

NCCSD Audit Committee

List of Pertinent DRA items

State Directors are seeking a stronger partnership to the process and requirements of the Data Reliability Audit (DRA). For something that carries such significant impacts on state programs and their success to serve families, NCCSD regards this partnership and the outcomes of the DRA as a very high priority. The following list was requested by Deputy Commissioner Linda Boyer, which addresses the collective concerns, questions and asks of State Directors. We are pleased to provide this and hope it will lead to positive outcomes for all states regarding the DRA. We look forward to taking the next steps with OCSE on this.

1. [Directors need a map of the DRA and DRR processes, from annual data requirements release, validating audit trails to exit conference, with timeframes.](#)

OCSE's Response to Question 1

The OCSE audit process consists of four phases, and we'll describe a high level overview of the four phases:

- I. Audit Planning
- II. Audit Engagement
- III. Audit Fieldwork
- IV. Audit Reporting

Phase I. Audit Planning

This phase includes the state assignments of the Data Reliability Audit (DRA). It also includes the state assignments of a Data Reliability Review (DRR) as required per Dear Colleague Letter ([DCL](#)) 04-02. At the start of every audit engagement, the auditors are assigned states to review and are required to look back at prior policy, state laws and instruction interpretations unique to each state, system changes, and anything that may have been brought to Office of Audit's attention by the OCSE Division of Federal Systems (DFS), OCSE Division of Policy and Training (DPT), OCSE Division of Regional Operations (DRO) and OCSE Division of State and Tribal Systems (DSTS) for conducting a DRA or DRR. It is imperative to the audit process that Office of Audit collaborates with these internal OCSE program staff to ensure accurate audit results to our state partners.

The Office of Audit also works closely with DFS and DPT for issuance of Audit's DCL - Data Reliability Audit Requirements FY 20XX, which includes the timeframe for submission of the universe and audit trails to the OCSE Child Support Portal. No later than August of each year, the Office of Audit works closely with DF S and OCSE Child Support Portal (Portal) staff on any modifications that are required to audit's application on the Portal in order to provide states with a timeline of the Portal's upload availability for states to upload their universe and audit trails. DFS provides the available upload date and this is included in Audit's DCL. During this phase, Auditors are required to sign independence certifications forms to ensure auditors do not have any personal or external impairments, including business or personal relationships with the

organizations and staff to be audited, which would affect auditor's views or cause others to question auditor's objectivity and independence to perform an impartial audit. In addition, travel budgets are established.

Communication is a critical component of the audit process and applies to all phases of the audit process. The Office of Audit walks a fine line of auditing states while trying to respect the roles and responsibilities of our internal partners. The Office of Audit cannot audit a state and turn around to provide technical assistance. This is one of the key reasons why when auditors cite any policy or regulatory requirements and the state disagrees with our findings, we refer them to DRO and DFS staff to obtain the necessary guidance and technical assistance. This is embedded into the audit process. The Office of Audit work closely behind the scenes with the DFS and DRO staff to ensure that the auditors are reviewing state data in compliance with federal reporting requirements. The audit process further includes an open door policy that allows state partner's direct access to Office of Audit management staff to ensure all audits are consistently conducted and uniform treatment is applied. We respect the technical guidance and expertise that DRO and DFS provide to the states. The audit process also includes collaboration with DPT staff and the HHS Office of General Counsel (OGC), if there are areas that are not clearly defined within the federal requirements or legal advice or interpretation is required. We work closely with DPT, DRO, and DFS staff for guidance.

The audit process also includes bringing to the state's attention:

- any issues identified that have an adverse impact on the states' reporting data
- any issues that are not material during the audited period but may result with an adverse impact if not addressed in the future;

This communication process is implemented through all phases in the audit process. Therefore, at the time of the exit briefing, it is a recap of what has been shared during the entire audit.

Although the audit process included sharing all information identified, we recognized that improvement was required with doing a better job of presenting errors to the state. To address the concerns of the child support community, workgroups were created; training and GAO guidance was reinforced to ensure uniformity and transparency in communicating results to the states. The audit process also was modified to strengthen collaborative efforts with our Federal internal partners, i.e. DRO, DFS and DPT by not only including management but also the inclusion of non-management DRO, DFS and DPT staff to the entrance conferences, keeping them abreast of the final error lists, working with the staff if state's request technical assistance during the audit process and inclusion during the exit briefings. Also, the Office of Audit allows as much flexibility as possible during the audit process to allow states to provide additional documentation for consideration until the final report issuance. Our mission is to ensure we collaborate effectively; support states and the final reports support accurate results.

