



## EXECUTIVE SUMMARY

### Office of the Attorney General, Child Support Enforcement Program Follow Up OPA Report No. 16-03, April 2016

Our follow up audit of the Child Support Enforcement Program found that:

- The Department of Administration (DOA) and the Child Support Enforcement Division (CSED) have made significant improvements in reconciling the child support bank account, DOA AS400 balances, and CSED balances.
- Guam’s total Undistributed Collections (UDC) have not changed significantly in the last five years because Guam law does not clearly specify how to escheat long outstanding UDCs.
- Implementation of mitigating controls have helped to some extent ensure child support transactions are received and distributed timely to custodial parents; however, the Absent Parent Automated System Information (APASI) needs to be upgraded.

#### Reconciliation Process Improved Between CSED and DOA

In 2011, the Attorney General of Guam and the DOA Director signed a letter to the U.S. Department of Health and Human Services (HHS) Administration for Children and Families (ACF) Regional Grants Management Officer outlining a Financial Reconciliation Action Plan to address the lack of UDC accountability, most notably irreconcilable differences and amounts unreported and long outstanding. In our previous report, we found that there were no reconciliations performed and a \$4.0 million (M) difference between CSED and DOA.

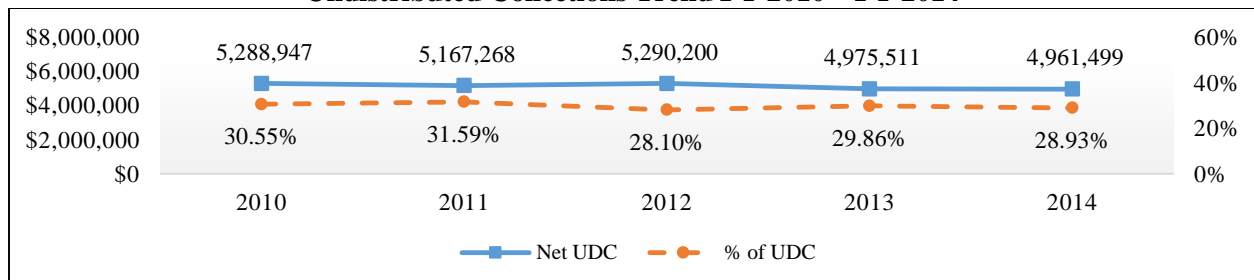
Since this action plan, DOA and CSED have been reconciling the amounts. As of September 30, 2014 the unreconciled amounts are \$10,183 between CSED and the bank balance, and \$531,481 between CSED and DOA.

#### Undistributed Collections Balances Have Not Changed

UDCs are child support payments that have been collected by the child support agency but have not yet been sent to custodial parents, other government agencies, or returned to noncustodial parents. CSED also categorizes overpayments to be distributed in the future as UDCs. In our prior report, we recommended that CSED explore best practices to reduce UDCs.

In the last five years, there have been no substantial UDC decreases. As of FY 2014, UDCs have only decreased 6% or \$327,448, from \$5.3M in FY 2010 to \$5.0M. The percentage of Guam’s UDCs to collections is the highest among all states. Hawaii ranks next at 8.15%.

**Undistributed Collections Trend FY 2010 – FY 2014**



Most of the UDCs, \$3.2M, or 64%, of the UDC balance, are in stale-dated and uncashed disbursements. A total of \$3.6M, or 73%, of UDCs were over five years old and mainly comprised of two obsolete child support bank accounts that do not have adequate records.

The CSED Deputy Attorney General indicated that in order to begin a diligent escheatment process, an analysis by an independent contractor will be conducted to ensure that the funds cannot rightfully be identified. A successful escheatment may reduce the UDCs to approximately \$1.4M. The OAG and DOA are also pursuing legislation to clarify the escheatment process.

### **APASI System Needs Updating**

Although the APASI system has been Personal Responsibility and Work Opportunity Reconciliation Act certified since 2004, it has not provided the most effective support to CSED. The APASI's outdated technology, data problems, and inefficiencies were reported in the 2011 Advanced Planning Document for the APASI Upgrade and communicated to us by CSED staff. These inefficiencies resulted in minor inaccuracies in the CSED's FY 2012, FY 2013, and FY 2014 Data Reliability Audits by HHS, Office of Child Support Enforcement (OCSE).

If the APASI system shortfalls are not addressed, the OCSE audits may be adversely affected resulting in decreased CSED incentives and/or penalties.

In 2011, CSED submitted the Advanced Planning Document for the APASI Upgrade Project to OCSE to begin the transition to a new system. The new system is estimated to cost \$47.3M with funding from local (\$16.0M) and federal (\$31.3M) sources. It may be challenging to secure local funding given the government of Guam's competing fiscal priorities.

### **Conclusion and Recommendations**

CSED has made significant improvements since the prior OPA audits of the Office of the Attorney General Child Support Enforcement Program in November 2003, OPA Report No. 03-09 and December 2006, OPA Report No. 06-19.

However, CSED's lingering UDCs are a long standing issue that needs to be addressed. The CSED Deputy Attorney General's plan to pursue an independent review of the UDCs is a diligent method towards rightfully escheating these funds to the government of Guam. CSED is also undertaking a major project to upgrade its current APASI system to improve efficiency, reduce errors, and produce better reports. Because these efforts have already begun, we do not have any recommendations to the Deputy Attorney General of the Child Support Enforcement Division at this time.

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