

**Office of the Attorney General
Child Support Enforcement Program**

**Follow-Up Review
April 1, 2003 through June 30, 2006**

**OPA Report No. 06-19
December 2006**



OFFICE OF THE PUBLIC AUDITOR

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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.



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OFFICE OF THE PUBLIC AUDITOR

Introduction

This is a follow-up review of the Performance Audit of the Attorney General's Child Support Enforcement Program in November 2003 (OPA Report No. 03-09). That audit report listed nine recommendations regarding reconciliation, cash management, procurement procedures, and interagency coordination.

Objectives

The objectives of this follow-up review were to determine whether (1) the recommendations were implemented with appropriate corrective actions, (2) improvements were made in reducing undistributed collections and reconciling bank and liability accounts, and (3) the maintenance contract for the Absent Parent Automated System Information (APASI) system was competitively procured.

Follow-up review of the Child Support Enforcement Program audit of 2003.

Background

The responsibility of parents to support their children financially is mandated in federal and local law. All states and territories have established entities to enforce these laws and to assist custodial parents secure court-ordered support payments owed to their children.



Image 1: OAG Child Support Enforcement Program props.

The Absent Parent Automated System Information (APASI) is OAG's automated child support system.

In Guam, the Child Support Enforcement Division (CSED) is one of six divisions of the Office of the Attorney General (OAG) and is headed by the Deputy Attorney General/IV-D Director. It is funded in part by the federal Child Support Enforcement Grant. The CSED works to:

- Secure, enforce, and/or seek to modify child and medical support orders;
- Establish paternity;
- Locate support-owing parents; and
- Collect support payments and deliver them to intended recipients.

These tasks are handled by five sections of the CSED: Case Management, State Disbursement Unit (SDU), Administrative Support, Legal, and Accounting.

Guam's APASI system was federally certified in April 2004.

The State Disbursement Unit (SDU), which collects and sends out child support payments, is now performed by OAG and no longer outsourced.

Due to the lack of information, OPA was unable to quantify TANF amounts owed by non-custodial parents or verify the accuracy of monthly TANF reimbursements.

The CSED's Absent Parent Automated System Information (APASI system) is Guam's single statewide information processing and retrieval system. In April 2004, the U.S. Department of Health and Human Services' Administration for Children and Families certified the APASI system for having met all the child support system requirements of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). However, the non-maintenance of the APASI system and software, and OAG's 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 has led to deficiencies noted in the report.

In response to one of the OPA recommendations in the 2003 audit, OAG issued a request for proposal (RFP) for the maintenance and operation of the APASI system and a contract was awarded to a new vendor in October 2004.

OAG is mandated to establish and operate an SDU as the entity to collect and disburse court-ordered support payments.¹ These payments are required to be remitted to custodial parents within 48 hours. Prior to 2004, an outside contractor operated the SDU. In August 2004, OAG issued two RFP's for the SDU function, but the only proposal submitted was "non-responsive." OAG management then decided not to continue outsourcing the SDU and to keep it in-house.

The scope, methodology, and prior audit coverage of this follow-up review can be found in Appendices 2 and 3.

Scope Limitation

In order to follow up on certain recommendations of the November 2003 audit, we requested, but did not receive, the following:

- Child support cases on Temporary Assistance for Needy Families (TANF).
- Support for any of the \$3 million TANF reimbursement checks issued from April 2003 through June 2006.

As a result, we were unable to quantify the TANF amounts the Department of Public Health and Social Services provided to custodial parents or verify the accuracy of the monthly amounts paid by non-custodial parents to reimburse the TANF payments owed.

¹ 42 USC 654b (Social Security Act § 454B).

Results of Follow-Up Review

Of the nine recommendations made in OPA Report No. 03-09, five have been implemented and one closed. The recommendations to reconcile the undistributed collections, hire an accountant, and close a dormant bank account remain outstanding. Refer to Appendix 4 for the status of these recommendations.

Although OAG achieved federal PRWORA certification for the APASI system, had competitively outsourced its maintenance, and implemented several collection programs, we found deficiencies identified in prior audits that remain un-addressed. For example:

The continued lack of reconciliation is a major concern.

OAG lacks the manpower to collect on arrearages and decrease undistributed collections.

No supporting documentation for \$3 million in welfare reimbursement checks.

- **Undistributed collections not reconciled.** As of September 2005, no reconciliations were made between the Department of Administration's (DOA) AS400 child support undistributed collections account, the APASI system's undistributed collections, and the child support bank account. While DOA's AS400 reported that undistributed child support collections increased by \$1 million from \$5.5 million in FY 2003 to \$6.5 million in FY 2005, OAG's APASI system reported that undistributed collections decreased by approximately \$3 million from \$5.4 million in FY 2003 to \$2.5 million in FY 2005. This reduction in the APASI system was due to a write-off by OAG, which was not communicated to DOA.
- **Collection efforts and monitoring did not result in significant decrease in arrearages.**
 - Despite implementation of the Amnesty Program, the Passport Program, and the quarterly publication of delinquency and unlocatable non-custodial parents lists, arrearages decreased by only 1.67% or \$1.6 million over a two year period from \$96.4 million in FY 2003 to \$94.8 million in FY 2005.
 - Of the 5,873 cases in arrears, only half (2,956) were making payments toward the total support owed. We determined that the total support amounts due and the number of cases reported to the federal government are not accurate.
 - We found 12 cases with balances different from those provided to OPA, resulting in a variance of \$1.3 million.
- **No supporting documentation for welfare reimbursement checks.** Due to APASI system limitations and no other compensating controls, OAG could not provide supporting documentation for 36 TANF reimbursement checks totaling \$3 million.
- **Bank reconciliations not timely performed by DOA.** DOA has not received timely check disbursement information from OAG and thus has not been able to perform timely monthly child support bank reconciliations. As of October 2006, both DOA and OAG are up-to-date in submitting necessary information and performing bank reconciliation, respectively. However, the reconciliation of prior year undistributed collections of about \$3.7 million (\$6.5 million in the undistributed

collections liability account less \$2.8 million in the child support cash account) has not been resolved.

- **Dormant bank account still open.** The account was opened in 1995 with \$156,761, and has grown to \$214,442 as of June 2006. The recommendation to close the account was also made in OPA Report No. 03-09 and has yet to be resolved.
- **Inappropriate payees on check payments.** OAG did not reinforce the policy that all check payments are to be made to the Treasurer of Guam. This issue was also cited in OPA Report No. 03-09.

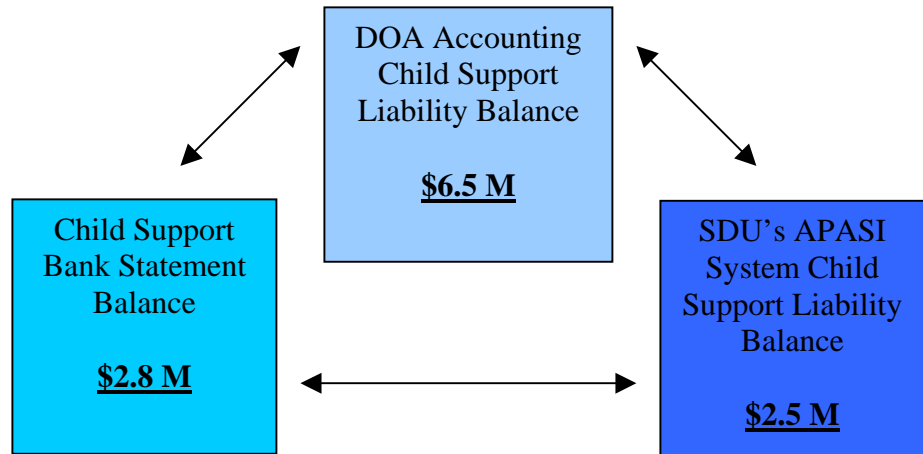
These deficiencies occurred due to OAG's passive approach to addressing the need for technically qualified personnel who understand the child support system and can analyze the information generated by the APASI system. In addition, the high volume of cases, the absence of independent monitoring of data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

A detailed discussion of the findings of this follow-up review follows.

**Undistributed
Collections Not
Reconciled**

Our stale-dated checks report (OPA Report No. 06-04) recommended that DOA meet with Child Support personnel to discuss a strategy to reconcile the APASI system records to DOA Accounting.² A sound internal control system requires regular and continuous monitoring and reconciliation. For bank accounts, monthly reconciliations should be done. The liability should then be reconciled to OAG’s records in the APASI system. This 3-way reconciliation, which has never been done, is illustrated in Chart 2 below.

Chart 2: Three-Way Account Reconciliation



No reconciliation of undistributed collections has ever been done.

Undistributed collections are those from non-custodial parents that are not paid out due to the inability to locate custodial parents. As of September 2005, DOA reported total undistributed collections of \$6.5 million³, SDU reported undistributed collections of \$2.5 million from its APASI system to the federal government, while the child support bank account had a balance of \$2.8 million.⁴ If the accounts were properly maintained and reconciled, DOA, SDU, and the bank balance should all agree. This same deficiency was identified in OPA’s previous audit.

According to the IV-D Director, DOA and OAG child support balances are not reconciled because “OAG cancels and reissues checks, while DOA only cancels checks and does not reverse the checks that are issued.” In addition, the child support bank balance in DOA’s AS400 includes interest earned, while OAG’s APASI system does not.

² DOA and OAG met in October 2006.

³ The \$6.5 million is comprised of \$5 million in undistributed collections and \$1.5 million in unclaimed checks. Unclaimed checks are those issued by the OAG, but deemed undeliverable or remain un-cashed and returned to the government of Guam and listed as still outstanding per the bank statements as of the end of a fiscal year.