Phase II. Audit Engagement

During the audit engagement phase, the state is notified in writing that a DRA or DRR is required for the fiscal year being audited. The auditor sends an email to the state umbrella head and IV-D director to schedule a meeting. The auditor holds a meeting with the IV-D director and staff to discuss the audit objective and scope of the audit. DRO staff is invited to participate in this meeting. In addition, the audit staff works closely with the states and federal/state IT staff to gain access, if necessary, to the state's automated child support enforcement system and signing any confidentiality forms in order to conduct the sampling portion if a DRA is conducted.

Phase III. Audit Fieldwork

The main difference between a DRA and a DRR is that the Office of Audit selects sample cases to test the data on the OCSE-157 for Lines 1, 2, 5, 6 or 8, 9, 24, 25, 28, and 29 based on a statistically valid sample in the DRA. The DRR is substantially less in scope than a full DRA and acknowledges states for having demonstrated the ability to produce reliable data and good performance. Audit fieldwork may be conducted onsite or remotely from the audit office for a DRA or DRR.

The auditor will download the universe and audit trails from the OCSE Child Support Portal to validate and select the samples. Audit trails and the states universe are tested to ensure that they meet all requirements including whether they are free of material misstatements resulting from problems that affect the consistency and the logical relationship among related lines. Validation includes several audit processes, which includes:

- A review of the state's OCSE-157 data to identify trends in the reported data;
- Using Microsoft Access and data extracts (universe and audit trails) provided by states, auditors use a consistent process to run queries of the universe and all OCSE-157 lines to provide a preliminary analysis of the reliability of the performance indicator data produced and subsequently reported to OCSE by State IV-D agencies. Although some of the discrepancies may not have a material impact on the audit for that fiscal year, it is shared with the states to ensure full disclosure and provide them with advance knowledge of the reported data;
- If a DRA, a statistically valid sample is performed. The auditors will identify the data elements used by the State IV-D computer system to compile the basic data necessary to produce the performance indicators reported to OCSE;
- The sample selected will be used to evaluate the data reported to OCSE to calculate 4 of the 5 Performance Indicators (PI). The indicators and the lines on the OCSE-157 that will be evaluated are as follows: Paternity Establishment Performance Level (5 & 6, or 8 & 9), Support Order Performance Level (1 & 2), Current Collections Performance Level (24 & 25), Arrears Collections Performance Level (28 & 29);
 - The number of open cases sampled will vary based on the percentage relationship of the total child support universe of cases to the cases open at the end of the reporting period;

- The sample size will be computed by determining the percentage relationship that exists between the total child support universe and the cases open at the end of the audit period. Multiply the minimum sample size of approximately 150 by the percentage relationship cited in the preceding sentence to arrive at the audit sample size, i.e., (universe equals 150,000, cases open at the end of the audit period = 100,000 then the relationship percentage is 150 percent. Sample = 150 x 1.5 or 225);
- For states that use the Statewide PEP option, separate samples of 50 children will be selected from the audit trails for line 8 and line 9, respectively.
- Data reported on the OCSE-157 are traced and reconciled to the OCSE-157 performance indicator lines audit trails.

The auditors define each of the data elements involved in the calculation of the performance indicators and then compare data defined with the federal requirements. System data definition provides the auditor with the knowledge regarding the data elements involved in the reporting process. This comes by reviewing the system documentation (specifications).

Sample cases are reviewed during a DRA. The auditor must review, analyze, and document each case based on the facts of the case in accordance with the federal reporting instructions. The auditors will verify whether the sample children selected were properly reported on the OCSE-157.

The five performance indicators audited and used to calculate incentive payments are:

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

We review the state automated child support system and evidence for the first four performance indicator levels above to determine whether a case or a child should have been reported. For the Cost-Effectiveness performance indicator, we ensure that the performance indicator line items are verified to supporting evidence.

We also review the adequacy of the physical security, access controls, and supporting documentation received from the state to ensure the reliability and security of the systems processing the data used to calculate the performance indicators.

