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Performance Audit Division

Special Audit

Department of Economic Security—

Division of Child Support Enforcement

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Auditor General

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November 13, 2007

Members of the Arizona Legislature

The Honorable Janet Napolitano, Governor

Ms. Tracy Wareing, Director
Department of Economic Security

Transmitted herewith is a report of the Auditor General, A Special Audit of the Department of Economic Security, Division of Child Support Enforcement (Division). This report is in response to Laws 2006, Chapter 209, §3 and was conducted under the authority vested in the Auditor General by Arizona Revised Statutes §41-1279.03. I am also transmitting with this report a copy of the Report Highlights for this audit to provide a quick summary for your convenience.

As outlined in its response, the Division agrees with all of the findings and plans to implement all of the recommendations.

My staff and I will be pleased to discuss or clarify items in the report.

This report will be released to the public on November 14, 2007.

Sincerely,

Debbie Davenport
Auditor General

Enclosure

SUMMARY

The Office of the Auditor General has conducted a special audit of the Department of Economic Security (Department), Division of Child Support Enforcement (Division), pursuant to Laws 2006, Ch. 209, §3. This law requires our Office to assess the Division's performance in eight specific areas in relation to child support payments. This audit was conducted under the authority vested in the Auditor General by Arizona Revised Statutes (A.R.S.) §41-1279.03.

Background

The Division administers the federally mandated child support enforcement program. This program, outlined in Title IV-D of the Social Security Act of 1975, is known as the IV-D program. Although the Division administers the State's IV-D program, in each county, either the Division or the county attorney's office provides the program services, such as establishing or enforcing child support orders. In 11 counties, the Division provides services in conjunction with the Attorney General's Office.¹ In the remaining four counties the county attorneys' offices, referred to as IV-D partners, provide services.²

In Arizona, individuals who want help from the State to establish or enforce child support orders can apply for and receive IV-D program services for a minimal fee.³ Also, when a custodial parent is receiving Title IV-A public assistance monies, his/her information is automatically sent to the Division for the purpose of establishing and enforcing child support payments.⁴ By enforcing child support orders, the Division and its IV-D partners work to prevent, reduce, or eliminate families' need for Title IV-A public assistance monies. According to the Division, as of September 30, 2007, the IV-D program had 214,771 cases involving 257,725 children. A case consists of a

¹ According to the Division, as of October 1, 2007, it began providing services in Cochise County. Previously, it contracted with a private company to provide services in this county.

² These four counties are Gila, La Paz, Navajo, and Pinal.

³ Effective October 1, 2007, in accordance with the federal Deficit Reduction Act of 2005, the Division began charging the custodial parent a \$25 annual fee for those cases that have never received Title IV-A public assistance monies and for which the State has collected at least \$500 in child support.

⁴ According to state and federal laws, when a custodial parent applies for public assistance through the Title IV-A program, Temporary Assistance for Needy Families, his/her information is referred to the IV-D child support program.

custodial parent, a noncustodial parent, and those parents' children.¹ Other child support cases for individuals who have not applied for the State's IV-D program services are known as non-IV-D cases. The local clerks of court provide varying service for these cases.

State and federal laws require that a state disbursement unit centrally process payments for all Arizona child support cases including the IV-D cases handled by the Division and its IV-D partners, and the non-IV-D cases handled by the 15 clerks of court. The Division has hired a contractor to perform the centralized payment processing function, but the Division also processes a small number of payments. According to division data, during fiscal year 2007, the contractor processed over 2 million IV-D payments totaling approximately \$289 million, and nearly 1.1 million non-IV-D payments totaling approximately \$327 million. During that same period, the Division processed approximately 182,000 payments for both IV-D and non-IV-D cases totaling nearly \$68 million, primarily related to certain enforcement methods, such as intercepts of federal and state tax refunds and unemployment benefits.

Division should track court order processing times (see pages 9 through 13)

Legislative Item

The audit shall examine how quickly the Division processes court orders.

Most division and IV-D partner offices reported processing court orders within 5 days after receiving them; however, it is not possible to verify processing times because the Division does not specifically track this information. Timely court order processing is important because it is a necessary first step for enforcing court orders and correctly distributing child support payments. Once the Division or its IV-D partners receive the court order or minute entry, staff enter the information into ATLAS, the Division's case management system.² This process is known as "setting up the debt." Once debt setup is completed, child support payments can be processed and automated collection actions can be initiated, such as notices being sent to the noncustodial parent informing them that certain enforcement actions will be taken if payments are not made.

To ensure that its processing is as timely as possible, the Division needs to ensure that its IV-D partner and division field offices establish processing goals, collect information to measure the extent to which these goals are met, and report this information to division management. The Division also needs to ensure that its offices can receive notification of the court order as quickly as possible so that processing can begin. According to division management, the amount of time it takes to receive a copy of the order or minute entry varies from county to county. However, one county, Pima County, has implemented a step to speed up the process by notifying the Division through ATLAS when a court order has been signed for a IV-D case.

¹ The term "custodial parent" is used throughout this report to include custodial parents and other custodial persons. According to division management, most cases have a custodial parent; however, there has been an increase in the number of cases where another person such as a grandparent has custody of the child(ren).

² A minute entry is a written record of the judge's order from the bench or after a hearing, usually not signed.

Because the Division's Pima County office found this process helpful for ensuring it receives court order information in a timely manner, the Division should work with other county clerks of court to determine if using a similar process would be beneficial.

Most child support payments accurately processed, but Division should strengthen procedures (see pages 15 through 21)

The Division's contractor accurately processes child support payments, but the Division also processes some payments itself, and these payments need to be better safeguarded. The Division's payment-processing contractor, which handles 95 percent of child support payments, has a system in place that allows it to meet the contractually required 99.7 percent payment-processing accuracy rate and ensure that payments are protected from loss or theft. For example, new staff train for 6 weeks, a quality assurance specialist reviews certain payments, such as payments over \$2,500, to ensure accurate processing, and contractor management reviews video footage from video cameras installed in the payment-processing room. Further, the contractor's payment-processing activities undergo reviews from the Division and the Department. For example, according to division management, it reviews a sample of about 420 to 430 processed payments quarterly to assess whether the contractor is meeting the 99.7 percent payment-processing accuracy rate. From January 2000 through June 2006, the Division found that the contractor failed to meet its goal only twice, and both times by less than 1 percent.

Auditors also tested a sample of the 5 percent of payments that the Division processed and found no accuracy problems, but a review of the Division's internal controls showed a need for additional actions to reduce the potential for loss or theft. For example, one person is responsible for opening the mail that contains the paper checks that it manually processes, but the *State Accounting Manual* stipulates that mail containing cash receipts, which includes checks, should be opened by two employees. Adding an additional person may not be the most practical way to address this issue, in part because of the cost. Instead, the Division should continue to work on reducing the number of paper checks it must process and, if possible, eliminate them entirely. The Division can take steps to receive more payments electronically, such as continuing to work with the Department of Revenue to address technical issues so that it can electronically receive child support payments obtained through state tax intercepts. The Division could also have its payment-processing contractor receive and process the payments that the Division receives as paper checks.

Legislative Item

The audit shall examine the accuracy of the system by which the Division records the receipt and transfer of payments.

Division needs more effective means to capture payment error information (see pages 23 through 25)

Legislative Item

The audit shall examine the number of errors made by the Division in relation to payments being misdirected to persons to whom an obligation of support is not owed.

The Division has established a unit to research and correct possible payment-posting errors, but it has no efficient way to determine how many payments are being misdirected. A posting error occurs when incorrect information about a child support payment is entered into ATLAS. For example, the noncustodial parent or employer might provide an incorrect case number when submitting a payment, or a data entry error could be made. A misdirected payment, a type of posting error, results when a child support payment is made and posted to the wrong case in ATLAS, and thus subsequently sent to the wrong custodial parent. Using a database containing payment error information from July 1, 2005 through May 31, 2006, the Division estimated that about 5,800 of the nearly 3 million payments processed during this period had payment posting errors—an error rate of 0.2 percent.

Auditors could not readily verify the completeness or accuracy of the data that the Division used to calculate the above error rates because the database was no longer available as of November 2006, and the Division's primary remaining mechanism for storing payment-posting error information is its hard-copy files. Although the Division also uses another database to track the errors it receives, this database does not contain the details necessary to fully assess and track how many errors there are and why they occurred. To provide more definitive information about these errors on an ongoing basis, the Division needs a more effective means for capturing and reporting payment-posting error information, such as the type of error, who made it (e.g., noncustodial parent, employer, or division or contractor staff if they made a keying error), the reason for the error, and how it was corrected.

