



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

1717 W. Jefferson • P.O. Box 6123 • Phoenix, AZ 85005

Janet Napolitano
Governor

Tracy L. Wareing
Director

NOV 5 2007

Ms. Debbie Davenport
Auditor General
Office of the Auditor General
2910 North 44th Street, Suite 410
Phoenix, Arizona 85018

Dear Ms. Davenport:

The Department of Economic Security (the Department) wishes to thank the Office of the Auditor General for the opportunity to respond to the recently completed Division of Child Support Enforcement (DCSE) Performance Audit prepared by the Auditor General in response to Laws 2006, Ch. 209 Sec. 3 and conducted under the authority vested in the Auditor General by A. R. S. Sec. 41-1279.03.

The Department is pleased that your office recognized the excellent job that DCSE is doing to locate absent parents, establish paternity, and establish and enforce child support orders.

In support of the Department's mission to "promote the safety, well-being and self-sufficiency of children, adults and families," the Division of Child Support Enforcement invests available resources to provide efficient case management and excellent customer service to collect and deliver child support payments to families. The federal child support program encourages state programs to achieve incremental improvement through structured performance measures and periodic audits and assessments. As such, we value your audit and recommendations, and have begun to implement them.

If you have any questions, please contact Veronica M. Hart Ragland, Assistant Director, Division of Child Support Enforcement, at (602) 771-8190 or me at (602) 542-5757.

Sincerely,

Tracy L. Wareing
Director

Attachment

**DEPARTMENT OF ECONOMIC SECURITY
DIVISION OF CHILD SUPPORT ENFORCEMENT
RESPONSE TO AUDITOR GENERAL FINDINGS AND RECOMMENDATIONS
NOVEMBER 5, 2007**

Finding I: Division should track court order processing times

Finding I, Recommendations

1. *To ensure that court orders are processed in a timely manner in ATLAS, the Division should:*
 - a) *Establish or ensure that all Division and IV-D partner offices establish reasonable Division-approved goals for entering initial and modified court orders in ATLAS in a timely manner.*
 - b) *Establish or ensure that all Division and IV-D partner offices establish a Division-approved method(s) for capturing date information on when court orders or minutes are received and when debts are set up in ATLAS.*
 - c) *Ensure that the method(s) allows the offices to report to the Division how well they are doing in meeting timeliness goals; and*
 - d) *Use the reported information to address any timeliness issues that the various offices may be experiencing.*

2. *To ensure information is received from the county clerks of court as quickly as possible, the Division should:*
 - a) *Continue with its plans to automate the data-matching process for Maricopa County clerk of court data.*
 - b) *Continue to work with the Pima County clerk of court to determine whether a court order data-matching process can be used, and work to implement the process if appropriate.*
 - c) *Determine if it would be beneficial for other county clerks of court, besides Pima County, to add an alert to ATLAS as a means of notifying the Division of a new court order, and if so, establish similar approved processes with the appropriate clerks of court.*

DES Response

Finding I, Recommendations

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

1. a) The Division will establish a reasonable goal for all Division and IV-D partner offices for entering initial and modified court orders in ATLAS in a timely manner. This goal will be communicated to all Division offices and IV-D partner offices by December 31, 2007.

- b) The Division currently collects date information for when a court order is received and when a debt is established for that case. The DCSE's statewide procedures require the documentation of these activities in the ATLAS case management system.

- c) The DCSE will develop and implement an automated report by March 31, 2008, that links these two dates and compares the time to an established timeliness goal. All staff will be monitored and evaluated on this required data entry. This report will be used by the supervisors and managers to ensure timely processing of court orders and establishment of required debts.
 - d) The DCSE will also require reporting from the Division and IV-D partner offices to ensure that they are meeting their goals. If these reports identify any timeliness issues, they will be addressed and a corrective action plan will be required.
2. a) The DCSE will continue to work with the Maricopa County Clerk of Court staff to determine whether the automated data matching between the Clerk of Court system and ATLAS is possible.