The Data Reliability Audits are consistently conducted using evidence and a review of activities performed in the state's system (manual or automated) as defined by Federal requirements and existing policy guidance. These audits are also conducted based on Government Auditing Standards. In these standards, auditors must test the evidence provided by the auditee as it

pertains to sufficiency, competency and relevancy. The evidence must be sufficient. The evidence is sufficient, if enough evidence exist to persuade a knowledgeable person of the validity of the findings. These standards also address competency. In terms of competency, the evidence must be valid, reliable and consistent with fact. In assessing competence, the auditors must consider such factors as whether the evidence is accurate, authoritative and authentic. The standards also address relevancy. This means that the evidence must have a logical relationship with an importance to the issue being addressed.

For OCSE auditors, we must thoroughly test the evidence in connection with compliance to federal reporting instructions and existing policy guidance. The audit process entails a detailed analysis and review to obtain a reasonable assurance that the system used by the state's IV-D program to compile and report performance measurement data is reliable and the data generated by that system is accurate and complete. The OCSE-157 federal reporting instructions are not written to be all-inclusive. They are written to capture a snap-shot of all required activities governed by those laws for states operating a child support enforcement program. The audit process does not concentrate on one piece of evidence to determine whether a case should or should not be reported on any given performance indicator line. Instead, the audit process requires a review of multiple pieces of evidence that support compliance with Federal reporting instructions and existing policy requirements.

Although the audit process has a timeframe for the upload of the universe and audit trails, the audit process has been designed to recognize and implement flexibilities to consider that although state systems are functionally certified, OCSE allow states to design their automated systems with unique parameters; state laws are unique but are considered for reporting data; all states do not utilize the same third party vendors such as Vital Registry, Hospitals, Universities and the Courts to establish and document paternity acknowledgments, born out of wedlock, support orders, etc. and their interactions with such vendors are different. These are some of the key factors why the Office of Audit does not implement specific timeframes to states and allow multiple opportunities for states to provide competent, reliable and sufficient evidence that is enough to determine that the cases and/or dollar amounts reported are in compliance with federal requirements. In instances where the sample size selection is an interstate case, the audit process accepts complete Transmittal 1 forms as sufficient evidence if no conflicting documentation is viewed. For those instances where the Transmittal 1 form is incomplete, states are afforded opportunities during the audit process to contact other states to obtain competent, reliable and sufficient documentation in support of data reported.

The auditor will request a management representation letter from the state that asserts the following:

- Performance indicator data was prepared in accordance with instructions issued by OCSE;
- Management made available and disclosed all relevant documentation;

- There were no known omissions, deficiencies, or errors affecting the performance data submitted, or the occurrence of any material events subsequent to submission that would require disclosure;
- The state must confirm that they have made all records and supporting documentation available and have not knowingly withheld information or data relevant to the audit purpose.

During the fieldwork phase, the auditor will provide each state with a summary of their audit results. As previously indicated in the planning phase above, communication is a critical component of the audit process and we have taken steps to strengthen communication with the states, and develop stronger partnerships with our internal state partners and external grantees. These results are articulated throughout the entire audit process as it becomes available to the auditors. Any findings presented to our state partners are labeled as “potential.” The word “potential” is used for a reason because, the Office of Audit allows as much flexibility as possible during the audit process to allow states to provide additional documentation for consideration until the final report issuance. During the audit process, if the state requires clarifications of policies or instructions we refer them back to DRO and DFS staff in order to provide technical assistance. There are times when HHS OGC’s involvement is needed, and we work with them through the appropriate OCSE federal divisions (DPT, DFS, and DRO) in order to resolve any issues.

During the fieldwork phase in the audit process, the audit process includes an exit briefing to the state. As indicated previously, communication is essential and at the time of the exit, states have been briefed throughout the audit of any issues, findings, and recommendations. DRO management and non-management staff are invited to participate in the exit conference. In addition, and depending on the circumstances, technical assistance has been provided to states during the fieldwork phase because a state has requested technical guidance states have requested help from DRO or DFS. The state is briefed along with DRO and provided with a full list of errors and results of the audit. This provides DRO with another opportunity to provide technical assistance to the states and hear actual results of the audit from the auditors. Although the auditors have worked closely with the state during the audit process, the state can ask additional questions and provide any additional information for the auditor to review that may have an impact on the potential findings. At this stage of the audit, states still have an opportunity to provide additional competent, reliable and sufficient evidence in support of any findings. They have until issuance of the final report to provide supporting documentation.

