




September 14, 2018

MEMORANDUM

TO: Leon M. Biegalski, Executive Director

FROM: Sharon Doredant, Inspector General 

SUBJECT: Six-Month Update on Auditor General Report No. 2018-189,
State of Florida Compliance and Internal Controls Over Financial
Reporting and Federal Awards

As required by *section 20.055(6)(h), Florida Statutes*, attached is the Department's six-month status update for corrective actions taken in response to Auditor General Report No. 2018-189, State of Florida – Compliance and Internal Controls Over Financial Reporting and Federal Awards.

The Child Support Program (CSP) provided an update on actions taken to improve its oversight of CSP's state disbursement unit service organization. Based on our review of CSP's status update summary and the supporting documentation provided, we consider the finding complete.

We did not verify the efficiency and effectiveness of corrective actions taken by the service organization to address the problems identified by the external auditor. Additionally, we did not perform substantive testing of system changes and changes that would require testing such as is performed in an audit. In this case, the service organization's external auditor will perform that testing during the next system and organization controls (SOC) audit. If there are exceptions noted, CSP will be expected to work with the service organization to ensure effective corrective action is taken.

If you have any questions, please contact me at 617-8152, or Marie Walker at 717-7598.

SD/mw

Attachment

cc: Andrea Moreland, Deputy Executive Director
Clark Rogers, Interim Chief of Staff
Ann Coffin, CSP Program Director
Marie Walker, Director of Auditing
Kathy DuBose, Coordinator, JLAC

CORRECTIVE ACTION PLAN

Rev. 06/16

Status Date	Report No.	Report Title	
06/30/2018	AG 2018-189	Compliance and Internal Controls Over Financial Reporting and Federal Awards	
Contact Person	Program	Process	Phone No.

Thomas Mato	CSP		617-8003
Activity	Accountability		Schedule
	Responsible Unit	Coordinating Unit	Repeat Finding
	Contract Management	Contract Management	Yes Report # 2017-180, Finding #2016-035; Report # 2016-159, Finding #2015-029
			Anticipated Completion Date
			06/30/2017

Finding		The FDOR did not adequately ensure that service organization internal controls related to the State Disbursement Unit's (SDU) processing of child support obligation collections and disbursements were appropriately designed and operating effectively.
No.	2017-038	
Date	3/30/2018	Internal controls for the State Disbursement Unit (SDU) Processing System (SMART System) need improvement.
Recommendation	We again recommend that the FDOR ensure that service organization internal controls related to the processing of child support obligation collections and disbursements are appropriately designed and operating effectively.	
Original Response	<p>FDOR Child Support Program concurs. SMI, Inc. began operations as the SDU vendor on October 1, 2016.</p> <p>The first annual SOC1 and SOC2 audit reports are due to DOR by the end of the state fiscal year.</p>	

Status Updates	<p>OIG 08/17/2018: OIG reviewed the documentation provided and considers this finding complete.</p> <p>OIG 06/30/2018: Report # 2017-180/Finding # 2016-035 is superseded by Report # 2018-189/Finding # 20117-038. According to our records, CSP sent documentation in May 2018 that resolved all open issues except for one involving whether SMI's SOC audit was in compliance with the contractual requirements. (Identified as #3.4 in prior correspondence.) Please provide an update on this open issue.</p> <p>Status as of 06/30/2018: The Program received and reviewed System and Methods, Inc. SOC 1 and SOC 2 audit reports for the period ending December 2017, both are in compliance with the contractual requirements. The Program requests closure of this finding.</p>
<input type="checkbox"/> Open <input type="checkbox"/> Management assumes risk <input type="checkbox"/> Partially complete <input type="checkbox"/> Complete pending verification by OIG <input checked="" type="checkbox"/> Complete	