Division needs to improve process for making changes to payees (see pages 27 through 30)

Legislative Item

The audit shall examine the accuracy of the system by which the Division tracks changes relating to payees.

The Division uses ATLAS to make two key changes relating to payees—the amount and the payee. To ensure accuracy, the Division should improve its processes for changing the payee. The Division has several processes in place to help ensure that child support amount changes are accurately made and reflected in ATLAS. The court must authorize any change to the court-ordered child support amount. Once the Division has received the modified court order, staff enter modified child support court-order information into ATLAS so that the Division can begin collecting and enforcing the new amount. Entering modified court-order information may require staff to recalculate the amount of child support owed if the court order is retroactive. To ensure that modified amounts are accurate in ATLAS, the Division provides staff training and reviews staff work, and the Division reported that it requires that all changes to child support amounts be reviewed by a supervisor or a qualified debt worker who has passed a test in order to approve payment adjustments.

The Division needs to improve its processes for ensuring that changes to the payee are accurately made in ATLAS. The Division has statutory authority to redirect child support payments from the custodial parent to a caretaker and can also redirect payments to private collection agencies. The Division uses a specific screen in ATLAS to make payee changes. According to May 2007 division-reported data, approximately 430 of its 167,000 enforcement cases were using this screen to redirect received payments. Auditors' review of 33 judgmentally selected cases identified two cases in which payments were redirected to the wrong person and four cases where child support payments were not redirected to a private collection agency as requested. The Division should enhance its process by continuing its efforts to improve policies and procedures, and establishing and implementing an effective review and oversight process.

Division should better explain collection methods to noncustodial parents (see pages 31 through 38)

The Division's processes for helping ensure that enforcement actions are applied appropriately appear adequate, but it can more effectively communicate with noncustodial parents the reasons for its actions. State and federal laws and regulations provide the Division with 16 different methods for collecting child support payments and specify the criteria that cases must meet before the Division is authorized to apply them. Thirteen of the 16 enforcement methods are automated and triggered by the length of time that has passed since a payment was received and/or the past-due child support amount that is contained in ATLAS. For example, if the noncustodial parent owes at least \$50 in unpaid child support, ATLAS will automatically generate a letter informing the noncustodial parent that his or her state tax refund may be intercepted. Three enforcement methods require manual intervention by caseworkers: limited income withholding, worker's compensation offset, and license suspension. For example, if a noncustodial parent owes at least 2 months of unpaid child support, a caseworker will review the case details and may refer the case to court to request that the court suspend the noncustodial parent's professional license.

To ensure that both the automated and manual methods used to enforce child support and collect past-due support are appropriately carried out, the Division has established processes in the following four categories: guidance/oversight, quality reviews, internal audits, and administrative reviews. For example, as a part of its monthly quality reviews, five randomly selected cases per caseworker are reviewed to ensure that the information that caseworkers entered into ATLAS, such as the court-ordered amount of child support, matches the paper case file. Accurate information is critical for ensuring that both automated and manual enforcement processes are being carried out appropriately.

Legislative Item

The audit shall examine how the Division determines what methodology it uses to collect payments.

Although the Division has established various processes to help ensure enforcement actions are appropriately applied, it can more effectively communicate with noncustodial parents the reasons for its actions. Auditors found problems with both the letters sent to noncustodial parents about individual enforcement methods and those communicating the results of an administrative review. An administrative review is a process whereby a noncustodial parent can request the Division to review the appropriateness of the enforcement method(s) being used on his or her case. Both types of letters would benefit from revisions that could be undertaken as part of the Governor's Plain Talk Initiative. This initiative was developed to improve state government by decreasing confusion and red tape for the public. Although not all of the letters that auditors reviewed have been revised according to this initiative, the Department's Plain Talk Initiative workgroup has already revised 25 division documents, including some enforcement letters.

Processes over demand letters minimize risk of error (see pages 39 through 42)

Legislative Item

The audit shall examine the number of demand letters that are sent out in error or with erroneous information.

The Auditor General's Office is making no recommendations in this area because the Division has processes in place, such as training and supervisory oversight, that appear to reasonably minimize the risk that demand letters will go out in error or with erroneous information. In fiscal year 2006, the Division mailed out about 5,000 demand letters for past-due child support payments. Auditors' review of more than 60 of these letters found that none were sent in error or contained erroneous information. Auditors' review of data used to compile another 107 demand letters sent to bad-check writers found three errors (such as an incorrect address), but none were sent to someone who had not written such a check.

Division should further enhance the ease with which information is available (see pages 43 through 46)

Legislative Item

The audit shall examine the ease with which information is accessible to the public.

The Division should further improve the ease with which information is made available to the public, as well as its assessment of customer satisfaction with its offices. Various individuals and groups, including noncustodial and custodial parents, obtain child support information from the Division through three mechanisms: (1) the Division's Web site, (2) the customer service unit, and (3) the Division's and its IV-D partners' offices. Although these three mechanisms collectively provide access to general and case-specific information, auditors identified some ways to improve these mechanisms. For example, access to information on the Web site could be improved by better organizing the information on its home page. Also, the Division can ensure that customers visiting offices are provided a comment card.

Equipment and other mechanisms used to communicate between agencies appear sufficient (see pages 47 through 50)

The equipment and other mechanisms that the Division uses to communicate between agencies appear to meet its needs. The Division communicates child support information to a wide range of internal and external groups, including its 20 division and IV-D partner offices, the Department's Division of Benefits and Medical Eligibility, and other states' IV-D child support enforcement agencies. The Division uses both equipment, such as personal computers, and other mechanisms, such as a main software application, to store, process, and communicate child support information with other agencies. ATLAS is the Division's primary mechanism. Other mechanisms used include e-mail and QUICK, which is a new federal and state collaborative project that allows child support caseworkers to initiate real-time requests for child support payment information from another state.

The equipment and other mechanisms that the Division uses to communicate with other agencies appear to be meeting its needs. For example, although the Division acknowledges that ATLAS is an older application, ATLAS was fully certified by the U.S. Department of Health and Human Services for meeting federal system requirements in both 1999 and 2003, and is the second newest application at the Department. Auditors received no complaints regarding ATLAS' availability; however, industry standards indicate that monitoring system performance, including system availability, should occur. Therefore, the Department's Division of Technology Services should ensure it has a mechanism for capturing information on the dates and times ATLAS is not available to staff and use this information to address any availability issues that occur.

Legislative Item

The audit shall examine the adequacy of the equipment used by the Division to communicate between agencies.

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Agency Response

♦ concluded

INTRODUCTION & BACKGROUND

The Office of the Auditor General has conducted a special audit of the Department of Economic Security (Department), Division of Child Support Enforcement (Division), pursuant to Laws 2006, Ch. 209, §3. This law requires our Office to assess the Division's performance in eight specific areas in relation to child support payments (see textbox, page 6). This audit was conducted under the authority vested in the Auditor General by Arizona Revised Statutes (A.R.S.) §41-1279.03.

Background and history of child support enforcement program

The Division administers the federally mandated child support enforcement program. This program, outlined in Title IV-D of the Social Security Act of 1975, is known as the IV-D program. In Arizona, individuals who want help from the State to establish or enforce child support orders can apply for and receive IV-D program services (see textbox) for a minimal fee.¹ In addition, if a custodial parent is receiving Title IV-A public assistance monies, his/her information is automatically sent to the Division for the purpose of establishing and enforcing child support payments.² By enforcing child support orders, the Division works to prevent, reduce, and/or eliminate families' need for Title IV-A public assistance monies.

IV-D and Non-IV-D Cases

A IV-D case is a case in which the custodial parent:

- Has applied to the Division for services such as establishing paternity, establishing or enforcing a support order, or locating a noncustodial parent; or
- Is receiving, or has received, Title IV-A public assistance monies.

A non-IV-D case is a case in which the custodial parent:

- Has not applied for services from the Division, but for which the county clerk of court is providing customer service, such as providing a payment history upon request.

¹ Effective October 1, 2007, in accordance with the federal Deficit Reduction Act of 2005, the Division began charging the custodial parent a \$25 annual fee for those cases that have never received Title IV-A public assistance monies and for which the State has collected at least \$500 in child support.