Phase IV. Audit Reporting

During the audit reporting phase, the auditors ensure the draft and final report are supported by sufficient, appropriate evidence with key facts, figures, and findings being traceable to the audit evidence and in compliance with federal reporting requirements.

The independent audit office assigned to review the report will verify that all working papers, or series of working papers, supporting statements, and memorandums to management have been

completed, signed and dated, and reviewed by the senior auditor. In addition, a secondary independent review will ensure all error cases are properly documented with the condition, cause, effect, conclusion and federal reporting and policy existing guidance.

Management audit staff receives the draft/final report after the independent review for submission to the state. If a draft report is required to be issued, the state has the opportunity to review and respond to the draft report, “typically” within 2 weeks. The word “typically” is used because there are times when a state request extensions for their response submission. Any response will be included in the final report to the state. The reports are disseminated to the IV-D state grantees, the Commissioner, Deputy Commissioner, and internal OCSE Division staff.

2. Directors need definitions of roles of all parties who are or may be involved; Directors need this to include points of contact for on-the-spot guidance and post-report guidance to help understand an Auditors’ perspective that would assist States to develop effective corrective action. Until recently, Auditors had always given insight and legitimately useful information that greatly benefits States in development of effective corrective action. No information has been offered to explain why this no longer provided.

OCSE’s response to Question 2

As indicated above in the response for question 1, it is imperative to the accuracy and integrity of the audit process that the audit staff collaborate closely with the internal OCSE Divisions that create, establish, and provide technical assistance of the federal reporting requirements and existing policy guidance. The audit process provides states with useful information in support of how a state’s data is being reported by auditing the data and providing the results. Here are a few items in support that the audit process provides insight and useful information that benefits states in their development of being effective and efficient to the child support program:

- Strengthened communication verbally and in writing of the findings in compliance with the federal reporting requirements and existing policy guidance;
- Inclusion of OCSE staff by working closely with the DRO Regional Program Manager, front-line specialist; and DFS staff to provide technical assistance;
- When clarifications or interpretations are requested, grantees are referred to the appropriate OCSE division to provide technical assistance;
- Issues identified that may have an adverse impact are immediately presented to the state;
- Issues that are not material during the audited period but may result with an adverse impact if not addressed in the future are presented to the states attention;
- Where the federal reporting requirements are ambiguous, we immediately seek clarifications internally, from the divisions that create and establish policies and reporting instructions. In some cases, audit was informed that the regulations were ambiguous and those cases did not result in error findings.

The bullets listed above are only a few internal processes that the Office of Audit uses to assist states in the development of their corrective action process. The Office of Audit has received positive feedback on the collaborative efforts and internal process. During the four phases, a map was provided as requested in question 1. It included the various roles that each OCSE Division plays to ensure consistency and uniformity of accurate results to our grantees. Below is a high-level overview of the roles and responsibilities.

Office of Audit:

Director: Mona L Ferrell – Mona.Ferrell@acf.hhs.gov

Primary services:

- Perform Data Reliability Audits and review for all 54 states and territories annually to ensure that states receive their fair share of incentive dollars.
- Conduct limited cost audits and special reviews to determine whether federal and other funds made available to carry out the child support program are being appropriately expended, and properly and fully accounted.
 - Assist states to improve program performance.
- Perform other audits as deemed necessary by the HHS Secretary or designee.

Division of Regional Operations (DRO):

Director: Melissa Johnson – Melissa.Johnson@acf.hhs.gov

Primary services:

- Provide technical assistance to 54 states/territories, and tribal child support programs.
- Conduct site visits and training.
- Review state/territory/tribal program plans.
- Conduct outreach with community-based organizations.
- Collaborate on initiatives across other human services programs.

Division of Policy and Training (DPT):

Director: Yvette Riddick – Yvette.Riddick@acf.hhs.gov

Primary services:

- Propose and implement national policy, and provide policy guidance and interpretations.
- Provide national direction and leadership regarding child support program training.
- Facilitate conference coordination as the point of contact for national and state child support organizations (NCSEA, NTCSA, NCCSD, ERICSA, and WICSEC).
- Oversee US Central Authority activities.

