



**INTERNAL AUDIT DEPARTMENT**  
**COUNTY OF ORANGE**

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**Recipient of the Institute of Internal Auditors  
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**PERFORMANCE MEASURE VALIDATION  
OF  
CHILD SUPPORT SERVICES**

**AUDIT NUMBER: 2595**

**REPORT DATE: AUGUST 11, 2006**

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<b>Audit Director:</b>	<b>Peter Hughes, Ph.D., CPA</b>
<b>Deputy Director:</b>	<b>Eli Littner, CPA, CIA</b>
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**PERFORMANCE MEASURE VALIDATION  
OF  
CHILD SUPPORT SERVICES**

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**Transmittal Letter**

Audit No. 2595

August 11, 2006

TO: Jan Sturla, Director  
Child Support Services

FROM: *FOR* Peter Hughes, Ph.D., CPA, Director  
Internal Audit Department

SUBJECT: Performance Measure Validation

We have completed our Performance Measure Validation (PMV) of the Federal Fiscal Year 2005 Results included in the 2006 Business Plan. The Federal Fiscal Year 2005 began October 1, 2004 and ended September 30, 2005. Congratulations on your outstanding efforts regarding your Performance Measurers. Our validation revealed excellence in design, documentation and delivery. The final Internal Auditor's Report is attached.

In developing our PMV audit process we benchmarked with Maricopa County, Arizona Internal Audit Department's Performance Measure Certification program. Maricopa County has been conducting their certification program for over five years and has received several awards and has been referred to as the "gold standard" of performance measurement auditing by the Government Accounting Standards Board (GASB). Our approach closely mirrors the award winning approach developed by the Maricopa County Internal Audit Department.

**Please note**, beginning in January 2005, we implemented a more structured and rigorous Follow-Up Audit process in response to recommendations and suggestions made by the Audit Oversight Committee (AOC) and the Board of Supervisors (BOS). As a matter of policy, our first Follow-Up Audit will now begin no later than six months upon the official release of the report. The AOC and BOS expect that audit recommendations will typically be implemented within six months and often sooner for significant and higher risk issues. Our second Follow-Up Audit will now begin at 12 months from the release of the original report, by which time all audit recommendations are expected to be addressed and implemented. However, we will not perform our follow-up until the next Business Plan cycle.

At the request of the AOC, we are to bring to their attention any audit recommendations we find still not implemented or mitigated after the second Follow-Up Audit. The AOC requests that such open issues appear on the agenda at their next scheduled meeting for discussion.

As the Director of Internal Audit, I now submit a monthly audit status report to the Board of Supervisors (BOS) where I detail any material and significant audit findings released in reports during the prior month and the implementation status of audit recommendations as disclosed by our Follow-Up Audits. Accordingly, the results of this audit will be included in a future status report to the BOS.

As always, the Internal Audit Department is available to partner with the Child Support Services management and staff so they can successfully implement or mitigate difficult audit recommendations. Child Support Services is free to call me should he wish to discuss any aspect of our audit report or recommendations.

Additionally, we will be forwarding to Child Support Services a Customer Survey of Audit Services for completion. Child Support Services will receive the survey shortly after the distribution of this report. We appreciate the courtesy and cooperation of Child Support Services staff during our review.

Attachment

Other recipients of this report:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Thomas G. Mauk, County Executive Officer
- William Mahoney, Deputy CEO, Government and Public Services
- Foreperson, Grand Jury
- Darlene J. Bloom, Clerk of the Board of Supervisors



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**INTERNAL AUDITOR'S REPORT**

Audit No. 2595

August 11, 2006

TO: Jan Sturla, Director  
Child Support Services

SUBJECT: Performance Measure Validation

We have completed our Performance Measure Validation (PMV) of the Federal Fiscal Year 2005 Results included in the 2006 Business Plan. The Federal Fiscal Year 2005 began October 1, 2004 and ended September 30, 2005. Our audit included obtaining an understanding of the methodology in place for collecting and reporting Outcome Indicator Results by interviewing key personnel, observations, and reviewing source documentation. Our audit scope did not include an assessment of the appropriateness of your Outcome Indicators based on your mission, goals and objectives.

We have initiated our PMV audits at the request of the Audit Oversight Committee. Our approach is to review performance measure results, assign validation ratings, report conclusions, and make recommendations. Our validation program is designed to provide assurance to the Board of Supervisors, the County Executive Officer, and you and other stakeholders that reported Outcome Indicators are reliable and can be utilized in decision making covering Government resources with confidence.

In developing our PMV audit process we benchmarked with Maricopa County, Arizona Internal Audit Department's Performance Measure Certification program. Maricopa County has been conducting their certification program for over five years and has received several awards and has been referred to as the "gold standard" of performance measurement auditing by the Government Accounting Standards Board (GASB). Our approach closely mirrors the award winning approach developed by the Maricopa County Internal Audit Department.

We conducted our audit in accordance with the Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors and with Generally Accepted Government Auditing Standards issued by the Comptroller General of the United States.

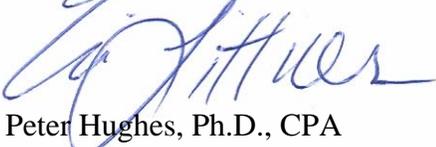
For each Outcome Indicator tested, we reported the results using one of the three Rating Definitions shown below.