² According to state and federal laws, when a custodial parent applies for public assistance through the Title IV-A program, Temporary Assistance for Needy Families, his/her information is referred to the IV-D child support program.

Child support enforcement process

The child support enforcement process involves several steps. When an individual requests services from the IV-D program, his/her case may progress through all the steps or only some of them. All cases start at intake, which involves opening the case and gathering data on the custodial family and noncustodial parent. Then, depending on the services needed, the case may progress to paternity, which involves identifying the child's or children's legal father; support order establishment, which involves obtaining a court order that indicates the dollar amount the noncustodial parent must pay to help cover the cost of raising his/her child(ren); and collections and enforcement, which involves ensuring that the noncustodial parent pays his/her child support obligation.

According to the Division, as of September 30, 2007, the IV-D program had 214,771 cases involving 257,725 children. A case consists of a custodial parent, a noncustodial parent, and the children of those parents.¹ Other child support cases for individuals who have not applied for the State's IV-D program services are known as non-IV-D cases, and various types of services for these cases are provided by the local clerks of court.

Division and Contractor IV-D and Non-IV-D Payments Processed Fiscal Year 2007 (In thousands)

Number of payments:

	Division	Contractor	Total
IV-D	177	2,019	2,196
Non-IVD	<u>5</u>	<u>1,147</u>	<u>1,152</u>
Total	<u>182</u>	<u>3,166</u>	<u>3,348</u>

Dollar amounts:

	Division	Contractor	Total
IV-D	\$64,626	\$288,941	\$353,567
Non-IVD	<u>3,162</u>	<u>326,530</u>	<u>329,692</u>
Total	<u>\$67,788</u>	<u>\$615,471</u>	<u>\$683,259</u>

Source: Auditor General staff analysis of division-provided ATLAS reports.

Centralized payment processing required by law

State and federal laws require that payments for all Arizona child support cases, including the IV-D cases that the Division and its IV-D partners handle and the non-IV-D cases that the 15 county clerks of court handle, be centrally processed by a state disbursement unit (see page 4 for a description of IV-D partners).² The Division established centralized payment processing for its IV-D cases by July 1, 1997, and for non-IV-D cases by December 1, 1998, well before the federally required date of October 1, 1999.

The Division has hired a contractor to perform the centralized payment-processing function.³ The contractor centrally processes the vast majority of child support payments. According to division data, in fiscal year 2007, about 3.35 million

¹ The term "custodial parent" is used throughout this report to include custodial parents and other custodial persons. According to division management, most cases have a custodial parent; however, there has been an increase in the number of cases where another person has custody of the child(ren), such as a grandparent.

² 42 U.S.C. §654b; A.R.S. §46-441(A) and (B).

³ According to the Division, the contract for this function expires in November 2007. The Division is in the formal procurement process for selecting a new vendor.

payments were processed for more than \$683 million (see textbox, page 2). The contractor centrally processed most of these payments. However, during that same period, the Division processed a small number of payments related to certain enforcement methods, such as intercepts of federal and state tax refunds and unemployment benefits.

Division’s case management system certified

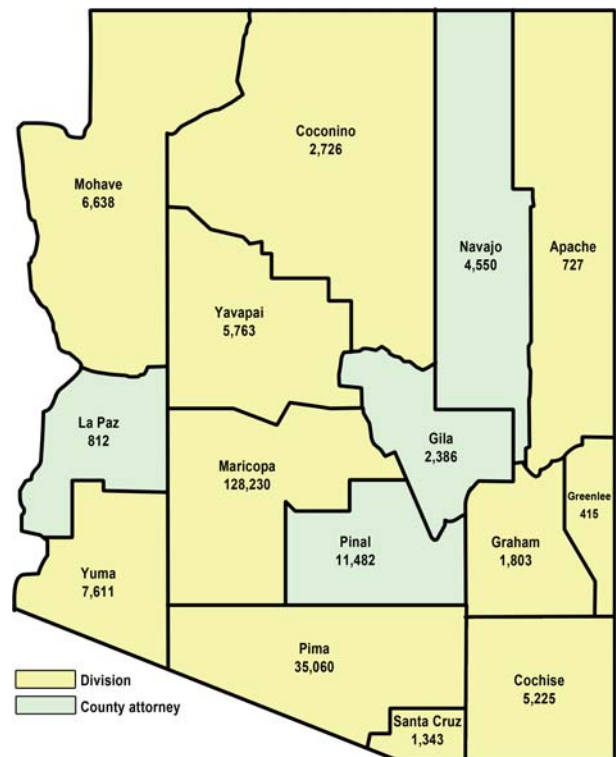
The Arizona Tracking and Location Automated System (ATLAS) is the Division’s state-wide automated case management system. Information contained in ATLAS includes demographic information on case participants, court order information such as the date of the order and the amount of child support required, and case activity information such as child support payments made and enforcement actions taken.

ATLAS was implemented state-wide in 1992 in response to the federal Family Support Act of 1988, which included the requirement for all states to have one state-wide case management system. In 1996, the Division made major modifications to ATLAS in response to additional federal mandates to establish more automated processes, including centralized payment distribution and income withholding orders. ATLAS was certified by the U.S. Department of Health and Human Services, Administration for Children and Families, in 1999 and certified again in 2003 after the Division made major, federally required modifications.

Program organization and staffing

Each state must have one entity that is responsible for administering its IV-D child support enforcement program, and the Division fulfills that requirement for Arizona.¹ However, as illustrated in Figure 1, in each county, either the Division or the county attorney’s office provides the IV-D program

Figure 1: Child Support Enforcement Program Operating Entity and Caseload by County¹ As of September 30, 2007



¹ The Navajo Nation handles an additional 8,205 tribal cases within Apache, Coconino, and Navajo Counties.

Source: Auditor General staff summary of division-provided operating entity and caseload data.

¹ 42 U.S.C. §654.

services, such as establishing and enforcing child support orders. Specifically, in 11 counties, the Division, in conjunction with the Attorney General's Office, provides services. In the remaining four counties, the county attorneys' offices provide services.¹ The four counties whose county attorneys' offices provide child support enforcement services are referred to as IV-D partners because they provide the same IV-D program services under the Division's policy and guidance.

According to the Division, there are 859 division and Attorney General employees state-wide involved in providing child support services. Some employees are located at the Division's main office in Phoenix, and others work from field offices throughout the State. As of June 30, 2007, the program employed 739 division employees, such as the assistant director; deputy assistant director; regional managers, supervisors, caseworkers, policy and procedures staff, program evaluation staff, and systems and automation personnel; and 120 Attorney General staff. In addition, as of June 30, 2007, the Division employed several nondivision employees, including 15 private contractor personnel and 42 other temporary employees (clerical, accounting, programming, and business analyst staff).

Program revenues and expenditures

Providing child support enforcement services in Arizona cost more than \$78 million during fiscal year 2007 (see Table 1, page 5). Revenues for the program come from two primary sources—federal monies and State General Fund appropriations:

- **Federal monies**—Two categories of federal monies contribute most of the program's total revenues. First, federal cost-sharing dollars generally reimburse 66 percent of the program's expenditures, including personnel costs, and professional and outside services. The program received about \$53 million in federal cost-sharing monies during fiscal year 2007. Second, the federal government distributes incentive payments to states to encourage and reward effective programs. These incentive monies have generally provided about 8 to 10 percent of the program's revenue. During fiscal year 2007, the program received about \$8 million in federal incentive monies. However, a provision of the Deficit Reduction Act of 2005 (Act) prohibits the State from using monies earned through incentive payments toward its federal match.² The Division has estimated that if the State does not appropriate additional monies for its state match to make up for the loss of the federal incentive monies, the changes resulting from the Act may reduce its federal revenues by approximately \$10 million annually.

¹ According to the Division, as of October 1, 2007, it began providing services in Cochise County. Previously, it contracted with a private company to provide these services.

² The State must match 34 percent of the federal monies awarded to the Division for its cost-sharing grant. In the past, the Division could use federal incentive monies as part of this 34 percent state match, thereby reducing the amount needed from state appropriations. A provision of the Deficit Reduction Act prohibits this after October 2007.

