Enforcement Programs. Because of this process, Congress enacted the Child Support Performance and Incentive Act of 1998, P.L. 105-200. The Act created a new incentive system that provides incentive payments to States based on performance on each of the following performance indicators:

- Paternity Establishment Performance Level
- Support Order Performance Level
- Current Collections Performance Level
- Arrears Collections Performance Level
- Cost-Effectiveness Performance Level

Section 458(b)(5)(B) of the Act requires the Secretary to determine whether state-reported data used to determine the performance levels are complete and reliable. That determination will be made based on an audit of the performance indicator data. The Act also provides for a financial penalty if there is a failure to achieve the required level of performance, and the performance does not improve, or the data is incomplete or unreliable, or the deficiency is not corrected in the subsequent year.

## **SCOPE OF AUDIT**

We conducted the audit to determine whether:

- The system used by Vermont’s child support program to report performance indicator data was reliable and that the data generated by that system was reliable, complete, and secure.
- The data used to compute the performance indicators met OCSE’s reporting requirements.
- The reported data fairly represented the state’s data for the performance indicator lines, as required by the Government Accountability Office’s (GAO’s) guide, Assessing the Reliability of Computer-Processed Data.

As applicable, we evaluated information reported by the state, and used for performance measurement calculations, but was not generated through the official child support system. This includes data from vital statistics, data from the OCSE-34 and the OCSE-396, or from another source outside of the child support agency.

We conducted the audit in accordance with GAO’s Government Auditing Standards and the OCSE Office of Audit’s “Guide for Auditing Data Reliability.” We obtained information concerning the child support automated system and other reporting systems from inspection of pertinent documentation and discussions with appropriate program officials. We completed audit work in October 2021. We performed audit work at the Boston Audit Office. Case review was performed by remote access to the state automated child support enforcement system. Schedule I at the end of this report contains the results of our review of performance indicator data reported for the period October 1, 2019 through September 30, 2020. Schedule I also provides an efficiency rate for each performance indicator line reviewed on the OCSE-157.

We limited the scope of our current audit to assessing program logic, data definitions, and data

testing of the performance indicator lines reported on the OCSE-157. To review the Cost-Effectiveness performance indicator, we evaluated whether selected amounts reported on the OCSE-34 and the OCSE-396 could be verified to the first level of state documentation. We did not assess program logic or data definitions and we did not perform data testing on any of the Cost-Effectiveness performance indicator lines. We also conducted a limited review of the state's physical security and access controls. All information included in the OCSE reports is the representation and responsibility of management of Vermont's child support agency.

We reviewed program logic and data definitions during a prior year's data reliability audit. We evaluated any programming or definitional revisions made to the performance indicator lines. We determined whether the data used to compute performance indicators and the programs used to compile and report the data met OCSE reporting requirements. For data testing purposes, we requested that states provide audit offices with files containing their child support universe and audit trails. This is outlined in Dear Colleague Letter (DCL) 20-11, "Data Reliability Audit Requirements FY 2020," issued on October 1, 2020.

We conducted data testing on performance indicator line items from the OCSE-157, dated December 31, 2020, to determine whether reported performance indicator data was reliable and complete. To determine if the state correctly reported case information, we selected a simple random sample of 1716 cases from the Child Support Universe. We used information on the state systems and/or supporting documentation to determine whether our sample of open cases and cases closed during the FY were correctly reported on the applicable lines. For cases closed prior to the audit period, we verified whether any of these cases were reported on the performance indicator lines. If we determined that any of these cases were included on one or more of the lines, we included them in the regular case review process.

We obtained documentation for these cases and used it for reviewing Lines 1, 2, 5, 6, 24, 25, 28, and 29. We determined whether the data that should have been included on any given line actually was included and whether the data that was included on any given line should have been included.

We evaluated sample results using the confidence interval method to compute the degree of sampling error associated with that estimate. We are presenting the range of values within which the true universe parameter being measured is expected to occur. We rounded percentages to the nearest whole number. The "Guide for Auditing Data Reliability" contains a complete discussion of the sampling methodology.

We did not evaluate whether the state distributed collections in accordance with Federal regulations. That analysis lies outside the scope of this audit.