⁴ The following unaudited balances were noted as of September 2006: child support bank balance, \$3 million; undistributed child support collections per DOA, \$6 million; and undistributed collections per APASI, \$2.7 million.

As of September 2005, there was an unreconciled variance of \$3.6 million between the child support bank account and the undistributed collections recorded at DOA. Of this amount, we found that there was approximately \$2.8 million of child support funds erroneously deposited into the General Fund instead of the child support bank account and an unfunded payable of \$0.8 million recorded in the child support liability account. The \$2.8 million is comprised of:

- About \$1.2 million that was deposited in the General Fund when the old child support bank account was closed in June 2005. That money should have been deposited into the new child support bank account.
- Another \$1.6 million from off-island electronic child support payments that was deposited incorrectly into the General Fund from April 2003 to July 2006.

DOA erroneously transferred \$2.8M of child support funds to the government of Guam general fund. As of October 2006, DOA has transferred \$2.1 million back to the child support account.

In October 2006, DOA transferred \$2.1 million from the General Fund to the Child Support bank account, leaving approximately \$1.5 million outstanding. DOA plans to delay transferring additional funds until OAG and DOA agree on the amount to be reconciled.

When left un-reconciled, the accounts become susceptible to misallocation and possible fraud. DOA and OAG acknowledge the need to reconcile the accounts. DOA was to provide OAG personnel with browser access into the AS400 and OAG was to authorize DOA personnel to browse the APASI records; however, as of the issuance of this report, these actions have not yet been carried out.

Given that the accounts have remained unreconciled, we recommend that OAG and DOA decide on whether to expend resources on trying to reconcile prior year differences or to write-off an appropriate amount as of September 2006. With an agreed upon balance as a new starting point, both entities should be able to regularly reconcile going forward.

In addition, we recommend OAG hire employee(s) familiar with the reconciliation process to work with DOA to resolve discrepancies within these accounts on a regular basis.

**Increased
Undistributed
Collections Per
DOA's AS400**

Title 5 of the Guam Code Annotated (G.C.A.) § 34111 states that if custodial parents cannot be located after two years, the support payments should be returned to the non-custodial parent. If the non-custodial parent can no longer be located, the money is to be deposited in an interest-bearing account for an additional five years. After this seven-year period, if both the custodial and non-custodial parents cannot be located after a diligent and documented search, the payments can revert to the government of Guam as revenues.

Undistributed collections are payments that are not distributed due to the inability to locate the custodial parent.

OAG lack sufficient staff to identify undistributed collections and locate custodial and non-custodial parents.

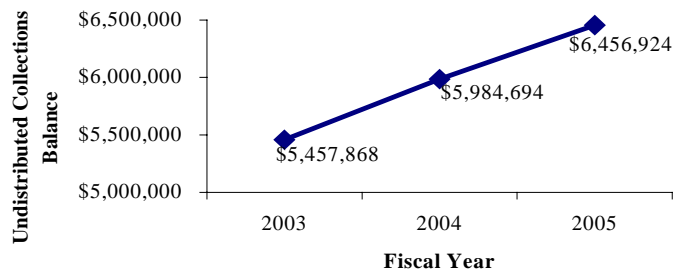
Child support collections should be disbursed within 48 hours; however, undistributed collections per DOA's AS400 system continue to grow and have since increased by \$1 million from 2003 to 2005.

Inadequate review and oversight over accounting records, including child support receipts and disbursements.

The IV-D Director maintains that the Child Support Enforcement Division lacks the manpower to locate custodial and non-custodial parents. An Accounting Technician was assigned to reduce undistributed collections, but left the position in August 2006. No replacement has been hired or assigned as of the date of this report.

In theory, the child support bank and liability accounts maintained by DOA should not have balances, since support collections are required to be disbursed within 48 hours.⁵ Balances in the accounts, if any, should consist of undistributed collections and non-disbursed welfare reimbursements. According to DOA's AS400, the liability account increased from \$5.5 million in FY 2003 to \$6.5 million in FY 2005. Refer to Chart 1 below.

Chart 1: Undistributed Collections Growth since FY 2003



In OAG's letter dated October 30, 2005 to the federal Administration for Children and Families (ACF), OAG's new systems vendor indicated that the reported undistributed collections of \$5.2 million was a carryover amount taken from the previous quarter (June 30, 2005) that were reported by OAG's former systems vendor and was beyond the new vendor's control. The new vendor reported that the undistributed collections is only \$2.5 million as of September 2005; therefore, we concluded that the difference of approximately \$3 million was written-off because the Guam CSED was "unable to balance the prior or carryover of undistributed collections" with the \$2.5 million. The write-off was not communicated to DOA and represents part of the unreconciled difference between the two entities' records.

The \$6.5 million in undistributed collections reported by DOA also includes prior year amounts, where DOA has been unable to balance or reconcile; therefore, DOA and OAG should work together to resolve this issue.

A review of best practices from stateside child support entities indicates that such entities are minimizing undistributed collections.⁶ Some states have

⁵ During the scope period of our review, we found that Guam is meeting the 48-hour disbursement criteria as prescribed by the Social Security Act § 454B(c)(1) for those support payments received where custodial parents are locatable.

⁶ Administration of Children & Families "States' Best Practices for Reducing Undistributed Collections" May 2003.

developed teams of employees to tackle undistributed collections. Other states have set goals to keep undistributed collections below 2% or some other predetermined amount. Refer to Appendix 5 for a list of best practices identified by stateside child support entities.

Stale-dated checks increase undistributed collections in the APASI system.

OAG's management has not established adequate review and oversight to ensure the accuracy, security, and reporting of the child support accounting records. In addition, the lack of technically trained staff that know and understand the APASI system compounds the situation. The APASI system can generate an undistributed collections aging report, but management has not used it. There was a \$155,334 difference between the June 30, 2006 undistributed collections report submitted to the federal government and the June 30, 2006 report generated by the APASI system and provided to OPA in September 2006.

OAG personnel are not aware of how many stale-dated checks are in their possession. OPA staff counted 1,939 checks, many of which were not in the system. Another box containing stale-dated checks that were not reflected in the APASI system was later found.

The Treasurer of Guam keeps undeliverable checks until they become stale-dated and can no longer be cashed. In the past, undeliverable child support checks were returned to SDU. Upon receipt, these are now sent to DOA Accounting to be cancelled and recorded in the AS400. The checks in SDU's possession require time-consuming and extensive research to determine whether they have been reissued. The APASI records must then be updated and the information communicated to DOA Accounting. Without regular communication, DOA Accounting may incorrectly account for the checks that have been reissued in an unclaimed checks account.

The audit team counted 1,939 stale-dated and un-disbursed checks in SDU's possession. The checks totaled \$488,708 and ranged in date from July 1991 to March 2006. 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. The box was not previously provided because SDU was not sure how many other boxes of stale-dated and un-disbursed checks were in their possession.

We estimate that as much as \$6.5 million⁷ in support payments have not been distributed to recipient children. Moreover, the government of Guam may not have received all the reimbursements due for TANF. Until collections are accurately reconciled and diligent efforts to locate the custodial and non-custodial parents are exerted, undistributed collections will continue to grow.

While the OAG has implemented a Kids First Card program, only 525 cases out of 12,571 were part of the program in June 2006.

We recommend the exploration of best stateside practices to reduce undistributed collections. For example, some states post the names and dollar amounts of unclaimed property on their websites. OAG already publishes the names of delinquent non-custodial parents in the newspaper. We suggest a

⁷ The \$6.5 million is the undistributed collections amount recorded in DOA's AS400, while there is only \$2.8 million in the child support bank account, as of September 2005.

similar publication for custodial parents who are owed undistributed collections. We also recommend that the OAG management train existing staff, or hire qualified staff, to identify and reduce undistributed collections and carryout the requisite child support functions.

In December 2005, OAG implemented its Kids First Card (KFC) debit card program, in which child support payments are electronically transferred into the custodial parent's bank account. While the program is intended to "drastically speed up the delivery of" child support payments, it should also minimize the occurrence of unclaimed checks returning to SDU and reduce the amount of undistributed collections. As of June 2006, only 525 child support cases, representing 4% of 12,571 open cases, were on the KFC program.⁸

**Collection Efforts
and Monitoring Did
Not Result in a
Significant Decrease
in Arrearages**

The SDU collects support payments from non-custodial parents and distributes them to custodial parents. If no child support payments are made or collected, then custodial parents receive nothing. As of September 2005, OAG collected from only 2,956 (or 50%) of the 5,873 cases, ranking Guam near the bottom of the list of states and territories reporting to the U.S. Office of Child Support Enforcement.⁹ See Appendix 6 for states/territories' rankings.

OAG has implemented several programs such as the Kids First Card, Amnesty, and Passport Programs, as well as the quarterly publication of delinquency and unlocatable non-custodial parents lists. Despite the implementation of the above programs, we found that the arrearages decreased only by 1.66% or \$1.6 million from \$96.4 million in FY 2003 to \$94.8 million in FY 2005.

Guam ranked 48th of 54 states and territories, with only 50% of non-custodial parents paying on arrearages of \$94.8 million.

OAG also indicated other factors that contributed to Guam's high incidence of uncollected arrears of \$94.8 million, including that Guam has one of the highest numbers of unemployed non-custodial parents and the highest number of non-custodial parents who live below the poverty level.

OAG provided two arrearage balance listings, one as of September 30, 2005 and the other as of September 30, 2006. We tested 15 cases totaling \$3 million from 2006 and 10 totaling \$1.2 million from 2005 to verify arrearage amounts.