Division of Federal Systems (DFS):

Director: Veronica Ragland – Veronica.Ragland@acf.hhs.gov

Primary services:

- Manage and operate the Federal Parent Locator Service.
- Provide guidance, analysis, technical assistance, and oversight to state and tribal child support programs regarding performance measurement; statistical, policy and program analysis; synthesis and dissemination of data sets to inform the program; and application of emerging technologies, such as business intelligence and data analytics to improve and enhance the effectiveness of programs and service delivery.
- Responsible for collection, compilation, analysis, and dissemination of state and tribal data to Congress and the public.
- Responsible for promoting public access and understanding of data, managing academic and research projects, and providing support for researchers.

Division of State and Tribal Systems (DSTS)

Director: Raghavan Varadachari – Raghavan.Varadachari@acf.hhs.gov

Primary services:

- Review, analyze, and approves/disapproves State and Tribal requests for Federal Financial Participation for automated systems development and operations activities.
 - Provide assistance to state and tribal programs in developing or modifying automation plans to conform to federal requirements.
 - Monitor approved state and tribal systems development activities; certify statewide and tribal automated systems; conduct periodic reviews to assure compliance with regulatory requirements applicable to state and tribal automated systems supported by Federal Financial Participation.
 - Provide guidance on functional requirements for automated information systems.
3. [Directors need to know and understand what Auditors use for guidance, including a description of how an error is determined in practice, i.e., what do Auditors use for information and evidence and what do they exclude? Is the Office of Audit using universal audit practice standards? Auditors appear to have much discretion, as evident by numerous states experiencing error findings in processes that haven't changed in more than a decade and that have survived numerous audits with no respective findings.](#)

OCSE's response to Question 3

The Office of Audit uses Federal reporting requirements, existing policy guidance, and GAO standards. It is imperative to the accuracy and integrity of the audit process that the audit staff

collaborate closely with internal Divisions that create, establish, and provide technical guidance of the federal reporting requirements and existing policy guidance. The Office of Audit adheres to the federal policy and reporting instructions as defined by the OCSE internal Divisions. The OCSE-157 is developed to capture activities conducted by states operating a child support enforcement program to ensure that they are in compliance with title IV, part D of the Social Security Act, Child Support Performance and Incentive Act of 1988 (CSPIA), and the federal regulations that govern the program. The OCSE-157 federal reporting instructions are not written to be all-inclusive. They are written to capture a snap-shot of all required activities governed by laws for states operating a child support enforcement program. In addition, there is existing policy guidance that clarifies additional reporting requirements. The audit process entails a detailed analysis and review to obtain a reasonable assurance that the system used by the state's IV-D program to compile and report performance measurement data is reliable and the data generated by that system is accurate and complete. This also incorporates an analysis and review for compliance with all federal reporting instructions, regulations, and existing policy guidance.

The audits are consistently conducted using evidence and a review of activities performed in the states system (manual or automated) as defined by Federal requirements and existing policy guidance. Audits are also conducted based on GAO standards. In these standards, auditors must test the evidence provided by the auditee as it pertains to sufficiency, competency and relevancy. The evidence must be sufficient. The evidence is sufficient, if enough evidence exist to persuade a knowledgeable person of the validity of the findings. These standards also address competency. In terms of competency, the evidence must be valid, reliable and consistent with fact. In assessing competence, the auditors must consider such factors as whether the evidence is accurate, authoritative and authentic. The standards also address relevancy. This means that the evidence must have a logical relationship with an importance to the issue being addressed. OCSE auditors, must test the evidence in connection with compliance to federal reporting instructions and existing policy guidance.

The Office of Audit must consider all evidence as a whole and apply that to the objective for the specific reporting line that is measured. The audit process does not concentrate on one piece of evidence to determine whether a case should or should not be reported on any given performance indicator line. Instead, the audit process requires a review of multiple pieces of evidence that support compliance with Federal reporting instructions and existing policy guidance. GAO standards are utilized by auditors to perform and document an overall assessment of the collective evidence used to support findings and conclusions, including the results of any specific assessments performed to conclude on the validity and reliability of specific evidence. When assessing the overall sufficiency and appropriateness of evidence, auditors evaluate the expected significance of evidence to the audit objectives, findings, and conclusions; available corroborating evidence; and the level of audit risk. If auditors conclude that evidence is not sufficient or appropriate, they will not use such evidence as support for findings and conclusions. Having a large volume of evidence does not compensate for a lack of relevance, validity, or reliability. The evidence must be consistent with fact in support of the objective or Federal

reporting requirements and existing policy guidance for the specific line being measured and reported.