A study was undertaken in 2004 by a sub-committee of the Legislative Child Support Committee to examine ways of improving the processing of IV-D orders from time of filing in Maricopa County to entry in DCSE's ATLAS system. The results of this study showed an area that needs improvement, i.e., reducing the number of days from when a Judgment & Order is submitted to a judicial officer to the date DCSE's Attorney General (AG) staff received the signed order. Cases filed in the month of June 2004 showed that only 9% were returned to the DCSE AG staff within 7 days, 48% were received between 8-14 days after signature, 28% were received between 15-21 days and 15% were not received for 22 days or more. Therefore, DCSE has been exploring alternative methods such as automated data matching to expedite the receipt of court order information.

b) In addition, DCSE will explore this same possibility with the Pima County Clerk of Court. A data-matching process may be possible, as Pima County has an automated court order system that may be able to support the processes being researched in Maricopa County.

c) The DCSE is unaware of any other county Clerk of Court with an automated court order system that would support the processes being researched with Maricopa and Pima counties. However, the Division issues a quarterly newsletter, known as Non IV-D News, to all Clerks of Court that provides information and guidance pertaining to the State Case Registry. In the 2007, fourth quarter, Non IV-D Newsletter the new code established by DCSE for use by Clerks of Court will be discussed and offered to all fifteen clerks of court.

Finding II: Most child support payments accurately processed, but Division should strengthen procedures

Finding II, Recommendations

1. *To further reduce the risk of loss or theft, the Division should reduce and, if possible, eventually eliminate the number of paper checks that it must manually process by:*

- a) *Working with the entities that are sending paper checks to submit electronic payments, and*
 - b) *Having its payment-processing vendor receive and process the paper check payments that the Division has been receiving that cannot be submitted electronically.*
2. *To comply with the State Accounting Manual's cash-handling procedures, the Division should ensure that all paper checks received are restrictively endorsed as soon as possible.*
 3. *To ensure that staff who are not familiar with the cashier's processes can perform cashier duties when necessary, the Division should update the cashier's procedures with sufficient detail, including the requirement to restrictively endorse the paper checks as soon as possible in the process.*

DES Response

Finding II, Recommendations

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

- 1) a) The DCSE has encouraged entities to remit payments electronically for the past several years. Of the approximate 182,000 payments received and processed at DCSE, the majority (137,000) are received electronically. The Arizona Department of Revenue (DOR) submits the largest number of items that are processed manually. Currently, these need to be reconciled and processed internally as the vendor does not have access to process DOR tax payments and to ensure the required DOR confidentiality of the tax offsets. The DCSE will continue to encourage electronic payments and will continue to work with DOR to convert their paper process to an electronic remittance process.

Some paper checks are received as the result of enforcement actions such as the Financial Institution Data Match (FIDM) that seizes bank accounts or court hearings that result in bond and/or purge payments. These payments are processed internally for tracking purposes.

- b) The recent Request for Proposal (RFP) for payment processing, currently under review, includes allowing the vendor to process these payment types and track sources.

Until a new payment processing contract is awarded, the risk in DCSE processing these payments is minimal. Internal controls are in place for DCSE to process these payments internally. The DCSE sends various notices to the parties of the case informing them of collections and balances due. In addition, if a payment is alleged to be lost, usually based on a telephone call from one of the parents, processes are in place to research, validate and resolve the issue. If the payment was mis-processed, DCSE promptly corrects the error.

2. Allowing the vendor to process other payment types and sources is included in the RFP for payment processing, currently under review.

Currently, DCSE has controls in place to process paper checks. Checks are restrictively endorsed after a review of the check to determine where the payment should be processed and deposited. Due to the proximity of the current vendor, checks received over the counter at the central office (approximately 5,820 annually) are sent to the vendor for processing. Based on the Auditor General's recommendation, DCSE will endorse checks to be deposited in a Divisional bank account immediately upon review.

The remaining payments received at the central office are reimbursements received from custodial parents for overpayments or reimbursement of non sufficient fund check losses. These are segregated to avoid recoveries being reposted to a case. Processes dictate that these are deposited in different Divisional bank accounts. These checks will be endorsed immediately upon review by the Division.

3. The DCSE has expanded the policies and procedures so staff will have written guidelines to perform the cashier function. These were completed October 31, 2007 and implemented effective November 1, 2007. A presentation of the new requirements was done by the Supervisor and all staff signed documentation acknowledging the change. Management will be monitoring compliance with the new process.