⁸ The KFC program is potentially an improvement and other states have adopted similar programs. However, since the program is still new, we did not perform further verification to determine whether OAG has set up adequate controls to secure account information or contain any risk for fraud to occur.

⁹ www.acf.dhhs.gov

Of the 15 cases from the September 2006¹⁰ arrearage balance listing, we found:

- In 12 cases, the arrearage balances in the APASI system differed from those in the detail listing, resulting in a variance of \$1.3 million. The SDU Supervisor could not explain the reason for the variances. Table 1 lists the top five variances.
- The amounts in the APASI system matched the reported amounts only in three cases.
- Not all cases with arrearages were being charged interest for non-payment.
- Two cases with arrearages above \$5,000 were not flagged for passport denial.
- The arrearages ranged from \$0.05 to \$717,958 per case. While smaller arrearage amounts are expected and not material, the larger amounts may indicate a system problem.

Table 1: Top Five Variances in Arrearage Balances

Case	Arrearage Balance Provided to OPA	Balance in APASI System	Variance
A	\$ 649,434.68	\$ 167,071.95	\$ 482,362.73
B	373,025.36	80,035.65	292,989.71
C	281,928.92	76,412.48	205,516.44
D	292,033.71	97,344.57	194,689.14
E	279,214.55	172,259.25	106,955.30
Subtotal	\$ 1,875,637.22	\$ 593,123.90	\$ 1,282,513.32
Remaining Cases Tested	1,111,324.88	1,131,104.25	19,848.61
Total	\$ 2,986,962.10	\$ 1,724,228.15	\$ 1,302,361.93

Discrepancies of \$1.3 million in arrearages found for just five cases.

Of the 10 cases from the September 2005 arrearage listing, we found:

- Eight cases were subsequently closed in FY 2006.
- Two cases remained in active status as of FY 2006, but did not have any arrearage balance. One case was flagged for closure since September 1999, but remains active seven years later.

Discrepancies were noted in a number of delinquent cases reported to the federal government.

The 2005 listing of arrearages OAG provided contained 5,520 cases, 353 cases short of the 5,873 reported to the federal government. Therefore, based on our testing and review, we determined that the arrearage balance and number of cases in arrears reported to the federal government are not accurate.

While the OAG caseworkers have a variety of methods¹¹ to locate custodial and non-custodial parents, the growing number of child support cases

¹⁰ While our review period was from April 2003 through June 2006, OAG was only able to provide arrearage balance listings as of the fiscal year end; therefore, our testing was extended through September 2006.

¹¹ Methods include usage of the Federal Parent Locator System, New Hire Registry, Multi-State Financial Institution Data Match, and Federal Case Registry.

overwhelms their efforts. As of September 2005, CSED's 43 full-time employees averaged 292 cases per employee, which is 10% more than the FY 2005 national average of 266¹² cases per full-time employee.¹³

OAG is further saddled by the inefficiencies of the APASI system. The APASI system's automated procedure to place holds on non-custodial parents' driver's licenses, professional licenses, and passports for arrearages over \$5,000 does not appear to be working. Delinquent cases average \$17,181¹⁴ in arrearages.

As a result of the OAG's massive caseload and the APASI system's inefficiencies, many child support dependents may not be receiving court-ordered support and the government is not being reimbursed for TANF payments to custodial parents. We again recommend that the Child Support Enforcement Division explore stateside child support entities for effective delinquent collection practices, which can be applicable to the Guam program. In addition, OAG needs to ensure the automated process works to monitor delinquent thresholds and the suspension of licenses.

CSED full-time employees are responsible for an average of 292 cases each, 10% more than the national average of 266.

Lack of Timely Bank Reconciliation

Governments should routinely reconcile the cash balance reported in their bank statements with the cash balance recorded in their accounting books. Any differences between the two should be investigated and documented.¹⁵ Timely bank reconciliations must be performed to identify discrepancies between the bank account balance and the balance per DOA's AS400.

DOA Accounting acts independently of OAG to monitor child support activities, but is dependent on SDU personnel for timely disbursement information. During our scope, timely bank reconciliations were not being performed because SDU was unable to regularly create and send collection and disbursement information generated from the APASI system to DOA.

As of June 2006, DOA had not reconciled the child support bank account with bank statements. As such, DOA was unable to timely identify discrepancies between the AS400 and the bank statements.

As of October 2006, OAG became current with sending the required information to DOA Accounting and DOA became current with its bank reconciliation through September 2006; however, the reconciliation of prior year undistributed collections of about \$3.7 million (\$6.5 million in the

In the past, DOA was behind in performing child support bank reconciliations, but they are now current as of October 2006.

¹² www.acf.dhhs.gov.

¹³ Based on cases per *caseworker*, each of the nine OAG caseworkers were responsible for 1,397 cases as of September 2005. However, we were unable to obtain a comparable national average of cases per caseworker.

¹⁴ Total amount of arrearages (\$94,840,747) divided by the total number of cases in arrears (5,520) equals an average arrearage of \$17,181 per case.

¹⁵ *An Elected Official's Guide to Internal Controls and Fraud Prevention*.

undistributed collections liability account less \$2.8 million in the child support cash account) has not been resolved. Due to the high volume of transactions, we recommend that DOA personnel reconcile the bank statements on a monthly basis and then reconcile the bank account to the liability and unclaimed checks accounts.

No Supporting Documentation for Welfare Reimbursements

Monthly support received by the custodial parent should not exceed the higher of child support or TANF payments.

No detailed breakdown of \$3 million in TANF reimbursements.

APASI system not programmed to provide a detailed listing of accounts and amounts to support TANF reimbursements.

Custodial parents who are entitled to child support may also qualify for welfare assistance under TANF (Temporary Assistance for Needy Families)¹⁶, but they generally do not receive both simultaneously. Welfare assistance is deducted from their child support payments. If child support payments exceed welfare costs, the balance is remitted to the custodial parent. Total support received by the custodial parent should not exceed the higher of child support or TANF payments.

The Department of Public Health and Social Services (DPHSS) administers the TANF program, and coordination between DPHSS and OAG is necessary to ensure accurate and timely reimbursements to the local and federal government.

At the beginning of each month, the APASI system automatically generates a check from the previous month's child support collections to reimburse the TANF program. Although the SDU supervisor submits a memorandum to the Treasurer of Guam, no documentation is attached to support the amount paid. Our previous audit found no supporting documentation for TANF reimbursements amounting to \$2.5 million. During this review, 36 TANF reimbursement checks totaling \$3 million¹⁷ were issued. We attempted to test one check for \$101,000, but were unable to do so because the APASI system cannot generate a list of the specific cases or child support amounts being reimbursed. OAG was unable to provide supporting documentation for any of the reimbursement checks.

This above condition occurred because OAG management:

- Relies on the APASI system to calculate monthly TANF reimbursement checks, even though OAG personnel question its reliability.
- Has not placed emphasis on the importance of detailed listings of accounts and amounts in support of reimbursement checks.
- Has not developed a system to verify the accuracy of TANF reimbursements.

¹⁶ An eligible custodial parent can only receive welfare benefits, including TANF, for a maximum of 60 months in a lifetime.

¹⁷ Only \$2.5 million will be recognized in this review, since \$500,000 was already noted in OPA Report No. 03-09.

- Does not have an authorization system at different management levels to approve check payments above pre-determined amounts.

It is unknown whether the local and federal governments are getting the appropriate share of TANF reimbursement.

The APASI system is unable to generate a list of the collections used to reimburse TANF payments. The APASI system vendor was asked to develop such a feature, but has not done so, nor has he provided an explanation as why the system cannot generate such a report.

In effect, OAG may be reimbursing the local and federal governments more than necessary. Conversely, the local and federal governments may not be getting their appropriate share of TANF reimbursements.

Therefore, we recommend that OAG exert pressure on the current system vendor to expand the APASI system's reporting capabilities to include a detailed breakdown of non-custodial payments for the TANF reimbursement checks. The OAG can then use the reports to monitor the accuracy and integrity of child support data. We also recommend the establishment of an authorization system at different management levels to approve check payments above pre-determined amounts.

APASI Internal Control Deficiencies

There is a possibility that data can be manipulated or entered erroneously in the APASI system and would not be detected.

It is essential that OAG management regularly identify high-risk areas such as those within the operation of the APASI system, set-up controls, actively monitor operations, and investigate discrepancies between actual performance and anticipated results.

We found that not all data changes made in the APASI system were recorded in edit check reports known as "activity logs", and no one monitors whether the changes are accurate and legitimate.

We are concerned with the lack of monitoring of data entries made in the APASI system subsequent to the initial set-up of accounts, such as changes to client addresses, contact information, etc.

In interviews with several OAG employees and during our meeting to discuss the preliminary findings with child support management in October 2006, OAG acknowledged that no one has been tasked to periodically monitor data changes made in the APASI system. The IV-D Director stated that a timely review of an edit check report would be a good control.

Activity logs not reviewed by supervisors or upper management.

The high volume of cases, coupled with the absence of independent monitoring of data creates a high risk for data to be intentionally manipulated or erroneously entered into the APASI system.

We recommend OAG management establish a monitoring system to ensure that all data changes are regularly reviewed for accuracy, validity, and proper

authorization. We also recommend that supervisors or staff not associated with inputting data regularly monitor and review the data entry function, and examine alterations and corrections to check for accuracy, authorization, and validity.

Dormant bank accounts, having served their purpose, should be closed and any balances in them should be transferred to the appropriate account.