Table 1: Schedule of Revenues and Expenditures¹
Fiscal Years 2005 through 2007
(Unaudited)

	2005	2006	2007
Revenues:			
Federal cost-sharing grant	\$42,270,322	\$48,174,664	\$53,116,745
State's share of retained earnings	9,554,219	9,264,897	10,136,117
Federal incentives	5,337,163	5,712,216	8,288,843
State General Fund appropriations:			
Operating	4,244,740	4,404,700	4,458,686
Special line items	959,829	1,084,525	1,041,759
General administrative activities	736,228	765,708	682,006
Clearinghouse fees	<u>674,937</u>	<u>737,465</u>	<u>830,576</u>
Total revenues	<u>63,777,438</u>	<u>70,144,175</u>	<u>78,554,732</u>
Expenditures:²			
Personal services and employee related	36,343,432	42,413,135	49,198,404
Professional and outside services	6,079,512	6,906,445	7,278,176
County contract payments ³	6,352,662	6,935,031	6,475,420
Central payment processing	2,527,562	2,544,686	2,621,502
Equipment acquisitions	2,444,596	3,815,797	3,505,429
Other operating	<u>8,265,080</u>	<u>7,973,793</u>	<u>9,210,755</u>
Total expenditures	<u>62,012,844</u>	<u>70,588,887</u>	<u>78,289,686</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,764,594</u>	<u>(\$ 444,712)⁴</u>	<u>\$ 265,046</u>

¹ This statement is presented on a budgetary basis in which expenditures are reported in the budget year incurred and includes information up to July 22, 2007.

² Expenditures include the State's share of support service costs that are allocated by the Department to its various divisions. The Division's total allocated support service costs were approximately \$12.3, \$13.7, and \$13.7 million for 2005, 2006, and 2007, respectively.

³ Consists primarily of federal monies passed through to the counties who are contracted to provide child support services.

⁴ The deficiency of revenues over expenditures was funded from unexpended prior year revenues.

Source: Auditor General staff analysis of financial information provided by the Department from its Financial Management Control System as of July 22, 2007, for fiscal years 2005 through 2007.

- State monies**—Two sources of state monies provide the next biggest percentage of program revenues. The State General Fund contributed about \$6.2 million during fiscal year 2007. In addition, according to state and federal laws, a custodial parent must assign his/her rights to child support payments to the State when receiving Title IV-A public assistance monies. According to state and federal laws, the State retains these collected monies in exchange for the Title IV-A public assistance monies received. The federal government and the State are entitled to a share of these retained earnings. The State's portion of these retained earnings is referred to as the State's Share of Retained Earnings (SSRE). As long as the family is currently receiving or has received Title IV-A public assistance monies in the past, the program can retain the child support payments collected on the

family's behalf up to the amount of Title IV-A public assistance monies that family received.¹ During fiscal year 2007, the program retained approximately \$10.1 million in collections from Title IV-A public assistance cases.

The Division shares part of the federal cost-sharing monies with its IV-D partners. The four counties providing child support enforcement services (Gila, La Paz, Navajo, and Pinal), as well as other county clerks of the court and superior court-contracted entities, use local monies to help pay for their program costs not covered by federal dollars.

Scope and methodology

As set forth in Laws 2006, Ch. 209, §3, our audit work focused on the Division's performance in eight areas in relation to child support payments (see textbox below). This report presents eight findings and associated recommendations.

Audit Legislation

The Auditor General shall conduct a special audit, as defined in A.R.S. §41-1278, to assess the performance of the Division of Child Support Enforcement in the Department of Economic Security. The audit shall examine the following in relation to child support payments:

1. The number of errors made by the Division in relation to payments being misdirected to persons to whom an obligation of support is not owed.
2. The number of demand letters that are sent out in error or with erroneous information.
3. The accuracy of the system by which the Division records the receipt and transfer of payments.
4. The accuracy of the system by which the Division tracks changes relating to payees.
5. The adequacy of the equipment used by the Division to communicate between agencies.
6. How quickly the Division processes court orders.
7. How the Division determines what methodology it uses to collect payments.
8. The ease with which information is accessible to the public.
9. Any other function of the Division necessary to complete an accurate and timely audit.

Several methods were used to evaluate the specific legislative areas for this special audit. Methods used in all areas included interviews with department and division management and staff, and reviews and analysis of division policies and procedures, state and federal laws, and other documents outlining specific child support enforcement requirements.

• ¹ State and federal laws govern the distribution of child support payments among families, the State, and the federal government. The State can sometimes also retain child support payments collected on former public assistance cases. However, because the federal government shares in the program's cost, the program sends a portion of its retained collections back to the federal government.

In addition, the following specific methods were used:

- To determine how quickly the Division processes court orders, auditors observed the process for entering court order information into ATLAS.
- To determine what procedures were in place for ensuring payment-processing accuracy, auditors observed both the vendor's and the Division's payment-processing processes; randomly selected and examined ten division payments for several different payment types, such as financial asset seizures or Department of Revenue tax refund intercepts posted to ATLAS in calendar year 2006; reviewed more than 20 audit reports from January 2000 through June of 2006; and obtained and reviewed the Department's procedures on how automated payments are posted to ATLAS.
- To help assess how many payments were being misdirected, auditors observed the Division's process for working with payments posted in error and reviewed the Division's method for recording such information.
- To determine the accuracy of the system by which the Division tracks changes to payees, auditors reviewed 33 judgmentally selected cases to determine whether or not policies and procedures had been followed and to ascertain the adequacy of additional processes in ensuring accuracy of changes. Additionally, auditors observed the process for changing a court-ordered child support amount in ATLAS and compared system access controls to Information Technology industry standards.¹
- To assess the procedures the Division has in place for ensuring that enforcement methods are correctly applied, auditors reviewed division training materials, reviewed information contained in letters sent to noncustodial parents against guidelines outlined in the Governor's Plain Talk initiative, and observed an audit process known as a quality review.²
- Auditors reviewed information in ATLAS as well as information in other division files for more than 160 letters that were mailed to noncustodial parents during 2006 and 2007 to determine if any errors were made in sending out demand letters.³

¹ IT Governance Institute. *COBIT 4.1: Framework, Control Objectives, Management Guidelines, Maturity Models*. Rolling Meadows, IL: IT Governance Institute, 2007.

² A quality review is a review of five cases per caseworker, per month, randomly selected and reviewed by either the caseworker's supervisor or staff from a special projects team. The cases are reviewed to ensure that the caseworker's documentation entered into ATLAS matches the paper case file and that the actions taken on the case were appropriate. Any errors are reported to the caseworker's supervisor.

³ Information was reviewed for 107 of the letters because they were mailed as a special project that the Division and the Attorney General's Office carried out in May 2006. The remainder of the letters were selected from letters sent out during calendar year 2006 and February, May, and June 2007.

- Auditors tested the Division's automated telephone system and compared it to best practices outlined in a September 2002 federal study of automated telephone systems to determine the ease with which information is available to the public.¹ Additionally, auditors conducted interviews with division and IV-D partner staff and one observation of a field office to obtain information on the availability of customer survey response cards.
- To determine the adequacy of the equipment used to communicate with other agencies, auditors tested the process for obtaining secure e-mails from the Division and observed division staff using various communication mechanisms such as the Child Support Enforcement Network (CSENet), and Query Interstate Cases for Kids (QUICK). Auditors also used Information Technology industry standards when assessing equipment adequacy.²
- To develop information for the Introduction and Background, auditors reviewed the Auditor General's 2001 Performance Audit Report of the Division (see Report No. 01-01) and state and federal laws for child support enforcement, and gathered unaudited information from the Division regarding ATLAS and its budget and personnel.

This audit was performed in accordance with government auditing standards.

The Auditor General and staff express appreciation to the Department of Economic Security and its staff, the child support enforcement staff from the offices of the Attorney General and county attorneys, and its private contractors for their cooperation and assistance throughout the audit.

¹ U.S. Department of Health and Human Services. Office of Inspector General. *Statewide Child Support Automated Telephone Systems*. Washington, D.C.: DHHS, Sept. 2002.

² IT Governance Institute. *COBIT 4.1: Framework Control Objectives, Management Guidelines, Maturity Models*. Rolling Meadows, IL: IT Governance Institute, 2007.

FINDING 1

Division should track court order processing times

Most division and IV-D partner offices reported processing court orders within 5 days after receiving them; however, it is not possible to verify processing times because the Division does not specifically track this information. Timely court order processing is important because it is a necessary first step for enforcing court orders and correctly distributing child support payments. To ensure that its processing is as timely as possible, the Division needs to ensure that its offices establish processing goals, collect information to measure the extent to which these goals are met, and report this information to division management. The Division also needs to ensure that its offices can receive notification of the court order as quickly as possible so that processing can begin. Formalizing and expanding a step begun in Pima County may be helpful in doing so.