<i>Finding III: Division needs more effective means to capture payment error information</i>

Finding III, Recommendation

1. *The Division should develop or modify an existing electronic mechanism to track payment-posting errors, including misdirected payments. This mechanism should track the type of errors, who made the errors (e.g., noncustodial parent, employer, or division or contractor staff), the reasons for the errors, and how the errors were corrected. Management should use this information to guide any additional actions that are needed to improve payment-posting accuracy.*

DES Response

Finding III, Recommendations

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

When an error is detected, DCSE records data to track the type of error, who made the error, reasons for and how the error was resolved on the back-up documentation. Spreadsheets are maintained to track the data. The DCSE acknowledges problems with tracking the information in this manner and will have enhanced our data collection methods by March 31, 2008.

In addition, compensating controls are in place to monitor accuracy and minimize DCSE's risk. These include a secondary review of large payments; a review of payments \$40 plus or minus the historical amounts applied to cases; and alerts and/or manual holds on cases with previous issues and/or errors.

Based on DCSE's experience the current error rate is minimal and errors are detected by various internal controls in place (i.e., quarterly review of vendor, staff; case reviews by caseworkers; and inquiries from customers and stakeholders). Once an error is detected, DCSE's priority is to correct the errors and disburse funds to the appropriate party. DCSE pursues overpayments from the individuals who received payments in error. Educating the remitter is a secondary measure to reduce future errors. This education is accomplished through letters, telephone calls and other outreach methods.

<i>Finding IV: Division needs to improve process for making changes to payees</i>
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Finding IV, Recommendations

- 1. The Division should review all of the cases that have payments redirected to ensure that the changes to payees are accurate and appropriate.*
- 2. The Division should continue to revise its policies and procedures to ensure that staff has adequate guidance on how to appropriately and accurately redirect payments.*
- 3. The Division should establish and implement an effective review and oversight process, for cases where payments are being redirected.*

DES Response

Finding IV, Recommendations

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

1. Of the 430 cases with payments redirected, the Auditor General reviewed 33. By November 30, 2007, DCSE will have reviewed the remaining 397 cases that have payments redirected and verified their accuracy and appropriateness. In addition, DCSE will review its caseload to search for any additional cases that may have recently had payments redirected. If any additional cases are discovered, these too shall be reviewed for accuracy and appropriateness by December 31, 2007.
2. All policies and procedures concerning this area have been updated to include information about the newer automated processes, such as Electronic Payment Cards, Direct Deposit, website customers, etc. In addition, Policy Update messages have been issued to staff advising them of the revisions.

3. Our system security for this screen which dictates who may add information and who must approve the addition of this information, has been enhanced in accordance with the audit suggestions. Only supervisor staff now control this feature. An automated report of these cases will be issued to the Legal Services Administrator beginning the first quarter of 2008. A judgmental sample of these cases will be reviewed for compliance with updated policy and procedures. This should ensure that DCSE will have an effective review and documented oversight process.

Finding V: Division should better explain collection methods to noncustodial parents.

Finding V, Recommendations

1. *As part of the Plain Talk Initiative, the Division should review and revise:*
 - a) *The enforcement letters sent to noncustodial parents informing them of impending or completed enforcement actions, including working to ensure that they are consistent and include helpful information such as the Division's Web site address or the steps the noncustodial parent can take to avoid the enforcement action.*
 - b) *The administrative review letters that are sent to noncustodial parents to inform them of the Division's administrative review findings or conclusions, including working to ensure that the letters are easy to understand and provide more case-specific information, such as details on how the case developed past-due amounts, why the specific enforcement actions were taken, or how the Division reached its conclusion.*

DES Response

Finding V, Recommendations

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

1. a) After an initial pilot, the Division implemented the Plain Talk Initiative in July 2007. The Division completed 25 documents during the pilot, and the Policy and Resource Administration developed a work plan to apply the principles of this initiative to all DCSE documents. In response to the Auditor General's recommendations, DCSE will now prioritize the enforcement letters in the Policy and Resource Administration's work plan. And, within the enforcement letter group, the first to be reviewed for improvement will be those used in the administrative review process. Based on the complexity of these letters, the goal is five documents per month.
- b) To ensure the administrative review letters are easy to understand, DCSE will work with its Attorney General representatives to improve the readability of the administrative review letters. Until such time that an alternative document generation system is acquired by DCSE, the existing mainframe system limits DCSE's options to develop the best possible response. DCSE hopes to implement a web-based document generation system by the end of December

2008. At that time, the flexibility of a web-based system will allow the complex issues of an administrative review to be more easily conveyed.