Dormant Bank Account Remains Open

The dormant “holdback” bank account has not yet been closed.

The federal government did require a separate escrow account to contain 10% of the local share of payments used for the Automated Child Support Enforcement System project.¹⁸ In 1995, only \$29,052 was required to be in the account, but DOA deposited \$156,761 for reasons unknown. OPA Report No. 03-09, issued in November 2003, recommended closure of the account and the balance transferred to the General Fund. The APASI system attained federal certification in April 2004, fulfilling the purpose of the account. To date, however, OAG has not given DOA authorization to close the account. The IV-D Director stated that the account is not closed because OAG needs to determine the funding source used to open it. Documentation for the funding origin should be readily available, but OAG has been unable to locate any. Until then, the account will remain open and continues to earn interest. As of June 30, 2006, the account has grown to \$214,442.¹⁹

We again recommend the OAG provide DOA authorization to close this account and transfer the balance to the General Fund.

Inappropriate Payees on Check Payments

Risk for checks made payable to payees other than the Treasurer of Guam may not be deposited to the child support bank account.

Monthly billing notices sent to non-custodial parents and wage garnishments sent to employers conspicuously state that child support payment checks should be made payable to the Treasurer of Guam. However, as we found in our previous audit, checks are still made to a variety of payees, including the Office of the Attorney General, Child Support Enforcement Division, State Disbursement Unit, U.S. Department of Treasury, etc.

SDU has not been strict on its policy that checks should be made payable to the Treasurer of Guam. Management has not reinforced this policy to the general public. This condition was also reported in OPA Report No. 03-09.

In addition, staffing shortages preclude SDU from issuing individual notices to non-custodial parents and/or their employers.

While it has not been known to happen, there is a risk that checks not payable to the Treasurer of Guam will not be deposited into the child support bank

¹⁸ Guam’s automated child support system became known as the APASI system.

¹⁹ Only \$7,674 will be recognized in this audit as \$206,768 was already noted in OPA Report No. 03-09.

account and/or recorded in the APASI system as payment in the appropriate child support cases.

We recommend that OAG issue periodic reminders in the mass media (i.e., newspaper or radio advertisement, etc.) or by mass mailings to all non-custodial parents and employers that all checks should be made payable to the Treasurer of Guam.

Conclusion

Five of the nine recommendations in OPA Report No. 03-09 have been implemented.

Deficiencies identified in the prior audits remain un-addressed.

Although OAG achieved federal PRWORA certification for the APASI system, had competitively outsourced its maintenance, and implementation of several collection programs, we found deficiencies identified in prior audits that remain un-addressed, including the un-reconciled undistributed collections, the collection efforts and monitoring not resulting in a significant decrease in arrearages, and no supporting documentation for welfare reimbursement checks.

Of the nine recommendations made in OPA Report No. 03-09, five have been implemented, one closed, two partially implemented, and one not implemented. Refer to Appendix 4 for the status of these recommendations. The two partially implemented and one unimplemented recommendations were reincorporated as part of the eight recommendations made during this review.

Further Recommendations

We recommend the Office of the Attorney General Child Support Enforcement Division and the Department of Administration Accounting Management:

1. Determine whether resources should be allotted to conduct reconciliation of prior year differences or agree on an appropriate amount to be written-off as of September 2006, given that the child support bank account, undistributed collections liability account, and SDU's APASI system liability balances have not been reconciled. With a new agreed upon balance, both entities would be able to reconcile regularly.

We recommend the OAG Child Support Enforcement Division Management and/or Personnel:

2. Explore the best practices of stateside child support entities and determine which practices can be applied to Guam's Child Support Program to collect on delinquent child support cases and reduce undistributed collections.
3. Hire qualified staff and train all staff to identify and reduce undistributed collections, as well as hire employee(s) familiar with the reconciliation process to work with DOA to resolve discrepancies within the three accounts requiring reconciliation on a regular basis.
4. Exert pressure on the APASI system vendor to address the APASI system's reporting capabilities to include a detailed breakdown of non-custodial payments for the TANF reimbursement checks. The reports produced by the APASI can be used by the OAG to monitor the integrity and reasonableness of child support data.
5. Establish a system of authorization at different management levels to approve check disbursements above pre-determined amounts, and a monitoring system to ensure data changes in the APASI system are regularly reviewed for accuracy, validity, and proper authorization.
6. Issue periodic reminders in the mass media (i.e., newspaper or radio advertisement, etc.) or by mass mailing to all non-custodial parents and employers that all child support payment checks should be made payable to the Treasurer of Guam.
7. Provide DOA authorization to close the dormant bank account and transfer the balance to the General Fund.

We recommend that DOA Accounting Personnel:

8. Reconcile child support bank statements monthly, then reconcile the bank account to the liability and unclaimed checks accounts on a quarterly basis.

Management Response & OPA Reply

We met with OAG and DOA officials on December 13, 2006 to discuss the draft report transmitted on December 7 and 11, 2006, respectively. During the meeting, the Deputy Attorney General/IV-D Director indicated that she had not had a chance to read the draft report because she had other obligations and that it "had not been a priority." Subsequently, OAG was granted a four-day extension to submit their response.

DOA management generally concurred with the findings and recommendations pertaining to DOA. See Appendix 9 for DOA's Management Response.

On December 22, 2006, the IV-D Director submitted OAG's management response indicating disagreement with five of the eight findings. In her response, it was unclear whether OAG agreed or disagreed with the recommendations made in the report because the response was not specific as to the recommendations. See Appendix 10 for OAG's Management Response.

As a result, we modified the following sections of the report:

- Undistributed collections not reconciled;
- Increased undistributed collections per DOA's AS400;
- Collection efforts and monitoring did not result in significant decrease in arrearages;
- APASI internal control deficiencies; and
- Inappropriate payees on check payments.

The legislation creating the Office of the Public Auditor requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress of implementing the recommendations, and to endeavor to have implementation completed no later than the beginning of the next fiscal year. Accordingly, we will be contacting the Office of the Attorney General and the Department of Administration to provide the target date and title of the official(s) responsible for implementing the recommendation.

We appreciate the cooperation shown by the staff of the Office of the Attorney General, the Department of Administration, and the Department of Public Health and Social Services.

OFFICE OF THE PUBLIC AUDITOR



Doris Flores Brooks, CPA, CGFM
Public Auditor

Appendix 1:
Classification of Monetary Impact

Findings Areas	Unsupported Costs²⁰	Funds to Be Put to Better Use²¹
Undistributed Collections Not Reconciled	\$ -	\$ -
Increased Undistributed Collections Per DOA's AS400	-	-
Collection Efforts and Monitoring Did Not Result in Considerable Decrease of Arrearages	-	94,840,747
Lack of Bank Reconciliation	-	-
No Supporting Documentation for Welfare Reimbursements	2,533,741 ²²	-
APASI System Internal Control Deficiencies	-	-
Dormant Bank Account Remains Open	-	7,674 ²³
Inappropriate Payees on Check Payments	-	-
Total	\$ 2,533,741	\$ 94,848,421

²⁰ Unsupported costs are expenditures that may be allowable, but the accounting records or other documents available to the auditors did not provide adequate support for the costs.

²¹ Funds to be put to better use are amounts that could be used more effectively.

²² Only \$2.5 million will be recognized in this review, since \$500,000 was already noted in OPA Report No. 03-09.

²³ Only \$7,674 will be recognized in this audit as \$206,768 was already noted in OPA Report No. 03-09.

Appendix 2:**Scope and Methodology**

The scope and methodology of this follow-up review were limited to determining if recommendations of the prior performance audit were implemented. The scope of the work encompassed the 39-month period from April 1, 2003 through June 30, 2006. Our methodology included:

- Gaining an understanding of the Child Support Enforcement Division's policies, procedures, and applicable laws and regulations.
- Interviewing the IV-D Director (Deputy Attorney General), Program Coordinator, SDU Supervisor, Lead Case Investigator, Records Management Officer, and other employees involved in the child support process.
- Researching best practices from other child support entities in the United States.
- Identifying areas for potential fraud and determining whether procedures are in place to detect and/or prevent fraud and abuse.

Scope Limitation

We requested, but were not provided with, the following.

- Child support cases on TANF.
- Support for any of the \$3 million TANF reimbursement checks issued during our scope.

As a result, we were unable to quantify the TANF amounts owed by non-custodial parents or to recalculate and verify the accuracy of monthly reimbursements to TANF.

Except as noted in the scope limitation above, our follow-up review was conducted in accordance with the Standards for Performance Audits in *Government Auditing Standards*, issued by the Comptroller General of the United States. Accordingly, we obtained an understanding and performed an evaluation of OAG's control environment within the Child Support Enforcement Division. We included tests of records and other auditing procedures considered necessary under the circumstances.

Prior Audit Coverage

Office of the Public Auditor

November 2003 The Office of the Attorney General's Child Support Enforcement Program Performance Audit (OPA Report No. 03-09) noted several major findings, such as internal control weaknesses in monitoring, no separation of duties or reconciliation of accounts; contracts for Child Support Enforcement projects procured without competition and/or extended without assessment of vendor performance; and the APASI system's failure to meet federal certification after 10 years.

May 2006 The Department of Administration's Stale-Dated Checks Performance Audit (OPA Report No. 06-04) made three recommendations to the SDU: (1) comply with 5 G.C.A. § 34111 by performing the required research to locate support recipients; (2) deface and forward all stale-dated checks to DOA Accounting for cancellation; and (3) reconcile APASI system records with DOA's AS400 records at least annually.

Implementation of these recommendations is due in November 2006.