Legislative Item

The audit shall examine how quickly the Division processes court orders.

Processing court orders involves two main steps

Before the Division can begin to enforce court orders and correctly distribute child support payments, two key steps must occur:

- **Court order must be received**—The Division or its IV-D partner offices must receive a copy of the court order or court minute entry that specifies the amount of child support that must be paid.¹ Each county clerk of court has its own procedures for providing this information to the Division or its IV-D partners.
- **Information must be entered into Division's system**—Once the Division or its IV-D partners receive the court order or minute entry, staff enter the information into ATLAS, the Division's case management system. This process is known as "setting up the debt." It involves entering information such as the date the court order takes effect, the amount of child support owed, how often the payment is required, such as weekly or monthly, and how the amount is to be disbursed,

¹ A minute entry is a written record of the judge's order from the bench or after a hearing, usually not signed.

which depends in part on whether the custodial parent is receiving public assistance monies.¹ Once debt setup is completed, child support payments can be processed and automated collection actions can be initiated, such as notices being sent to the noncustodial parent informing them that certain enforcement actions will be taken if payments are not made. (For more information on enforcement methods, see Finding 5, pages 31 through 38.)

Division should track court order processing

Auditors were unable to determine how long it takes division and IV-D partner offices to process court orders they receive because the Division does not specifically track this information. Several steps would help the Division to do so.

Division does not track how quickly court orders are processed—

Although 10 of 11 representatives from division and IV-D partner offices who auditors spoke with reported processing court orders within 5 days, only one office had a mechanism in place that it was using to calculate this information. The Division also does not have any specific mechanisms in place to capture and report this information. Therefore, it was not possible for auditors to verify that the Division and its IV-D offices were meeting the time frames they reported.

Improved tracking requires goals, method, and reporting—

Because child support orders cannot be enforced and payments may not be distributed properly until the debt is set up in ATLAS, the Division should take several steps to ensure court orders are processed in a timely manner in ATLAS:

- **Establishing processing goals**—First, the Division should establish or ensure that all division and IV-D partner offices establish reasonable goals approved by the Division for timely processing of initial and modified court orders in ATLAS. Division and IV-D partner offices currently vary in the extent to which they have established processing goals. The Division reported that it has not established deadlines for processing court orders, and 2 of the 11 division and IV-D partner office representatives interviewed reported that their offices had not set any goals, either. The 9 office representatives who reported setting processing goals stated that the goals ranged from 2 to 5 days, with some offices reporting different goals depending on whether the court order is an initial court order or modified court order.²

¹ As part of receiving public assistance monies, the custodial parent assigns his/her rights to child support collections to the State. Then, when the Division collects child support payments on the case, it uses that money up to the court-ordered amount or the cumulative amount of the public assistance grant, whichever is less, to help offset its program costs. However, since federal monies cover about 66 percent of the IV-D program's costs, according to the Division, it remits 66 percent of the amounts collected to the federal government.

² Modified court orders occur when participants return to court after there are changes in custody or income, and the court modifies the payment order. According to the Division, modifications can be more complicated than initial orders, such as if the child support amount change is retroactive.

- **Gathering information about processing times**—The Division should ensure that all offices are capturing the information needed to evaluate and report on the timeliness of court orders being processed. To do so, the Division should establish a method or allow each office to establish a method subject to division approval for capturing date information on when court orders are received and when debts are set up within ATLAS.
- **Reporting results and monitoring for problems**—The Division should ensure that whatever method(s) is established allows the offices to report to division management on how well they are doing in meeting timeliness goals. The Division should then use the information to address any timeliness issues that the various offices may be experiencing.

The Division should track the timeliness of court order establishment and address any issues.

Division should continue to work with clerks of court to receive court order information in a timely manner

Timely processing of court orders also depends on how long it takes the Division or its IV-D partners to receive the order from the court. Changes in how the clerks of court notify the Division or its IV-D partners may help make the process as prompt as possible.

Amount of time needed to receive notification varies—According to the Division, the amount of time it takes to receive a copy of the order or minute entry varies from county to county. For example, the Division reported that it can take 7 to 10 business days for the Division to receive a signed court order from one county with a larger caseload; in contrast, one division office in a county that has a smaller caseload reported that the clerk of court provides a signed copy of the court order on the same day as the hearing. According to division management, obtaining copies of court orders from other states or from case participants who have gone back to court without notifying the Division may result in even longer delays. The Division reported that it does not track how long it takes it or its IV-D partners to obtain signed court orders or minute entries.

Opportunities may exist for streamlined communication of information—The Division has taken actions to improve the speed with which it receives court order information. For example, the Division has worked with the Pima County and Maricopa County clerks of court to gain access to the courts' electronic systems for capturing court order information. Access to these systems allows the Division to more quickly receive the information necessary to set up the debt in ATLAS.

This access may also help solve a key issue in division staff's ability to remain up-to-date on some cases. The Division reported that it is common for the noncustodial and custodial parent in the cases it is enforcing to go back to court on their own and obtain a modification without informing the Division. In such situations, the Division does not know to look at the clerk of court system for an update. However, the Division worked with the Maricopa County clerk of court to obtain data from Maricopa's system that can be matched against ATLAS to identify cases that the Division has not been informed about. The Division should continue with its plans to make this an automated, regularly occurring process. The Division also reported that it is in the beginning stages of working with the Pima County clerk of court to determine whether a similar matching process can be used. The Division should continue to work with the Pima County clerk of court to determine whether this matching process can be used, and work to implement the process if appropriate.

Pima County and division officials have also developed another possible way to overcome this problem. The approach involves allowing Pima County staff to enter an alert into ATLAS. Representatives from the Pima County clerk of court's office and the Division's Pima County office reported that clerk of court staff were adding a code to ATLAS for IV-D cases that resulted in the assigned caseworker's being notified that a court order had been signed. According to a representative from the Pima County clerk of court, adding this information to ATLAS was not difficult or time consuming. Division management reported that the specific ATLAS code being entered by Pima County clerk of court staff was intended for other purposes, but acknowledged the value of this procedure. Therefore, the Division developed a new code for Pima County to use for IV-D cases.

The type of process used in Pima County may have applicability in other counties, as well. Because the Division's Pima County office found this process helpful for ensuring that it receives court order information in a timely manner, the Division should work with other counties' clerks of court to determine if using a similar process would be beneficial, and if so, establish similar approved processes with those clerks of court.

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 minute entries 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 courts.

FINDING 2

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

The Division's contractor, which handles 95 percent of child support payments, has a system in place that allows it to meet contractual requirements for payment accuracy. Auditors tested a sample of the 5 percent of payments the Division processed and found no accuracy problems, but a review of the Division's procedures showed a need for additional actions to reduce the potential for loss or theft.

Legislative Item

The audit shall examine the accuracy of the system by which the Division records the receipt and transfer of payments.

Payment-processing contractor has procedures to help ensure accuracy and security

The Division's payment-processing vendor, which processes most child support payments (see textbox), uses numerous processes to help it meet a contractually required 99.7 percent accuracy rate and to ensure the payments are safeguarded. Very few concerns have been noted in the processing control reviews it has received from the Division, the Department, and the Office of the Auditor General.

Contractor has established payment-processing procedures—The contractor has established various procedures to help ensure that it meets the contractually required 99.7 percent payment-processing accuracy rate and to ensure that the paper checks and electronic payment information are secure. For example, according to contractor management, new staff train for 6 weeks learning how to process payments. Their

Payments Processed Fiscal Year 2007 (In millions)

	Number of Items	Amount
Contractor-Processed	3.17	\$615
Division-Processed	<u>.18</u>	<u>68</u>
Total	<u>3.35</u>	<u>\$683</u>

Source: Auditor General staff analysis of division-provided ATLAS reports.

The contractor's quality assurance specialist reviews payments over \$2,500.

work is monitored closely during the entire training period, including after they are paired with an experienced processor to learn about researching payments in ATLAS, the Division's case management system. If additional training is needed, trainees' work continues to be monitored. In addition, the contractor has established policies and procedures that provide detailed payment-processing guidance. For example, according to contractor management, payment-processing staff must match two pieces of information located on the face of the child support payment check to data from ATLAS in order to process the payments to the correct cases. The preferred piece of information to match is the ATLAS case number along with one other secondary piece of information. Other secondary pieces of information include the noncustodial parent's name, social security number, and the court order number. Two pieces of secondary information can be used alone for matching if the ATLAS case number is not available.