When evaluating and reviewing the states data for reporting, discretion is not applied during the audit process. As noted above, to conduct audits, the Office of Audit uses Federal reporting requirements, existing policy guidance and GAO standards

Let's use an example of a Never Assistance intrastate case and the auditor is evaluating whether or not the case should have been reported on Line 1 on the OCSE-157 form (Cases open at the end of the fiscal year). Per OCSE Federal requirements, cases are considered never assistance when the recipient of services has not applied for or received public assistance and they file an application for services with the child support agency. In GAO standards relevance refers to the extent to which evidence has a logical relationship with, and importance to, the issue being addressed. Validity refers to the extent to which evidence is a meaningful or reasonable basis for measuring what is being evaluated. Among other requirements for this line, the auditors are evaluating the IV-D status of the case in compliance with federal requirements. The logical relationship to the objective or Federal reporting requirements and existing policy guidance for the specific line being measured and reported (i.e. verification of the IV-D status) is the IV-D application in a never assistance case. This evidence defines the reasonable basis for the acceptance of this supporting documentation.

Let's use another example. In a sample case where the IV-D agency reported Children in IV-D Cases Open During or at the End of the Fiscal Year With Paternity Established or Acknowledged (Line 6). Among other requirements for this line, the objective or Federal reporting requirements and existing policy guidance for the specific line being measured and reported is whether paternity was established for the child (ren) on the IV-D case. The audit process entails a review of the full case file to ensure that all documents are thoroughly reviewed and considered, as noted above. The full case file is also reviewed in order to ensure all pieces of evidence are reviewed and evaluated in compliance with GAO standards, Federal reporting requirements and existing policy guidance. While implementing GAO standards for sufficiency, relevancy and validity, the auditor also evaluates the logical relationship to the objective or Federal reporting requirements and existing policy guidance for the specific line being measured and reported. The logical relationship to the objective or Federal reporting requirements and existing policy guidance for the specific line being measured and reported is paternity establishment. OCSE federal requirements allows states various tools for paternity establishment such as support order (if paternity is defined for the child in the order); or Acknowledgement of Paternity or genetic testing, etc. If acceptable evidence is provided for the other requirements in support of this line, the auditor accepts the mentioned paternity document as acceptable evidence.

4. Directors expect Auditors will provide and explain authority and evidence that supports error findings, and will engage in dialogue regarding the finding. Directors expect the opportunity to partner with the Office of Audit and with OCSE Technical Assistance representatives to attempt resolution to disputed error findings before the audit is completed. If the Auditor cannot do this during the audit, then who does? Directors believe the disputed matter should remain open and the audit reasonably paused until evidence is received and understood leading to consent or an understanding that we disagree.

OCSE Response to Question 4

The Office of Audit cannot audit a state and turn around to provide technical assistance. This is one of the key reasons why when we cite any policy or regulatory requirements and if the state disagrees with our findings, we refer them to DRO and DFS staff to obtain the necessary guidance and technical assistance. This is embedded into the audit process. Communication is a critical component of the audit and applied to all phases of the audit process. We agree that states should partner with the Office of Audit and with their OCSE Technical Assistance partners at the federal level (i.e. DRO, DFS and DPT) which is why this is a critical component of the audit process. The Office of Audit heard the voices of the child support community and strengthened communication verbally and in writing of the findings in compliance with the federal reporting requirements and existing policy guidance. Audit's communication, roles of responsibilities and collaboration during all phases of the audit process has been discussed in detail in questions 1, 2 and 3 above.

5. Directors believe OCSE has the "burden of proof" to support an error in the first instance, from which the State can either concur with the Office of Audit or contest. If evidence or information is ambiguous, Directors expect that the finding will either be voided or identified as a "management finding" that is not considered in the efficiency ratings.