Finding VI: Processes over demand letters minimize risk of error.

Finding VI, Recommendations

The Auditor General's Office is making no recommendations in this area.

Finding VII: Division should further enhance the ease with which information is available.

Finding VII, Recommendations

1. *To enhance the ease with which information is available from its Web site, the Division should work within the Style Guide and/or GITA Web Site Accessibility Policy to:*
 - a) *Ensure that information on the home page is better organized;*
 - b) *Ensure that all Web pages have consistent navigation; and*
 - c) *Ensure navigation can be done without a mouse.*
2. *To improve the automated telephone system, the Division should:*
 - a) *Replace those areas of the automated telephone system where the voice is fast-paced with a more slow-paced voice;*
 - b) *Ensure all menus in the automated telephone system are in correct numerical order; and*
 - c) *Review the secured areas of the automated telephone system to determine if any similar problems exist and make changes as needed.*
3. *To improve its process for reviewing changes made, the Division should establish and implement a process for reviewing changes once they are added to the live system to ensure the changes are working correctly.*
4. *The Division should improve its assessment of customers' satisfaction with its offices by:*
 - a) *Taking steps to ensure that all customers visiting a division or IV-D partner office are provided with a comment card, and*
 - b) *Establishing and implementing a process to regularly analyze the comment card responses and address any issues that are identified.*

DES Response

Finding VII, Recommendations

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

1. The DCSE will work with the DES web representatives in the Department's Public Information Office, who are guided by GITA requirements, to implement the Auditor General recommendations. DCSE has been advised that these issues will all be addressed by the Content Management System to be implemented DES wide by spring of 2008.
2. With respect to the automated responses in the Interactive Voice Response (IVR) system, DCSE will begin reviewing those areas that the Auditor General accessed. The DCSE will use the Office of Inspector General September 2002 report on Statewide Child Support Automated Telephone Systems as a basis for continued evaluation. There are approximately 406 scripts that will need to be reviewed and assessed. The DCSE anticipates completing this by June 30, 2008. At that time, all scripts reviewed by the Auditor General should be at an even pace and all menus reviewed by the Auditor General shall be in correct numerical order.

The DCSE will then begin reviewing the secured areas of the automated telephone system to determine if any similar problems exist. With approximately 1,492 prompts to review, DCSE estimates completion of this review by June 30, 2009.

3. The DCSE will also work with the DES IT communications staff to assess possible methods to review changes after they are added to the live system to ensure the changes are working correctly.
4. The DCSE already provides comment cards in all DCSE offices for our customers to complete. Effective immediately, DCSE is requiring that all visitors to our lobbies be given a comment card by the receptionist. It is the existing process that all customer comment cards are delivered to the Legal Services Administrator. The Legal Service Administrator's Office is currently developing a spreadsheet that will track the responses received by count/office to ensure that any recommended enhancements to our services are reviewed for possible implementation.

In addition, the results of the annual DES Customer Satisfaction survey are shared with DCSE management. Depending on the results of this survey, changes are planned and implemented to increase customer satisfaction.

<p><i>Finding VIII: Equipment and other mechanisms used to communicate between agencies appears sufficient</i></p>

Finding VIII, Recommendations

1. *The Department's Division of Technology Services should develop and implement a mechanism for capturing the dates and times that ATLAS is not available to staff, and take steps to address any availability issues that occur.*

DES Response
Finding VIII, Recommendations

The finding of the Auditor General is agreed to and the audit recommendation will be implemented.

The record/tracking mechanism that will be used for capturing the dates and times that ATLAS is not available to staff would be Remedy, the Department's enterprise IT problem tracking system and repository. The DCSE ATLAS Help Desk would be allowed access to Remedy to open and track ATLAS Application issues concerning availability. The Division of Technology Services (DTS) Resolution Center would be available for DCSE program staff to call for IT related problems, at which time DTS staff would determine on how to route the call. If it is determined that the issue is the ATLAS application, the call would be routed to the DCSE ATLAS Help Desk for resolution and tracking.

Industry standards indicate that continuous monitoring of system performance levels, including system availability, should occur. System performance and availability is monitored 24x7 by the console operators, who in turn notify tech support regarding system performance alerts that could trigger an unscheduled outage.