## **DETAILED AUDIT RESULTS**

Our review of sample cases did not identify performance indicator lines with an efficiency rate<sup>1</sup> below 95 percent. We have enclosed Schedule I with the case review results of each of the performance indicator lines.

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In accordance with provisions of the Freedom of Information Act (5 U.S.C. § 552, As Amended By Public Law No. 104-231, 110 Stat. 3048), OCSE Office of Audit reports issued to DHHS grantees and contractors are made available to the public on request. To facilitate identification, please refer to Audit Report No. VT-20-DRA in all correspondence relating to this report.

Thank you for the assistance and cooperation provided by your staff during this audit.

Sincerely yours,

*Mona L Ferrell*

Mona L Ferrell, Director  
Office of Audit, OCSE

Enclosure

cc: Ms. Robin Arnell, IV-D Director, Vermont Agency of Human Services-Office of Child Support, Vermont  
Ms. Linda Boyer, Acting Commissioner, OCSE  
Ms. Elaine Zimmerman, Regional Administrator, Region 1, ACF  
Mr. Michael Ginns, Program Manager, Region 1, OCSE  
Mr. Eric Mangle, Audit Manager, Office of Audit, OCSE

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<sup>1</sup> We calculated the efficiency rates for all lines except 24 and 25 by dividing the number of cases/children correctly reported by the total number of cases/children reviewed. We calculated the efficiency rates for Lines 24 and 25 by dividing the aggregate amount of dollars reported incorrectly by the aggregate amount of dollars that should have been reported and subtracting from 100 percent. We calculated the upper and lower bounds for each efficiency rate for the performance indicator lines at the 95-percent confidence level.

**OCSE Office of Audit  
VT - 20 - DRA  
Case Review Summary**

Line Description	DATA TESTING RESULTS						STATISTICAL ANALYSIS		
	Amount Reported on OCSE-157	Number Reviewed	Should have been Reported	Reported on OCSE-157	Correctly Reported	Errors	Efficiency Rate <sup>1/</sup>	Confidence Interval for a 95% Confidence Level	
								Lower Bound	Upper Bound
OCSE-157, Line 1, Cases Open at the End of the Fiscal Year	13,275	137	137	137	137	0	100%	97%	100%
OCSE-157, Line 2, Cases Open at the End of the Fiscal Year With Support Orders Established	12,018	126	126	124	124	2	98%	94%	100%
OCSE-157, Line 5, Children in IV-D Cases Open at the End of the Current Federal Fiscal Year Who Were Born Out of Wedlock	10,314	109	108	109	108	1	99%	95%	100%
OCSE-157, Line 6, Children in IV-D Cases Open During or at the End of the Fiscal Year With Paternity Established or Acknowledged	11,340	119	118	117	116	3	97%	93%	99%
OCSE-157, Line 24, Total Amount of Current Support Due for the Fiscal Year <sup>2/</sup>	\$42,810,114	109	\$450,380	\$449,748		\$2,347	99%	99%	100%
OCSE-157, Line 25, Total Amount of Support Distributed as Current Support During the Fiscal Year <sup>2/</sup>	\$32,411,814	96	\$344,230	\$345,425		\$1,212	100%	99%	100%
OCSE-157, Line 28, Cases With Arrears Due During the Fiscal Year	11,569	119	119	118	118	1	99%	95%	100%
OCSE-157, Line 29, Cases Paying Toward Arrearages During the Fiscal Year	9,544	100	100	100	100	0	100%	96%	100%

<sup>1/</sup> The efficiency rates for Lines 1, 2, 5, 6, 28 and 29 were calculated by dividing the number of cases/children that were correctly reported by the total number of cases/children reviewed for a given line item. Based on the results obtained from sample data for each line item reviewed, the upper and lower confidence limits for each efficiency rate were calculated at the 95-percent confidence level. Percentages have been rounded to the nearest whole number.

<sup>2/</sup> Since Lines 24 and 25 were dollar figures (aggregate ratios) and not case counts (proportions), the efficiency rates for these lines were calculated by dividing the aggregate amount of dollars reported incorrectly by the aggregate amount of dollars that should have been reported as per audit and subtracting this percentage from 100 percent. Both the upper and lower confidence limits about the efficiency rate were then calculated at the 95-percent confidence level.