The contractor also employs a quality assurance specialist who is responsible for performing reviews of certain payments such as payments over \$2,500, or payments that are \$40 more or less than the last payment made on the case. The items falling in these categories are identified by the contractor's special software, and then the quality assurance specialist reviews these payments to ensure they were correctly processed. The contractor processes an average of about 264,000 payments each month, and according to contractor management, the specialist reviews an average of 3,439 items each month and corrects an average of 107 errors each month. Additionally, according to contractor management, staff compensation is based on speed and accuracy, and supervisors are informed of errors the quality assurance specialist finds so they can address them with the staff.

In addition to the processes in place that help ensure accuracy, the contractor has established security measures to safeguard the paper checks and electronic payment information. For example, the contractor has established physical security by restricting access to the payment-processing room only to staff who have been issued magnetic access cards and by requiring workers' personal belongings, such as purses and cell phones, to be secured outside of the room. In addition, employees are issued user identification numbers and passwords that must be used to access the processing software. Further, contractor management reviews video footage from video cameras installed in the room.

Division has procedures to ensure child support payment information is accurately input into ATLAS—The Division has established some automated procedures that help ensure that information about the payments the contractor processes is accurately entered into ATLAS. According to division IT management, prior to processing the contractor's daily payment information into ATLAS, the system runs a program that checks for

matching ATLAS information on each payment. For example, the program looks for matches of the noncustodial person's name and social security number. Records that do not match are isolated so that the Division can further research them while the matching records can be posted to the correct cases and the payments can be processed. In addition, according to department IT officials, to maintain security, all data transfer information is encrypted and users must be granted access to view this data.

Payment-processing reviews have not identified concerns—The contractor's payment-processing activities have received favorable reviews from the Division, the Department, and the Office of the Auditor General. For example, according to division management, the Division reviews a sample of about 420 to 430 processed payments quarterly to assess whether the contractor is meeting the 99.7 percent payment processing accuracy rate.¹ Auditors' review of 23 available division quarterly audits from January 2000 through June 2006 found that the contractor failed to meet its goal only twice, and both times by less than 1 percent.²

In addition to the division audits, the Department's Audit and Management Services (AMS) unit conducts annual audits of the contractor. As a part of these audits, AMS reviews some of the contractor's payment-processing procedures, such as how the checks are received and entered into the contractor's system. AMS also compares some of the payments posted to the contractor's system to the information that was transferred into ATLAS. In the most recent annual audits, conducted during fiscal years 2003, 2004, and 2005, AMS did not identify any concerns and indicated that the internal controls appear adequate.³

Similarly, in 2005, the Office of the Auditor General reviewed the contractor's processes as part of a financial audit of the Department to determine the adequacy of controls in place over payment processing and assess whether further audit work was needed. Auditors noted that several payment-processing procedures were in place, such as a process for reconciling the work each day that included supervisory approval and that supervisors, not processing clerks, must correct errors. Auditors determined that the Division's monitoring of the contractor's processing was sufficient to ensure payments were processed properly to help ensure accuracy.

Audits have not identified any concerns with the contractor's payment processing.

¹ In determining the accuracy rate, the Division considers the nature and impact of each error, with major errors counting as a full error and minor errors counting as one quarter of an error. For example, posting a payment to the wrong case or posting a wrong dollar amount to a case are considered major errors, but entering the wrong check number is considered a minor error.

² The contractor received overall ratings of 99.39 percent in the Division's review of the first quarter of 2000 and 99.36 percent in the Division's review of the last quarter of 2004.

³ AMS expects its fiscal year 2006 audit to be completed by the end of October 2007. As our audit work was completed by the end of September 2007, our review did not include the fiscal year 2006 audit report.

Division processes payments accurately, but should improve paper check-handling procedures

Auditors' review of a sample of the relatively small percentage of payments processed by the Division showed no accuracy-related problems. However, the Division can take steps to better ensure that its procedures for handling payments that are made by paper checks provide appropriate safeguards.

Division processes a small percentage of payments—The Division processes approximately 5 percent of the total child support payments annually processed in Arizona. These payments include those related to tax refund intercepts, financial asset seizures, or payments from noncustodial parents who had payment checks returned for insufficient funds. The majority of division-

processed payments are received electronically and processed through automation. For example, according to the Division, the Internal Revenue Service electronically transfers monies into the Division's bank account from federal tax refunds that have been intercepted to pay child support. It also sends the Division an electronic record of the deposit amount and the information needed to determine which child support cases the monies apply to. Similar to its processing of the electronic payment information received from the contractor, to ensure that these electronic payments are accurately posted to the correct cases, the Division runs a data-matching program prior to posting the payments in ATLAS.

Division-Processed Payments Fiscal Year 2007

	Number of Items	Amount
Processed Electronically	137,000	\$42.5 million
Processed Manually	<u>45,000</u>	<u>25.3 million</u>
Total	<u>182,000</u>	<u>\$67.8 million</u>

Source: Auditor General staff analysis of division-provided ATLAS reports.

However, the Division receives some payments through paper checks and must process these payments manually. For example, the Division receives a paper check from the Arizona Department of Revenue for state tax refunds that have been intercepted to pay child support. Similarly, according to a division manager, the Division receives and processes some paper checks from collection agencies that have collected monies from noncustodial parents who had child support payment checks returned for insufficient funds.

Division has some procedures to ensure accuracy and security—The Division has established some procedures for helping ensure that the paper check payments it manually processes are done so accurately. For example, similar to what the payment processing contractor's staff must do, the Division's staff match two pieces of information from the paper checks, such as the case number and noncustodial parent's name, to information in ATLAS. In addition, the Division has a daily reconciliation process where a supervisor verifies the dollar amount of paper checks processed into ATLAS with the dollar amount to be deposited in the bank. The Division has also appropriately separated some duties. Specifically, the

person making the deposit does not have access to ATLAS, and the person recording information in ATLAS works from copies of the paper checks instead of the actual checks. In addition, the Division sends monthly statements to custodial and noncustodial parents of all the payments made on their case that month to help ensure that no payments are lost or stolen.¹

For better control, Division should seek options for processing paper checks—Auditors did not specifically identify any accuracy-related problems with the handling of paper checks, but the Division’s procedures show potential vulnerability with respect to protecting these payments against loss or theft. Auditors reviewed a sample of ten randomly selected payments that were manually processed during calendar year 2006 and found no errors. A review of the Division’s internal controls, however, showed these controls are not fully in compliance with the *State Accounting Manual’s (Manual)* requirements for safeguarding cash receipts, which include checks. The Division has allocated responsibility for opening the mail that contains the paper checks it manually processes to one person, called the cashier. To help ensure paper checks are safeguarded, the *Manual* stipulates that two employees should open mail containing cash receipts, which includes checks. Although the Division has a policy to not accept currency and indicated that it has not experienced any losses because of theft, having only one person conduct the processing of checks increases the potential for loss or theft.²

Adding an additional person may not be the most practical way to address this issue. Division management expressed concern about the cost of adding a second person to the paper check-handling process because they believe that there is enough work for one full-time person, but not two full-time people. Additionally, since the individual handling the paper checks cannot access ATLAS, the Division cannot effectively use a second person for other responsibilities or have a current staff person assist in this area.

Instead of adding another person, the Division should continue to work to reduce the number of paper checks it must process, and if possible, eliminate them entirely. The Division can do this in the following ways:

- **Taking steps to receive more payments electronically**—For example, the Division has approached the Arizona Department of Revenue to explore how state tax intercept payments could be processed electronically instead of through paper check payments. According to a division official, paper checks rather than electronic payments are sent from the Department of Revenue because of programming and technical issues with the Arizona Financial Information System. The Division should also work with other entities, such as financial institutions or clerks of court, to submit payments electronically instead of by paper check.

The Division should continue to reduce the number of paper checks it manually processes, and if possible, eliminate them entirely.

¹ According to a division manager, to address programming issues, the noncustodial parent monthly notices were stopped in November 2006 and started back up in May 2007.

² The Division’s policy indicates that it does not accept currency for child support payments. Acceptable forms of over-the-counter payments include personal or business checks, money orders, and traveler’s and cashier’s checks.