June 2006 DOA's Returned Checks Follow-Up Review (OPA Report No. 06-06) made three recommendations specific to SDU: (1) maintain an inventory listing of returned checks that reconciles with DOA's AS400; (2) initiate collection procedures for returned checks; and (3) ensure that all returned checks are accurately recorded in the APASI system no later than 10 working days from receipt.

Implementation of these recommendations is due in December 2006.

Prior Audit Coverage

Government of Guam Single Audit

The Single Audit of the government of Guam for fiscal years 2002 through 2005 noted the following findings pertaining to the Child Support Enforcement Grant, most of which were attributable to weak internal controls. All findings remain outstanding as of September 2005.

Fiscal Year 2002 Seven findings with questioned costs totaling \$620,993 in the areas of Procurement; Eligibility; Special Tests and Provisions - Location of Non-Custodial Parents; Special Tests and Provisions - Provision of Services; General Fund – Cash; and General Fund - Other Liabilities.

Fiscal Year 2003 Eight findings with questioned costs totaling \$66,426 in the areas of Activities Allowed and Unallowed - Allowable Costs/Cost Principles, Procurement; Special Tests and Provisions - Eligibility of Individuals; Special Tests and Provisions - Locate Absent Parents; Provision of Services; Securing Medical Health Obligations; General Fund – Cash; and Other Liabilities - Child Support Collection.

The FY 2003 Management Letter also cited the lack of documentation to support undistributed collections amounting to \$5,296,176 in DOA's general ledger.

Fiscal Year 2004 Six findings in Special Tests and Provisions - Eligibility of Individuals; Special Tests and Provisions - Locate Absent Parents; Special Tests and Provisions - Provision of Services; Procurement, Suspension and Debarment; and Deposits and Other Liabilities. There were no questioned costs related to these findings.

Fiscal Year 2005 One finding related to deposit liabilities. There was no questioned cost related to this finding.

The FY 2005 Management Letter noted that unclaimed child support payment checks, totaling \$1,475,092, were recorded in the general ledger. However, the auditors were not provided a detailed listing to support \$448,351, which was drawn on the child support bank account.

Prior Audit Coverage

Federal Data Reliability Audit

The federal Office of Child Support Enforcement Division of Audit conducts annual Data Reliability Audits to determine Guam's incentive payments. The audits in fiscal years 2003 and 2004 assessed the APASI system's performance measurement data were reliable, accurate, complete, and secure. The audits did not evaluate whether collections were distributed in accordance with federal regulations.

Fiscal Year 2003 Accurate data and adequate tracking of the number of "Children in IV-D cases Open During or at the End of the Fiscal Year with Paternity Established or Acknowledged" was not reported by OAG. In addition, errors in the line item, "Total Amount of Current Support Due for the Fiscal Year" amounted to \$10,424.

Fiscal Year 2004 Accurate data on the number of "Children in IV-D cases Open During or at the End of the Fiscal Year with Paternity Established or Acknowledged" and on the number of "Cases with Arrears During the Fiscal Year" was not reported for Guam.

Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) Certification Review

April 2004 The U.S. Department of Health and Human Services' Administration for Children and Families granted conditional certification of the APASI system in December 1997. After deficiencies were addressed and all the requirements of the Family Support Act of 1988 were met, the APASI system was granted full certification in April 2004.

Based on reviews conducted in September 2003 and March 2004, the OAG successfully implemented all the requirements for the APASI system to qualify as a PRWORA statewide child support system.

Status of OPA Report No. 03-09 Recommendations

	Prior Audit Recommendation	Current Status ²⁴	Review Observation/ Required Action ²⁵
1	<p>The Child Support Enforcement Division (CSED) should revise and update its policies and procedures to include relevant control procedures and, in particular, address the resolution of undistributed collections.</p> <p>The CSED should coordinate with the SDU to identify and determine the source of \$5.4 million in unreconciled, unknown, and undistributed amounts as discussed in OPA Report No. 03-09.</p>	<p>Partially Implemented. Review of CSED policies indicated that a majority of the policies were updated in 1993, and some sections were updated in 2004.</p> <p>As of October 2004, the functions of the SDU reverted to the CSED and were no longer outsourced.</p> <p>As of March 2006, OAG's Office of Child Support Enforcement (OCSE) 34A Quarterly Report of Collections indicated that the balance of undistributed collections at the end of December 2005 was \$5 million, but should be closer to \$3 million. The current APASI system vendor reported that carryover amounts are beyond their control and that the amount was taken from previous quarters that were reported by the former systems vendor.</p>	<p>Closed.</p> <p>This recommendation has been modified as Recommendations # 1 and 2 in this report.</p>
2	<p>The Director of Administration, in consultation with the Attorney General, should close the dormant child support bank account (Account 3) and transfer the balance to the General Fund, subsequent to a proper reconciliation. Also, DOA should record and account for all Child Support Trust Account interest income.</p>	<p>Not implemented. DOA is awaiting the OAG's approval to close the dormant bank account, which has \$214,442 as of June 30, 2006.</p>	<p>Not Implemented. This recommendation has been modified as Recommendation # 7 in this report.</p>
3	<p>The Legislature could consider having Notary program activities accounted for as a separate account under the General Fund, rather than as a separate special revenue fund.</p>	<p>Implemented. OPA Report 06-03, issued in April 2006, recommended the Notary Revolving Fund be closed and the enabling legislation be repealed. Public Law 28-150 fulfilled this recommendation.</p>	<p>Implemented.</p>

²⁴ Status categories are defined as follows.

Implemented - the audited entity satisfied the recommendation.

Closed - OPA determined that either corrective actions were performed to warrant closure or the recommendation is no longer feasible under the circumstances.

Partially Implemented - Only certain aspects of the recommendation were performed, others remain outstanding.

Not Implemented - No corrective action was performed to satisfy the recommendation.

²⁵ This follow-up review closes all recommendations made in OPA Report No. 03-09 and issues modified recommendations with new numbers for partially implemented and un-implemented 03-09 recommendations.

Status of OPA Report No. 03-09 Recommendations

Prior Audit Recommendation	Current Status	Review Observation/ Required Action
4 DPHSS should resolve the AGUPA system's problems associated with the TANF program to better monitor SDU's welfare reimbursements.	Implemented. Ideally, DPHSS' AGUPA (Automated Guam Public Assistance) and APASI computer systems should be linked, so that public assistance data is accessible to OAG. While the AGUPA and APASI systems are not linked, OAG has not had problems obtaining timely TANF data from AGUPA. The monthly data from the AGUPA is transmitted via email to the OAG Computer Systems Analyst, who then transmits the data to the APASI vendor for uploading into the APASI system. We encourage the continued coordination between the two agencies.	Implemented.
5 The OAG should assign a competent project manager, who understands PRWORA requirements and the technical aspects of the APASI, to manage SDU APASI projects and review the reasonableness of deliverables, deadlines, and costs.	Implemented. Instead of a Project Manager, OAG hired a Computer Analyst II in May 2006.	Implemented.
6 The OAG should initiate a Request for Proposals (RFP) for the competitive procurement of development and maintenance services for APASI and SDU in FY 2004, when the contracts with the systems vendor terminate. The RFP should prohibit both functions from being awarded to the same vendor; the vendor selected for the APASI system development and maintenance should not be selected to perform SDU services. In the interim, OAG should monitor and ensure that the vendor's programming operations are strictly separated from SDU operations. APASI programming staff should refrain from performing any SDU functions, specifically with the disbursement of support payments, the preparation of check printing, and the overriding of the APASI.	Implemented. An RFP for the maintenance and operations of the APASI computer system was issued in July 2004. The contract was awarded to an off-island vendor. The two-year contract contains an option to renew for two successive one-year terms. OAG decided not to outsource the SDU services. SDU functions reverted in-house under the CSED on October 1, 2004.	Implemented.

Status of OPA Report No. 03-09 Recommendations

	Prior Audit Recommendation	Current Status	Review Observation/ Required Action ²⁶
7	<p>Collection of child support payments should be assigned entirely to the Treasurer of Guam and the vendor should not be permitted to receive any collections. This should be formally documented in a cooperative agreement between OAG and DOA.</p> <p>The responsibility for reconciling APASI collection records with the Child Support trust account bank statements should be shifted from DOA to the CSED, which should employ an accountant for the task.</p>	<p>Partially Implemented. The OAG did not agree with this recommendation and offered an alternative action plan. As of October 1, 2004, SDU services were no longer handled by an outsourced vendor.</p> <p>Unlike the previous vendor, who received payments, the current vendor only handles the maintenance of the computer system. The SDU under CSED now receives child support payments and transmits them daily to the Treasurer of Guam for deposit.</p> <p>No reconciliation between DOA and CSED records was done during our scope. In December 2006, an accountant was hired at OAG.</p>	<p>Closed.</p> <p>This recommendation has been modified as Recommendations # 2 and 3 in this report.</p>
8	<p>SDU should provide all child support payers with regular billing notices as stipulated in the contract. We also recommend that the CSED seek Master Receipt Documents (collections report) and a Daily Operational Report (daily deposit from the SDU) to facilitate proper monitoring of the SDU, reconciliation purposes, as well as for undistributed collections monitoring.</p>	<p>Implemented. OAG disagrees that billing notices be sent to employees already subject to wage assignments due to the confusion and frustration it creates with non-custodial parents.</p> <p>OPA observed that billings were being sent out by SDU under the CSED.</p>	<p>Implemented.</p>
9	<p>Based on our observation, it appears that the former Attorney General who is employed by the former vendor may be in violation of certain ethical standards. We recommend the Attorney General conduct an investigation into this matter and determine whether legal action is warranted.</p>	<p>Closed. In August 2005, OPA Investigator forwarded a letter to the OAG requesting the status of the recommendation.</p> <p>In July 2006, OPA Investigator and an Audit Supervisor met with OAG personnel. OAG has elected not to pursue this matter.</p>	<p>Closed.</p>

²⁶ This follow-up review closes all recommendations made in OPA Report No. 03-09 and issues modified recommendations with new numbers for partially implemented and un-implemented 03-09 recommendations.