Rating Definitions		
<b>5 Star</b>	★★★★★	We found adequate supporting documentation.
<b>4 Star</b>	★★★★	We found adequate supporting documentation with some recommendations for improvement.
<b>3 Star</b>	★★★	We noted opportunities for improvement.

Based on our audit of the Fiscal Year 2005 Results reported in your 2006 Business Plan, we rated 100 percent of your reported Outcome Indicator Results as 5 Star. We tested six (6) Outcome Indicator Results and rated all six (6) as 5 Star. On page 3 we have provided a table (Summary Table – Validation Results) that lists for each Outcome Indicator, the reported results, and our rating of the accuracy of Child Support Services results.

We appreciate the courtesy and cooperation extended to us during the audit by the personnel of the Child Support Services. If we can be of further assistance, please contact me or Eli Littner, Deputy Director at (714) 834-5899 or Alan Marcum, Audit Manager, at (714) 834-4119.

Respectfully Submitted,



*FOR*  
Peter Hughes, Ph.D., CPA  
Director, Internal Audit

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

- Members, Board of Supervisors
- Members, Audit Oversight Committee
- Thomas G. Mauk, County Executive Officer
- William Mahoney, Interim Deputy CEO, Government and Public Services
- Foreperson, Grand Jury
- Darlene J. Bloom, Clerk of the Board of Supervisors

## SUMMARY TABLE – VALIDATION RESULTS

Child Support Services Federal Fiscal Year 2005 Stated		Internal Audit Validation		
Outcome Indicators	Results	(Highest Rating Possible) 5 Star ★★★★★	4 Star ★★★★	3 Star ★★★
<p>1. <u>Percent of Paternity Establishment</u></p> <p>The percent of paternity establishment measures the total number of children born to unmarried parents for whom paternity has been acknowledged or established in the Federal Fiscal Year (FFY), compared to the total number of children born to unmarried parents during the preceding FFY. The Federal performance minimum is 50%.</p>	<p>Child Support Services (CSS) achieved a paternity rate of 89.4% in FFY 2005.</p>	<p>✓</p>		



## SUMMARY TABLE – VALIDATION RESULTS

Child Support Services Federal Fiscal Year 2005 Stated		Internal Audit Validation		
Outcome Indicators	Results	(Highest Rating Possible) 5 Star ★★★★★	4 Star ★★★★	3 Star ★★★
<p>2. <u>Percent of Cases with a Support Order Established</u></p> <p>Support Orders are broadly defined as all legally enforceable orders, including orders for medical insurance and zero dollar support orders. Percent of cases with a child support order measures cases with support orders already established as a proportion of total cases requiring support orders to be established. The Federal performance minimum is 50%.</p>	<p>Percent of cases with a support order established increased to 80.5% or 2% in 2005.</p>	✓		



## SUMMARY TABLE – VALIDATION RESULTS

Child Support Services Federal Fiscal Year 2005 Stated		Internal Audit Validation		
Outcome Indicators	Results	(Highest Rating Possible) 5 Star ★★★★★	4 Star ★★★★	3 Star ★★★
<p>3. <u>Percent of Collections on Current Support</u></p> <p>Collection on current support measures the total amount of current support due as a percentage of the total amount of current support actually collected during the same FFY. The Federal performance minimum is 40%.</p> <p>The CSS 2005 Business Plan Goals call for an increase in percent of collections on current support to 54.9%.</p>	<p>CSS achieved 53.5% in FFY 05 for an increase of 2.5%.</p>	<p>✓</p>		



## SUMMARY TABLE – VALIDATION RESULTS

Child Support Services Federal Fiscal Year 2005 Stated		Internal Audit Validation		
Outcome Indicators	Results	(Highest Rating Possible) 5 Star ★★★★★	4 Star ★★★★	3 Star ★★★
<p>4. <u>Percent of Cases with Arrears Collections</u></p> <p>Percent of cases with arrears collection is measured by comparing the total number of cases with arrears owing during the FFY against the total number of cases where some collection has been applied to arrears at least once during the same FFY. The Federal performance minimum is 40%.</p> <p>The CSS 2005 Business Plan Goals call for an increase in percent of cases with arrears collections to 63%.</p>	<p>CSS achieved 59.2% in FFY 05 for an increase of 0.3%.</p>	✓		
<p>5. <u>Distributed Net Collections</u></p> <p>The CSS 2005 Business Plan Goals call for an increase in distributed net collections to \$175.5 million or 2%.</p>	<p>2005 accomplishments include increased distributed net collections to \$178.3 million or 3.6%.</p>	✓		



## SUMMARY TABLE – VALIDATION RESULTS

Child Support Services Federal Fiscal Year 2005 Stated		Internal Audit Validation		
Outcome Indicators	Results	(Highest Rating Possible) 5 Star ★★★★★	4 Star ★★★★	3 Star ★★★
<p>6. <u>Average Per Case Collection</u></p> <p>The value obtained by dividing total distributed net collections by the caseload.</p>	<p>2005 accomplishments include increased per case collections from \$1,743 to \$1,813 or 4%.</p>	✓		