- **Using the contractor to process checks**—If all of these payments cannot be transferred to an electronic form, an option for eliminating the Division’s handling of them would be to have the Division’s payment-processing vendor receive and process the payments that the Division is currently receiving through paper check. As indicated on pages 15-17, the contractor has several processes in place to help ensure payments are both safeguarded and processed accurately. The Division indicated that it has not sent the paper checks it is receiving to the vendor because, under the current contract, an additional expense would be incurred. However, the Division further indicates that it is pursuing having the vendor process payments that the Division is currently processing with the renewal of its contract.

In the interim, other steps are needed to lower risk—As the Division works to find options to processing paper checks, it should take two other steps to lower the risk of loss or theft:

- **Restrictively endorsing checks as soon as possible**—The Division does not immediately endorse its paper checks, but doing so would help lower risk. The *Manual* states that all checks and money orders should be immediately endorsed “For Deposit Only” to the credit of the state agency. Auditors found that the cashier who opens the mail waits to restrictively endorse the paper checks until after copies have been made and the cashier is creating the deposit. In addition, because the mail arrives three times during the day, not all checks are prepared for deposit the day they come in. Although unprocessed checks are locked in a safe each night, they are not restrictively endorsed until they are prepared for deposit, which for some payments does not occur until the next day. The Division should ensure that all checks are restrictively endorsed as soon as possible upon receipt.
- **Strengthening written procedures**—The Division also needs to improve the written procedures outlining the cashier’s functions. The Division has trained other staff to perform the cashier duties in case of absence, but these staff do not perform these duties often. Auditors found that the cashier’s procedures lack the detail necessary to ensure that staff who are not familiar with the process could use them to perform the cashier’s duties. For example, the checks the Division receives must be sorted into categories, but the categories are not well defined. Therefore, it would be challenging for someone unfamiliar with the job to determine which category to place a check in. Similarly, there are three different accounts that checks can be deposited into, depending on the type of payment being made. However, only two accounts are mentioned in the procedures. In addition, the procedures do not direct the cashier to restrictively endorse the checks as early as possible in the process.

Recommendations:

1. To further reduce the risk of loss or theft, the Division should continue to 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 early as possible in the process.

FINDING 3

Division needs more effective means to capture payment error information

The Division does not have an efficient way to determine how many payments are being misdirected to persons who should not be receiving them. The Division conducted a review that found that out of nearly 3 million payments processed during a recent 11-month period, about 5,800 had posting errors, which included misdirected payments. However, auditors could not verify the information the Division reported because the database it used was no longer available. To provide more definitive information about these errors on an ongoing basis, the Division needs a more effective means for capturing and reporting this information, because the only remaining source for payment-processing error information is its hard-copy files.

Legislative Item

The audit shall examine the number of errors made by the Division in relation to payments being misdirected to persons to whom an obligation of support is not owed.¹

Misdirected payments one form of posting error

A posting error occurs when incorrect information about a child support payment is entered into ATLAS, the Division's case management system. According to the Division, a misdirected payment, which is a type of posting error, results when a child support payment has been made, but it is posted to the wrong case in ATLAS, and thus subsequently sent to the wrong custodial parent. For example, a misdirected payment can occur if the Division or its payment-processing contractor receives the incorrect case number from the payer (e.g., the noncustodial parent or employer), or if an error is made while entering the case number during the payment-processing process, and the case number provided or entered matches another case in ATLAS.

The Division has established a unit to research and correct possible payment-posting errors, including misdirected child support payments. According to division management, requests to investigate potential errors can come from various sources, such as a custodial parent who has contacted the Division indicating that

¹ According to the Division, misdirected payments may occur because of information submitted by the payer (e.g., the noncustodial parent or employer) or through data entry mistakes, and can only be sent in error to another custodial parent who has a case with a child support order. A misdirected payment occurs when a child support payment is made but is posted to the wrong case in ATLAS.

he/she has not received a payment, or caseworkers or other staff who identify a possible error in the course of doing their work. According to division management, if the Division determines that it or its payment processing contractor has made an error resulting in a misdirected payment, it immediately uses monies from an appropriated special line item to pay the correct custodial parent and then works to recover the monies from the custodial parent who received the payment in error.¹

Division review indicated low posting-error rate, but results cannot be verified

The Division has estimated that payment-processing errors occur in considerably less than 1 percent of total payments processed. According to a division manager, this estimate was developed using a database containing payment-processing error information. According to the Division, from July 1, 2005 through May 31, 2006, about 5,800 of the nearly 3 million payments processed had payment-posting errors—an error rate of 0.2 percent. The Division’s estimate did not break down the errors by type, so the incidence of misdirected payments is unknown. However, the Division reported that about 370 misdirected payment errors had not been resolved during the time frame—that is, the error had been identified, but the payment had not been recovered. To cover these errors, the Division had paid about \$82,000 to custodial parents.

Auditors could not readily verify the completeness or accuracy of the data the Division used to calculate the above error rates because the database was no longer available as of November 2006, and according to division management, its primary remaining mechanism for storing payment-posting error information is its hard-copy files. The Division uses another database to track the payment errors it receives, but this database does not contain the details necessary to fully assess and track how many errors there are and why they occurred. Because there were an estimated 5,800 payment errors in the Division’s report, auditors could not compile the information necessary to verify the Division’s reported numbers within the audit’s time frame.

The Division’s database does not contain necessary details to track payment-processing errors.

♦ ¹ According to division management, the appropriated central payment processing special line item includes monies to cover custodial parent overpayments (i.e., misdirected payments) and returned checks.

Division should track and analyze posting errors

To make information available for management purposes on the number of payment-posting errors, including misdirected payments, the Division should develop or modify an existing electronic mechanism, such as a database, for tracking this information. The information captured should include the type of error, who made it (e.g., noncustodial parent, employer, or division or contractor staff if they made a keying error), the reason for the error, and how it was corrected. Such a mechanism would allow the Division to ensure that appropriate actions have been taken to correct errors and identify whether any additional action may be needed to help improve payment-posting accuracy, such as providing training or making procedural changes.

Details about payment-processing errors should be tracked and used to prevent future errors.

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.

FINDING 4

Division needs to improve process for making changes to payees

The Division uses ATLAS, its case management system, to make two key changes relating to payees. For the first type, a change in the amount of child support owed, the Division has established processes to help ensure these changes are accurately made in ATLAS. For the second type, a change to who receives the child support payment, the Division needs to improve its processes to help ensure that payee changes are accurately made in ATLAS and that payee change cases are appropriately managed.

Legislative Item

The audit shall examine the accuracy of the system by which the Division tracks changes relating to payees.

Division processes help ensure accuracy of child support amount changes

The Division has several processes in place to help ensure child support amount changes are accurately made and entered into ATLAS. A change in the court-ordered child support amount may be requested by custodial and noncustodial parents in limited circumstances. The Division may also request an adjustment for cases receiving Title IV-A public assistance.¹ However, the Division does not have the authority to modify the amount of child support. Rather, the court must approve any change in the amount.

Once the Division has received the modified court order, division staff enter the modified child support court order information into ATLAS so that the Division can begin collecting and enforcing the new amount. Entering modified court order information may require staff to recalculate the amount of child support owed if the order is retroactive. To ensure modified amounts are accurately made in ATLAS, the Division provides initial and continuing staff training, and conducts reviews of staff work. Additionally, the Division reported that it requires all changes to child support amounts to be approved by a supervisor or qualified debt worker who has passed a

¹ 42 U.S.C. §666 requires the Division to review current public assistance child support cases every 3 years, and if appropriate, request an adjustment.

test in order to be able to approve payment adjustments. (For more information on the specific types of division reviews conducted, see Finding 5, pages 31 through 38.)

Division needs to improve processes to help ensure payee change accuracy

Although the Division has statutory authority to redirect child support payments from the custodial parent to another person under certain circumstances and can also redirect collected child support payments to a private collection agency, the Division does not have sufficient processes in place to help ensure that these payee changes are appropriately and accurately made. Auditors' review of 33 judgmentally selected cases where payments had been redirected identified 2 cases in which payments were redirected to the wrong person and 4 cases where child support payments were not redirected to a private collection agency as requested. Additionally, auditors found that both the Division's management of and the policies and procedures for payee changes were inadequate. Therefore, to ensure payee changes are accurately and appropriately made, the Division should review all cases where payments are being redirected, continue its efforts to improve its policies and procedures, and establish an effective oversight process.

