



OFFICE OF THE PUBLIC AUDITOR

EXECUTIVE SUMMARY

Follow-Up Review of the
Office of the Attorney General's Child Support Enforcement Program
Report No. 06-19, December 2006

This engagement is a follow-up of the Office of the Attorney General's (OAG) Child Support Enforcement Program Performance Audit (OPA Report No. 03-09) issued in November 2003. Our follow-up review covered the 39 months from April 1, 2003 through June 30, 2006.

The OAG's Absent Parent Automated System Information (APASI) system achieved federal certification under the Personal Responsibility and Work Opportunity Reconciliation Act in April 2004 and maintenance of the system was competitively outsourced in October 2004. OAG also implemented the Kids First Card (KFC) debit card, Amnesty, and Passport programs, as well as the quarterly publication of non-custodial parents delinquency and unlocatable lists. However, we found deficiencies identified in prior audits that remained unaddressed, such as:

- **Undistributed collections not reconciled.**¹
 - In September 2005, the Department of Administration (DOA) reported undistributed collections of \$6.5 million² (M), the APASI system reported \$2.5M, and the child support bank account had a balance of \$2.8M.³ No reconciliations of these accounts were performed during the scope period of our review. These three sets of records should reconcile to the same amounts.
 - DOA's AS400 reported that undistributed child support collections increased from \$5.5M in FY 2003 to \$6.5M in FY 2005, while OAG's APASI system reported that the amount decreased from \$5.4M in FY 2003 to \$2.5M in FY 2005. The reduction of approximately \$3M in the APASI system was due to a write-off by OAG, which was not communicated to DOA.
 - The audit team counted 1,939 stale-dated and un-disbursed checks totaling \$448,708 in SDU's possession, most of which have not been processed in the APASI system. After our count, SDU found another box with an undetermined number of checks, which, when counted and processed, may increase the reported amounts of undistributed collections in the APASI system.
- **Collection efforts and monitoring did not result in significant decreases in arrearages.**
 - Despite implementation of the above programs, arrearages decreased by only 1.66% or \$1.6M over a two year period from \$96.4M in FY 2003 to \$94.8M in FY 2005.
 - In FY 2005, Guam ranked 48th of 54 states and territories in terms of collecting support payments in arrears.⁴ Of Guam's 5,873 cases with arrearages, only half (2,956) were making payments toward the total support owed.
 - OAG reported total arrearages of \$94.8M in FY 2005, but we found that the total support amount due and number of cases reported were not accurate. Of 15 cases totaling \$3M from the September 2006 arrearage listing, we found:

¹ Undistributed collections are support payments made by non-custodial parents, but not distributed due to the inability to locate recipients.

² The \$6.5M is comprised of \$5M in undistributed collections and \$1.5M in unclaimed checks. Unclaimed checks are those issued by OAG, but deemed undeliverable or remain un-cashed and returned to the government of Guam and is listed as still outstanding per the bank statements as of the end of a fiscal year.

³ The following unaudited balances were noted as of September 2006: child support bank balance, \$3M; undistributed child support collections per DOA, \$6M; and undistributed collections per APASI, \$2.7M.

⁴ www.acf.dhhs.gov.

- 12 cases in the APASI system had arrearage balances differing from those in the detail listing, a variance of \$1.3M. Variances ranged from \$106,955 to \$482,363.
- Interest charges were not being applied to all cases in arrears.
- According to the Administration for Children and Families' website, the national average of full-time employees to caseload is one to 266.⁵ In September 2005, OAG averaged 292 cases per full-time employee or 10% more than the national average.⁶
- **No supporting documentation for welfare reimbursement checks.** OAG issued 36 checks totaling \$3M as Temporary Assistance for Needy Families (TANF) reimbursement, but could not provide supporting documentation to justify the amount. Management relies on the APASI system to calculate monthly TANF reimbursements,⁷ but we found that the APASI system was not capable of providing such supporting detail report. Therefore, we were unable to quantify the amounts owed by non-custodial parents to reimburse the federal government for TANF and verify the accuracy of the monthly payments to offset TANF support to custodial parents.
- **Disbursement information not timely transmitted.** During the period covered by our follow-up review, DOA Accounting has been unable to reconcile monthly child support bank statements to the child support cash and liability accounts because check disbursement information from OAG was not timely. As of October 2006, however, OAG began sending the information to DOA on time and bank reconciliation is now current through September 2006. However, the child support cash and liability accounts still have a variance of approximately \$3.7M.
- **Dormant bank account still open.** An account recommended for closure three years ago remains open. The account, opened in 1995 with \$156,761, has grown to \$214,442 as of June 2006 due to interest earned. OPA's previous audit recommended closure and the transfer of funds to the General Fund.

These deficiencies occurred due to OAG's lack of monitoring, its non-maintenance of the APASI system and software, and its passive approach to addressing the need for technically qualified personnel who understand the child support system and can analyze the information generated by the APASI system. Although the APASI system has received federal certification, management has not developed its reporting capabilities. The high volume of cases, the absence of independent monitoring of data entries, the lack of monitoring collections and disbursements, and the lack of technically qualified personnel create a potential for fraud within OAG.

Of the nine recommendations made in the prior audit, five have been implemented, one closed, and three others remain outstanding. However, as a result of this follow-up review, we made eight recommendations, including a recommendation for a prompt decision by OAG and DOA either to allot resources to conduct a reconciliation of prior year differences or agree on an appropriate amount to write off as of September 2006. Once the differences are resolved or an agreed-upon starting point identified, both entities should be able to reconcile regularly.

The DOA Director concurred with the findings and recommendations pertaining to DOA. However, the OAG Deputy Attorney General/IV-D Director submitted a response disagreeing with five of the eight findings in the report. It was unclear whether OAG agreed or disagreed with our recommendations because the response was not specific as to the recommendations. See DOA and OAG's management responses in Appendices 9 and 10, respectively.



Doris Flores Brooks, CPA, CGFM
Public Auditor

⁵ www.acf.dhhs.gov.

⁶ The nine OAG caseworkers were each responsible for 1,397 cases as of September 2005. However, we were unable to obtain a comparable national average of cases per caseworker.

⁷ On certain instances where low-income families are involved, custodial parents may be eligible to receive TANF in lieu of child support, and some child support collections are used to reimburse the federal government for TANF.