Appendix 5: Best Practices for Minimizing Undistributed Collections

According to the Administration of Children and Families website²⁷, the following best practices are employed by other child support entities.

- Management should be committed to minimizing undistributed collections.
- Use innovative methods to locate custodial and non-custodial parents.
- Establish payment-processing teams.
- Generate weekly report of undistributed collections.
- Set goals (weekly, monthly, yearly)
- Develop good reports.
- Use the Federal Parent Locator System (FPLS) and other systems to locate non-custodial and custodial parents.
- Use direct deposit system.
- Change future pay business rules.
- Have automatic and/or streamlined processes.
- Age undistributed collections.
- Subpoena cell phone records to locate non-custodial and custodial parents.

²⁷ www.acf.hhs.gov/programs/cse/pubs/2003/udc/nccsd_udc_best_practices.html

Appendix 6:

Ranking of States/Territories' FY 2005 Collection Efforts

	State/Territory	Cases in Arrears	Cases Paying Towards Arrears	Percentage of Cases Paying Towards Arrears
1	PENNSYLVANIA	480,731	353,349	73.50%
2	NEW HAMPSHIRE	29,867	21,495	71.97%
3	VERMONT	19,368	13,754	71.01%
4	NORTH DAKOTA	27,831	19,395	69.69%
5	SOUTH DAKOTA	29,450	20,473	69.52%
6	WYOMING	28,332	19,199	67.76%
7	UTAH	71,293	48,175	67.57%
8	ALASKA	40,904	27,594	67.46%
9	FLORIDA	516,731	344,709	66.71%
10	OHIO	619,689	412,345	66.54%
11	WASHINGTON	304,953	201,604	66.11%
12	MINNESOTA	194,775	128,706	66.08%
13	IOWA	145,748	95,750	65.70%
14	COLORADO	129,120	84,770	65.65%
15	TEXAS	745,820	486,484	65.23%
16	NEBRASKA	72,651	47,195	64.96%
17	WISCONSIN	255,060	163,732	64.19%
18	MONTANA	33,395	21,419	64.14%
19	MARYLAND	192,021	122,745	63.92%
20	DELAWARE	36,835	23,467	63.71%
21	NEW JERSEY	281,745	178,061	63.20%
22	WEST VIRGINIA	89,887	56,524	62.88%
23	KANSAS	95,509	59,781	62.59%
24	NORTH CAROLINA	321,723	199,975	62.16%
25	NEW MEXICO	37,320	22,885	61.32%
26	ARKANSAS	105,387	64,144	60.87%
27	OREGON	154,526	93,835	60.72%
28	MISSISSIPPI	147,248	89,026	60.46%
29	TENNESSEE	222,893	133,840	60.05%
30	GEORGIA	346,008	204,699	59.16%
31	NEW YORK	602,049	355,305	59.02%
32	RHODE ISLAND	28,878	16,757	58.03%
33	INDIANA	241,719	140,222	58.01%
34	MASSACHUSETTS	163,567	94,639	57.86%
35	VIRGINIA	295,332	170,577	57.76%
36	LOUISIANA	174,831	100,766	57.64%
37	CALIFORNIA	1,173,994	657,731	56.03%
38	CONNECTICUT	133,623	74,178	55.51%
39	OKLAHOMA	126,085	69,572	55.18%
40	IDAHO	71,913	39,311	54.66%
41	SOUTH CAROLINA	159,341	85,725	53.80%
42	KENTUCKY	220,592	117,876	53.44%
43	MICHIGAN	606,441	322,525	53.18%
44	MAINE	53,455	28,308	52.96%
45	PUERTO RICO	140,879	74,038	52.55%
46	MISSOURI	270,381	140,870	52.10%
47	ARIZONA	156,351	80,316	51.37%
48	GUAM	5,873	2,956	50.33%
49	ALABAMA	180,560	90,209	49.96%
50	NEVADA	75,150	37,274	49.60%
51	VIRGIN ISLANDS	5,879	2,809	47.78%
52	ILLINOIS	308,529	141,657	45.91%
53	DIST. OF COL.	31,759	13,872	43.68%
54	HAWAII	53,365	22,074	41.36%

Source: www.acf.dhhs.gov

OPA Report No. 03-09 Executive Summary



OFFICE OF THE PUBLIC AUDITOR

EXECUTIVE SUMMARY

OPA Report No. 03-09

November 2003

**Office of the Attorney General
Child Support Enforcement Program
October 1, 2000 through March 31, 2003**

In January 2003, the Office of the Public Auditor (OPA) initiated a performance audit into the activities of the Child Support Enforcement Division (CSED) of the Office of the Attorney General (OAG) in response to a request for an audit by the Attorney General.

The OAG is tasked to operate the Child Support Enforcement Program, which involves the delivery of child support from non-custodial parents to custodial parents. As part of this responsibility, the OAG is required by federal law to establish a State Disbursement Unit (SDU) and an automated computer system. The SDU is the functional body that collects and disburses support payments under court orders.

In compliance with these requirements, the OAG contracted with [REDACTED] Guam and its predecessor Andersen Consulting from 1994 to 2004 to establish the Absent Parent Automated System Information (APASI). In October 2001, the OAG also contracted [REDACTED] to operate the SDU.

The major findings pertaining to these matters are as follows:

- The majority of the contracts for Child Support Enforcement projects were procured without competition and the contracts were extended without assessing performance in previous contracts. Total contractual cost through 2004 for both APASI and the SDU is expected to be \$14.4 million of which \$11,386,159 has been paid as of June 2003. The Federal Office of Child Support Enforcement did approve the sole source procurement based on the rationale of the previous attorney general, who now works for [REDACTED].
- After 10 years and payments of \$10.5 million, the APASI project still has not met the federal certification requirement. This resulted in a reduction of \$292,921 of the Child Support Enforcement Grant for FY 2001 and 2002. Failure to meet the revised federal certification deadline on December 2003 may result in further grant reduction of \$431,604.
- Internal controls dealing with monitoring, separation of duties, and reconciliation of accounts were insufficient or lacking:
 - As of August 2003 there was a total of \$5.4 million in the Child Support Trust Account balance, yet to be disbursed. It is composed of \$2.9 million in undistributed child support collections (UDC), \$368,000 in unknown collections, and \$2.1 million in unreconciled balances.
 - [REDACTED] having both APASI and SDU duties, was allowed to function without controlled supervision and monitoring and performed duties beyond their authority. [REDACTED] ceased the disbursement of child support welfare reimbursements without proper documentation and authorization, then later overrode the APASI to disburse \$2.5 million of welfare reimbursements without documented authorization.

OPA Report No. 03-09 Executive Summary

- [REDACTED]'s duties for both APASI and SDU projects were allowed to overlap, which violated internal control principles of separation of duties.
- The Attorney General acknowledged that the Child Support Enforcement Division monitors [REDACTED]'s programming and SDU functions, but is prevented from detecting any misconduct due to lack of competent staff and the fact that [REDACTED] programmers and SDU are located in the same office.
- Another child support bank account with \$207,000 as of June 2003 has been dormant since 1995.
- The CSED relocated to a new office, which cost nearly \$2,830 more per month than the prior lease. An additional \$344,871 in renovation and start up costs were also incurred. [REDACTED] was also allowed to establish their office within this office at no cost to [REDACTED].

Some of our recommendations include:

- The CSED coordinate with the SDU to identify and determine the source of the \$5.4 million in unreconciled, unknown, and undistributed amounts in the trust account.
- The OAG initiate Request for Proposals (RFP) for competitive procurement of APASI development/maintenance and SDU services in FY 2004 when the contracts with [REDACTED] terminate. The RFPs should prohibit both functions from being awarded to the same vendor. In the interim, we recommend the OAG monitor and ensure that the operations of [REDACTED] programming unit are strictly separated from the operations of the SDU.
- The CSED revise and update its policies and procedures to include control procedures, and in particular, address the resolution of undistributed collections.
- The OAG assign a project manager capable of understanding and managing the APASI and SDU projects, as well as conducting appropriate reviews to confirm the reasonableness of deliverables, deadlines, and costs.
- The OAG obtain collections report, daily deposit detail reports, and other operational reports from the SDU to facilitate proper SDU and UDC monitoring and reconciliation.
- The Director of Administration in consultation with the Attorney General, close the dormant child support bank account and transfer the balance to the General Fund, subsequent to a proper reconciliation.
- The Department of Public Health and Social Services direct its efforts to resolve the problems associated with the AGUPA system involving the child support welfare program to facilitate the monitoring of welfare reimbursements disbursed by the SDU.

The Attorney General generally concurred with our findings and recommendations.