OCSE Response to Question 5

The burden of proof is on OCSE to provide you with clear and concise results based on the OCSE Federal reporting requirements, and existing policy guidance. The burden of proof is on the Office of Audit to provide you with an understanding of the conclusions for any sample case. We heard your concerns from various channels and have improved communicating effectively the audit results. OCSE is to provide technical assistance or other services, as applicable, per your request or as needed. Upon submission for the Federal forms, the burden of proof is at the state level to ensure that the data submitted as prescribed for Federal reimbursement is accurate, complete, and reliable based on OCSE Federal reporting requirements and existing policy guidance.

In instances where a state contests the audit findings, the Office of Audit provides a detailed response in support of what should or should not have been reported for the performance indicator lines based on the Federal reporting requirements and existing policy guidance.

Furthermore, to conduct audits and as noted above, the Office of Audits uses Federal reporting requirements, existing policy guidance, and GAO standards. In instances where the federal reporting requirements are ambiguous, the Office of Audit immediately seeks clarification from OCSE. For example, in some cases, audit was informed that the regulations are ambiguous and those cases reported by the auditee did not result in error findings based on the decisions made by OCSE.

In addition, the audit process is designed to provide states with all recommended actions to correct deficiencies and other findings identified during the audit to improve programs and operations. Management findings do not align with ambiguity. The results from management findings are communicated to the states during the audit process and again at the exit briefing. Management findings align with recommended actions that are provided to the states that (1) did not result with a state failing the performance indicator lines or an efficiency rate that is below 95 percent or (2) where data sampling was not completed because the audit was a Data Reliability Review or (3) disclosure of weaknesses with physical security and internal controls. These deficiencies are presented to the state to provide them with an opportunity for correction in order to avoid any adverse impact(s) on their reporting results in the future.

6. Directors want to resolve error findings and have an opportunity to reverse them prior to OCSE's completion of the audit and report. When the State disagrees with an error finding or evidence (if any) used to support the finding, there is no true means to contest it. While Directors will certainly consent to error findings, and design corrective action that may include costly systems changes or legislation, it is extremely concerning when OCSE or the Office of Audit expects States to take such action as a result of findings that remain in dispute, yet provides no means to resolve the dispute and no consideration for the State's evidence, information, and impacts.

OCSE Response to Question 6

There are processes in place at the OCSE level for states to dispute, contest and voice any concerns. This document provides:

- insight into the entire audit process;
- the roles and responsibilities of the OCSE internal Divisions;
- the collaborative efforts of those internal divisions and how they align with the audit process;
- the form of evidence and how it aligns with GAO standards and the federal reporting requirements and existing policy guidance;

- the communication components between OCSE internal Divisions through the entire audit process from the planning stage to the issuance of the final report;
- the explanation of how the Office of Audit does not create OCSE policies but rather ensures compliance with the established policies;
- the internal divisions that provide technical assistance in compliance with federal reporting requirements and existing policy guidance that OCSE has available to states to assist with accurate, complete and reliable reporting;
- the open door policy that all OCSE Directors, including the Acting Commissioner and Deputy Commissioner has instituted and will continue to remain in effect with our state grantees at all levels.

These processes are applied consistently from the OCSE Federal level by all OCSE Divisions, and not just isolated to the OCSE Office of Audit.

7. Directors believe it is important to acknowledge that knowledge transfer does not necessarily occur for Directors or Auditors during attrition. States need a basic level training for new Directors and advance training for all Directors on the DRA and DRR, which would include the items mentioned in this list. Directors believe Auditors should receive the same trainings.

OCSE Response to Question 7

In every organization, attrition can result into various risk that can be mitigated with strategic processes in place to minimize the risk levels. Currently, the strategic processes that OCSE has in place uses resources or tools such as trainings, webinars, workgroups, utilization of third-party vendors for training, internal peer-to-peer training, workshops, etc. for Directors and Auditors. These processes are strengthened by the continuous trainings that are currently being provided to the Federal OCSE Directors and staff, which includes all Auditors, and all our OCSE state grantees.

All Auditors received several refresher trainings in 2020 to ensure the Office of Audit's evaluation of the states' data to Federal regulations, reporting requirements and existing policy guidance is uniform and consistent. In addition, OCSE provides tools to states such as site visits that allows for a direct connection from DFS and DRO staff to provide technical assistance to states at various levels. This strategic process further minimizes the risk level of receiving error findings because it provides states with pertinent information required for reporting accurate, reliable and complete data.