Doris Flores Brooks, CPA, CGFM
Public Auditor

Appendix 8:

Status of OPA Report No. 06-18 Recommendations

Finding/ Recommendation Reference	Status	Action Required
1	DOA management concurs; additional information needed. OAG did not indicate whether they concur or disagree with the recommendation.	DOA to provide the target date and the title of the official(s) responsible for coordinating DOA and OAG's efforts to reconcile the accounts. OAG to indicate whether or not they concur with the recommendation.
2	OAG did not indicate whether they concur or disagree with the recommendation.	OAG to indicate whether or not they concur with the recommendation.
3	OAG did not indicate whether they concur or disagree with the recommendation.	OAG to indicate whether or not they concur with the recommendation.
4	OAG did not indicate whether they concur or disagree with the recommendation.	OAG to indicate whether or not they concur with the recommendation.
5	OAG did not indicate whether they concur or disagree with the recommendation.	OAG to indicate whether or not they concur with the recommendation.
6	OAG did not indicate whether they concur or disagree with the recommendation.	OAG to indicate whether or not they concur with the recommendation.
7	OAG did not indicate whether they concur or disagree with the recommendation.	OAG to indicate whether or not they concur with the recommendation.
8	DOA management concurs; additional information needed.	DOA to provide the target date and the title of the official(s) responsible for performing the timely reconciliation of the child support account bank statements.

Appendix 9:

Department of Administration's Management Response



Felix P. Camacho
Governor
Kaleo S. Moylan
Lieutenant Governor

Department of Administration
(DIPATTAMENTON ATMENESTRASION)
DIRECTOR'S OFFICE
(UFISINAN DIREKTOT)

Post Office Box 884 Hagatña Guam 96932
Tel: (671) 475-1169/1115 Fax: (671) 472-8483
Website Address: www.admin.gov.gu/doa/



Lourdes M. Perez
Director
Joseph C. Manibusan
Deputy Director

December 19, 2006

Ms. Doris Flores Brooks, CPA, CGFM
Public Auditor
Office of the Public Auditor
Suite 401, Pacific News Building
238 Archbishop Flores Street
Hagatna, Guam 96910

OFFICE OF THE PUBLIC AUDITOR
GOVERNMENT OF GUAM
SUITE 401, PACIFIC DAILY NEWS BLDG.
238 ARCHBISHOP FLORES STREET
HAGATNA, GUAM 96910

Dear Ms. Brooks:

RECEIVED
DATE: 10:35AM 12/22/06

Hafa Adai! We have reviewed and concur with your recommendations on the Performance Audit of the Office of the Attorney General's Child Support Enforcement Program to determine whether resources should be allotted to conduct reconciliation of prior year differences or agree on an appropriate amount to be written-off as of September 2006 and to perform timely bank reconciliation.

We would like to express our sincere appreciation for such an extensive report provided by your office. This would certainly assist the Division of Accounts in reducing their scope of work, therefore becoming more efficient.

Once again, thank you for your continued support.

Si Yu'os Ma'asel

Sincerely,

LOURDES M. PEREZ
Director of Administration

Office of the Attorney General's Management Response

Douglas B. Moylan
Attorney General



Barbara P. Cepeda
Deputy & IV-D Director,
Child Support Enforcement
Division

Office of the Attorney General

December 22, 2006

RECEIVED
DATE: 12/22/06 4:35 PM

Doris Flores Brooks, CPA, CGFM
Public Auditor
Office of the Public Auditor
Suite 401, Pacific News Building
238 Archbishop Flores St.
Hagatna, Guam 96910

OFFICE OF THE PUBLIC AUDITOR
GOVERNMENT OF GUAM
SUITE 401, PACIFIC DAILY NEWS BLDG.
238 ARCHBISHOP FLORES STREET
HAGATNA, GUAM 96910

Dear Ms. Brooks:

The Office of the Attorney General, Child Support Enforcement Division hereby submits its responses to the "Follow-Up Review of the Office of the Attorney General's Child Support Enforcement Program Report No. 06-___, December 2006".

Sincerely,

BARBARA P. CEPEDA
Deputy Attorney General/IV-D Director

The Justice Building • 287 West O'Brien Drive
Hagatna, GU 96910 • USA
Telephone No. (671) 475-3324 • Facsimile No. (671) 475-3203 or 477-2159
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Office of the Attorney General's Management Response

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

	OPA Follow-Up Review April 1, 2003 – June 30, 2006	OAG-CSED Response	CSED Comments and/or Recommendation
1	Increased Undistributed Collections	<p>Guam CSED does not agree with OPA's finding of Increased Undistributed Collections of \$6.5M. Rather, Guam CSED's undistributed collections have <i>decreased</i> from \$5.5M in FY 2003 to \$2.5M in FY 2005, which means an increased number of children are receiving their entitlement. Provided for your review are supporting financial documentation consisting of OCSE 34A, Report of Collections for this period.</p> <p>Undistributed collections include monies that are pending distribution (collections being held for up to 6 months that were offset from refunds from joint Federal tax returns of Non-TANF families, collections received and held for future support, collections held pending resolutions of a legal dispute and any timely appeal), and monies that are unresolved (unidentified collections, collections pending the location of the custodial or noncustodial parent, collections with inaccurate or missing information).</p>	CSED disagrees with this finding.
2	Lack of Aggressive Collection Efforts and Lack of Monitoring Arrearages.	<p>Guam CSED does not agree with the findings regarding lack of aggressive collection efforts. In addition to the Kids First Card Program, the CSED also published a delinquency and unlocatable list quarterly since December 2005, and implemented an Amnesty Program as well as a Passport Program.</p> <p>Other factors contribute to Guam's high incidence of uncollected arrears of \$94.8M, namely, of the 54 states and territories, Guam has one of the highest numbers of unemployed noncustodial parents. So unemployment plays a big role in Guam's arrears. Also, of the 54 states and territories, Guam has the highest number of</p>	CSED disagrees with this finding.

Office of the Attorney General's Management Response

		<p>noncustodial parents who live below the poverty level. So the high incidence of indigent noncustodial parents contribute to Guam's high arrears balance. And last but not least, Guam's law which allows custodial parents to collect back child support to a time prior to when a complaint is filed contributes to Guam's huge uncollected arrears balance. Other states make child support effective only when a complaint is filed and not back to a prior date.</p> <p>Guam CSED does not agree with the findings because monthly billings are being sent on time. CSED has also recently hired an Accountant. In fact, CSED has increased its collections as identified in our OCSE Annual Data Report (OCSE 157), Section F, Collections Due and Distributed.</p> <p>CSED does agree with the findings regarding the national average of cases per full-time employees pertaining to Guam. However, care must be taken to ensure that all the states and territories are using the same method of computation. For example, some states count ALL employees, while other states count only employees who work with files.</p>	
3	Undistributed Collections Not Reconciled.	<p>Guam CSED agrees in part with this finding. Guam CSED cancels and reissues checks, while DOA only cancels but do not reverse the checks that are issued and are not adjusting entries on their end. That is why CSED and DOA balance is not the same. As for the differences between the CSED APASI balance and the bank statements, the bank balance includes interest earned which is not reflected on APASI.</p> <p>CSED improvement efforts are taking place such as the recent hiring of an Accountant and establishing a day-to-day working relationship and more open communication with DOA.</p>	CSED agrees in part with this finding.
4	Lack of Bank Reconciliation	<p>Guam CSED disagrees with this finding because DOA is responsible for bank reconciliation. Guam CSED is currently up-to-date on reporting and sending Journal Vouchers to DOA.</p>	CSED disagrees with this finding.

Office of the Attorney General's Management Response

		Since September 2006, Guam CSED turns in reports of Journal Vouchers to DOA twice a month on the 15 th and 30 th .	
5	No Supporting Documentation for Welfare Reimbursement.	CSED agrees with this finding in regards to no supporting documentation for the welfare assistance under TANF. CSED and our systems vendor, [REDACTED] and formerly [REDACTED] did not and were unable to produce the detail items supporting the TANF reimbursement in the checks disbursed to the Treasurer of Guam. Both our vendor [REDACTED] and CSED are currently investigating this process and are hoping for a solution early in 2007.	CSED agrees with this finding.
6	APASI Internal Control Deficiencies	<p>Guam CSED disagrees with this finding. There is sufficient internal controls to prevent any fraud or manipulation. We have a segregation of duties established. Each payment we receive goes to four different people.</p> <ol style="list-style-type: none"> 1) Receiving and opening of the mail, copying checks and attaching copy to the attachments. (Clerk) 2) Identify all information (name, CID#, Wage Date, Initiate Date & Amount) then create a batch. (Accounting Tech) 3) Posting of payments (Accounting Tech) 4) Release by Supervisor (Verify all information posted are correct) <p>Every afternoon, we make sure all postings are balanced to the checks and receipts that are received that day. We do not go home until we balance that day.</p> <p>Daily transmittals of checks are done the next work day. Transmittals are forwarded to DOA with paper checks. Again, checks are balanced with the transmittals.</p>	CSED disagrees with this finding.

Office of the Attorney General's Management Response

7	Dormant Bank Account Remains Open.	CSED agrees in part with this finding that the bank account should be closed. However, CSED disagrees that the balance should be transferred to the General Fund until the funding source can be identified.	CSED agrees in part with this finding.
8	Inappropriate Payees on Check Payments.	<p>CSED disagrees with this finding. There are sufficient reminders to noncustodial parents and employers that all payments are to be made to the Treasurer of Guam. In each child support case, all Findings and Orders and Order/Notice to Withhold Income which are served upon noncustodial parents and employers state that checks are to be made payable to the "Treasurer of Guam".</p> <p>In addition, the monthly statements that are mailed to noncustodial parents and employers state that all payments should be made payable to the "Treasurer of Guam".</p>	CSED disagrees with this finding.

Office of the Attorney General's Management Response

DOUGLAS B. MOYLAN
Attorney General



BARBARA P. CEPEDA
Deputy & IV-D Director
Child Support Enforcement Division

OFFICE OF THE ATTORNEY GENERAL

October 30, 2005

Administration for Children and Families
Office of Grants Management
Division of Mandatory Grants
Attn: Child Support Enforcement
370 L'Enfant Promenade, SW
Washington, DC 20447

Re: Problems Associated with the Reporting of the OCSE 34A Quarterly Report of Collections – Quarter Ending September 30, 2005

Buenas yan Hafa Adai!

The Office of the Attorney General, Guam Child Support Enforcement Division is still encountering system problems in reporting Net Undistributed Collections on the OCSE 34A, Quarterly Report of Collections, quarter ending September 30, 2005. The problem occurs on Line Item 1, Balance Remaining Undistributed From Previous Quarter, and also affects inaccurate reporting on Line Items 9 and 9b.

The amount of \$5,179,681, reported on Line Item 1 is inaccurate according to our current systems vendor [REDACTED] who has come on board to maintain and operate Guam CSED automated system APASI as of October 1, 2004. [REDACTED] has reported to Guam CSED that the amount reported on this line is beyond their control because it is a carryover amount taken from previous quarters that were reported by our former systems vendor [REDACTED].

[REDACTED] has initiated the process of analyzing the Net UDC amount and based on preliminary findings it has been determined that the correct Net Undistributed Collections is \$2,477,020 and that the breakdown reported on Line Item 9c (\$501,276) and 9d (\$1,975,734) reflects this amount. [REDACTED] will continue to assess the 34A reporting criteria from a database and functional perspective and will provide the final figures as part of the Schedule UDC Task order that has been planned.

Due to the problems mentioned above, Guam CSED is unable to balance the prior or carryover of undistributed collections with the amount that they have determined is correct on lines 9c and 9d. Therefore, Guam CSED is submitting this 34 A, Quarter Report of Collections to you via hard copy as we are unable to submit this report via OLDC because of the amount differences.

The Justice Building • 287 West O'Brien Drive
Hagåtña, GU 96910 • USA
Telephone No. (671) 475-3324 • Facsimile No. (671) 475-3203 or 477-2159
www.guamattorneygeneral.com • guamattorneygeneral@hotmail.com

Office of the Attorney General's Management Response

Page 2

Re: Problems Associated with the Reporting of the OCSE 34A Quarterly Report of Collections Quarter Ending September 30, 2005

Guam CSED continues to work with [REDACTED] in defining the task order for the Schedule UDC report and as part of the overall effort, we will be providing a reconciliation amount that should be the correct balance for the 34A undistributed amount.

Sincerely,


for **BARBARA P. CEPEDA**
IV-D Director

Attachment

cc: Sharon Fujii, Regional Hub Director
JP Soden, Program Specialist
Steve Kawamura, Financial Operations Specialist

The Justice Building • 287 West O'Brien Drive
Hagåtña, GU 96910 • USA
Telephone No. (671) 475-3324 • Facsimile No. (671) 475-3203 or 477-2159
www.guamattorneygeneral.com • guamattorneygeneral@hotmail.com

Office of the Attorney General's Management Response

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Office of Child Support Enforcement

OMB Approved
Control No. 0970-0181
Expires: 06/30/2006

CHILD SUPPORT ENFORCEMENT PROGRAM QUARTERLY REPORT OF COLLECTIONS

STATE: Guam		Quarter Ended: 09/30/2005		Mark Box Initial Report <input checked="" type="checkbox"/> Revised Report <input type="checkbox"/>	
SECTION A: AVAILABLE COLLECTIONS					
1. Balance Remaining Undistributed at End of Last Quarter (Carried from Line 9b of previous Form OCSE-34A)					\$5,179,681
2. Collections Received During the Quarter					\$2,418,481
2a. From Offset of Federal Tax Refund	\$59,492	2e. From IV-D and Non-IV-D Income Withholding	\$1,598,096		
2b. From Offset of State Tax Refund	\$169,934	2f. From Other States	\$325,403		
2c. From Offset of Unemployment Comp.	\$0	2g. From Other Sources	\$265,556		
2d. Through Administrative Enforcement	\$0				
3. Net Amount of Increasing and (Decreasing) Adjustments					\$0
4. Collections Forwarded To Non-IV-D Cases					\$127,330
5. Collect sent to Other States	(A) Current IV-A Assistance \$2,408	(B) Current IV-E Assistance \$0	(C) Former IV-A Assistance \$11,090	(D) Former IV-E Assistance \$0	(E) Medicaid Never Assistance \$0
					(F) Other Never Assistance \$112,634
					(G) Total \$126,132
6. Collections Available for Distribution					\$7,344,700
SECTION B: DISTRIBUTED AND UNDISTRIBUTED COLLECTIONS					
7a. Dist As Assist Reimburse	\$252,818	\$0	\$58,175	\$0	\$310,993
7b. Dist As Med Support	\$601	\$0	\$895	\$0	\$6,886
7c. Dist To Family or FC	\$11,573	\$0	\$473,038	\$0	\$1,416,984
8. Total Collect Distributed	\$264,992	\$0	\$532,108	\$0	\$1,423,870
9. Gross Undistributed Collections					\$5,123,730
9a. Undistributed Collections Determined Undistributable and Abandoned					\$0
9b. Net Undistributed Collections					\$5,123,730
>> 9c Net Undistributed Collections Pending Distribution					\$501,276
>> 9d Net Undistributed Collections Unresolved					\$1,975,734
SECTION C: FEDERAL SHARE, INCENTIVE PAYMENTS, FEES					
10a. Fed. Share of IV-E Collect.	\$0	\$0	\$0	\$0	\$0
10b. Fed. Share of IV-A Collect.	\$189,614	\$43,631			\$233,245
11. Estimated Incentive Payments					\$50,483
12. Quarterly Grant Adjustment					\$182,761
13. Fees Retained By Other States					\$0
This certifies that the information on this is accurate and true to the best of my knowledge and belief.					
Signature IV-D Director <i>for Barbara P. Cepeda</i> Barbara P. Cepeda			Signature Approving State Official Douglas B. Moylan		
Date 10/28/05			Date 10/28/05		
Typed Name, Title, Agency BARBARA P. CEPEDA, IV-D DIRECTOR			Typed Name, Title, Agency DOUGLAS B. MOYLAN, ATTORNEY GENERAL		

Form OCSE-34A(10/1/2003) Replaces 10/1/1999 Version, now obsolete

Office of the Attorney General's Management Response

U.S. DEPARTMENT OF HEALTH and HUMAN SERVICES
Office of Child Support Enforcement

OMB APPROVED,
Control No. 0970-0268
Expires: 09/30/2007

CHILD SUPPORT ENFORCEMENT PROGRAM ITEMIZED UNDISTRIBUTED COLLECTIONS (Attach to Form OCSE-34A)

State: GUAM	Quarter Ended: 9/30/2006	Mark Box: Initial Report <input checked="" type="checkbox"/> Revised Report <input type="checkbox"/>
-----------------------	------------------------------------	--

SECTION A: UNDISTRIBUTED COLLECTIONS BY CATEGORY

1 Undistributed Collections Pending Distribution (from Line 9c, Form OCSE-34A).....	\$501,276
The amount shown in Item 1 must equal the sum of the amounts reported in Items 2 through 6. Attach any explanatory comments.	
2 Collections Received Within The Past Two Business Days.....	\$8,432
3 Collections From Tax Offsets Being Held for Up To Six Months.....	\$28,892
4 Collections Received and Being Held for Future Support.....	\$463,953
5 Collections Being Held Pending the Resolution of Legal Disputes.....	\$0
6 Collections Being Held Pending Transfer to Other State or Federal Agency.....	\$0

7 Undistributed Collections Unresolved (from Line 9d, Form OCSE-34A).....	\$1,975,734
The amount shown in Item 7 must equal the sum of the amounts reported in Items 8 through 12. Attach any explanatory comments.	

8 Unidentified Collections.....	\$1,596,131
9 Collections Being Held Pending the Location of the Custodial or Non-Custodial Parent.....	\$0
10 Collections Disbursed but Uncashed and Stale-Dated.....	\$0
11 Collections With Inaccurate or Missing Information.....	\$29,274
12 Other Collections Remaining Undistributed.....	\$350,329

SECTION B: UNDISTRIBUTED COLLECTIONS BY AGE

13 Net Undistributed Collections (from Line 9b, Form OCSE-34A).....	\$2,477,020
The amount shown in Item 13 must equal the sum of the amounts reported in Items 14 through 20. Attach any explanatory comments.	

14 Collections Remaining Undistributed Up to 2 Business Days of Receipt.....	\$8,432
15 Collections Remaining Undistributed More Than 2 Days, But Not More Than 30 Days.....	\$33,417
16 Collections Remaining Undistributed More Than 30 Days, But Not More Than 6 Months.....	\$146,612
17 Collections Remaining Undistributed More Than 6 Months, But Not More Than 1 Year.....	\$161,631
18 Collections Remaining Undistributed More Than 1 Year, But Not More Than 3 Years.....	\$231,174
19 Collections Remaining Undistributed More Than 3 Years, But Not More Than 5 Years.....	\$631,521
20 Collections Remaining Undistributed More Than 5 Years.....	\$1,264,233

Do you suspect fraud, waste, or abuse in a government agency or department? Contact the Office of the Public Auditor:



- Call our HOTLINE at 47AUDIT (472-8348);
- Visit our website at www.guamopa.org;
- Call our office at 475-0390;
- Fax our office at 472-7951;
- Or visit us at the PNB Building, Suite 401
In Hagåtña

All information will be held in strict confidence.