Division can change payee—The Division is allowed to redirect child support payments to another person besides the custodial parent under certain circumstances and can also redirect collected child support payments to a private collection agency. First, the Division has authority pursuant to A.R.S. §46-444 to redirect child support payments for IV-D cases to another caretaker when the custodial parent has given custody of a child(ren) to another caretaker without legally changing custody, and the caretaker has had physical custody of the child(ren) for at least 30 consecutive days. Second, some custodial parents with IV-D cases choose to contract with a private collection agency to enforce their child support, and although the Division does not stop enforcing the case, the Division reported that it will redirect child support payments to the private collection agency when requested by the custodial parent to do so.¹

The Division uses a specific screen in ATLAS to make payee changes. This screen redirects received payments to another caretaker or private collection agency. According to May 2007 division-reported data, approximately 430 of its 167,000 enforcement cases were using this screen to redirect received payments.

Case review identified some misdirected payments—Auditors reviewed 33 judgmentally selected cases from approximately 430 cases that had payments redirected and found 2 cases where payments had been redirected to the wrong

Auditors found two cases where payments had been misdirected to the wrong person.

¹ Regardless of whether the custodial parent has hired a private collection agency to enforce his/her case, noncustodial parents are to continue to make payments to the State's centralized payment-processing unit to receive credit for payments.

person. For example, in one instance, a custodial parent with two separate child support cases needed payments redirected to a caretaker for only 1 of the cases. However, the Division redirected payments for both cases to that caretaker. As a result, one payment of \$225 was sent to the caretaker instead of the custodial parent.

For the second instance where payments were redirected to the wrong person, it appears that payments may have been misdirected since November 2002. However, the Division was unable to identify how much had been misdirected. According to the Division, the caretaker who was receiving the misdirected payments was living with and giving the child support money collected to the custodial parent. The Division reported that it is determining whether it needs to obtain an affidavit to that effect. Also, it has redirected the payments back to the custodial parent.

Auditors also identified four cases where child support payments were not redirected to a private collection agency as requested. For example, auditors identified one case where the custodial parent was receiving payments directly from the Division through an electronic payment card even though the custodial parent had requested that money be redirected to a private collection agency. In another case, the custodial parent authorized redirection of payment in February 2003 to a private collection agency, but the payments were not redirected until October 2003.

Case review identified case management and policy concerns—

Auditors' case review also found that the Division's case management and policies and procedures need improvement:

- **Case management and oversight**—Auditors identified a number of cases where case management and oversight could be improved. In seven cases, additional action needed to be taken.¹ For example, auditors found one case where the noncustodial parent had custody of the child. According to the Division, this case has been referred to Attorney General staff to terminate the child support order because the noncustodial parent had custody of the child. Auditors also identified two cases where child support enforcement services were provided to a new caretaker without the caretaker's requesting the Division's child support enforcement services or filling out the necessary paperwork. Auditors also identified seven other cases where the required paperwork was not in the case file. The Division reported that it has since located the missing paperwork and placed it in the files. In addition, auditors identified a case where it appears an incorrect ATLAS screen was used to redirect payments to a private collection agency. According to the Division, although case payments were sent to the correct address, all division communication that would have been sent to the custodial parent was also redirected to the private collection agency.

¹ The seven cases needing additional action include three of the six cases where payments were misdirected to the wrong person or had not been redirected as requested.

- **Policies and procedures**—Auditors found that division policies and procedures for changing payees were insufficient. For example, auditors found that the Division's policies and procedures do not direct staff on how to handle payment transfers on cases where the custodial parent had previously elected to receive payments through a direct deposit or an electronic payment card. Staff need to check the ATLAS screens that establish direct deposit or an electronic payment card because these screens override the screen that redirects money. Auditors also found that the Division did not have policies and procedures for how to handle cases where the money is redirected judicially. Without policies and procedures guiding staff on how to redirect payments and what type of documentation is needed when there is a judicial redirect or custody change, staff cannot ensure that they are accurately redirecting monies and appropriately managing the cases. As of August 31, 2007, the Division began implementing changes to its policies and procedures.

Division should take additional actions to ensure payee changes are accurately and appropriately managed—Given that most payee-change cases that auditors reviewed had some type of concern and because child support payments can be redirected by division staff to someone other than the custodial person, the Division should review all of the cases where payments are being redirected to ensure that the change to payee is accurate and appropriate. In addition, the Division should continue to revise its policies and procedures to ensure that staff have adequate guidance on how to appropriately and accurately redirect payments.

The Division should also establish and implement an effective review and oversight process. Although the Division reported that only limited staff can make payee changes, the Division has very limited review or oversight of the payee-change process. For example, even though payments are being redirected to another person or company, there is no supervisory approval process for these changes. Because auditors' review of cases identified payments that were redirected inappropriately and cases that needed additional oversight and management, the Division should establish and implement an effective review and oversight process specifically for cases where payments are being redirected.

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 have 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.

FINDING 5

Division should better explain collection methods to noncustodial parents

In determining what enforcement methods to use in collecting child support payments, the Division is guided primarily by statutory and regulatory criteria. State and federal law and regulations provide the Division with 16 different methods for collecting child support payments and specify the criteria that cases must meet before the Division is authorized to apply them. The Division's processes for helping ensure that enforcement actions are applied appropriately appear to be adequate. However, auditors found that the Division can more effectively communicate with noncustodial parents the reasons for its actions.

Legislative Item

The audit shall examine how the Division determines what methodology it uses to collect payments.

State and federal laws determine enforcement methods

The Division is authorized to use 16 different enforcement methods to ensure child support payments are paid. As noted in Table 3 in the Appendix (see page a-ii), state and federal laws and regulations provide the criteria that must be met, such as the amount of unpaid child support that must be owed before the Division can take enforcement action, such as intercepting a noncustodial parent's state income tax refund. Because these enforcement methods are specific to the IV-D child support program, the Division is the only agency authorized to apply such a broad range of enforcement methods. When a case is opened, the Division notifies the noncustodial parent that enforcement actions will be taken if his or her child support is not paid. This initial notice also provides a list of some of the enforcement methods the Division has the authority to use. In addition, if child support is not paid as ordered and the enforcement criteria is met, the Division notifies the noncustodial parent that child support payments are past due and that it has the authority to use a certain enforcement method, or methods, to collect the past-due support. As long as the criteria are met, multiple enforcement actions can be taken at the same time on the same case. Similarly, the same enforcement action may be taken multiple times on a case.

When a case is opened, the Division notifies the noncustodial parent that enforcement actions will be taken if child support is not paid.

Table 4 in the Appendix (see page a-iv) presents the frequency with which the Division initiated various enforcement actions on cases owing past-due support in calendar year 2006. According to division management, the enforcement options have had varying degrees of success, with income withholding and tax offsets as the most effective enforcement techniques. In 2006, the Division initiated more than 140,000 income withholdings and submitted more than 200,000 cases to the Arizona Department of Revenue, which resulted in more than 14,000 state tax refunds being intercepted.

Division has processes to help ensure enforcement methods are appropriately applied

The Division has established various processes that help ensure that enforcement actions are carried out according to state and federal laws and regulations. Thirteen of the 16 enforcement methods are automated and are triggered by the length of time that has passed since a payment was received and/or the past-due child support amount that is contained in ATLAS, the Division's automated case management system. For example, if the noncustodial parent owes at least \$50 in unpaid child support, ATLAS will automatically generate a letter informing the noncustodial parent that his or her state tax refund may be intercepted (see Appendix, Table 3, page a-ii). Three enforcement methods require manual intervention by caseworkers: limited income withholding, workers' compensation offset, and license suspension. For example, if a noncustodial parent owes at least 2 months of unpaid child support, a caseworker will review the case's details and may refer the case to court to request that the court suspend the noncustodial parent's professional license (see Appendix, Table 3, page a-ii).

To ensure that both the automated and manual methods used to enforce child support and collect past-due support are appropriately carried out, the Division has established processes in the following four categories: guidance/oversight, quality reviews, internal audits, and administrative reviews. Specifically:

- **Guidance/oversight**—To ensure that enforcement methods are carried out correctly, the Division provides guidance and oversight through policies and procedures, training, and supervisory review. Policies and procedures provide information on each enforcement method, such as the amount of past-due child support that is required before an automated notice will be sent. Policies and procedures also instruct staff on how to initiate manual enforcement methods and help to ensure compliance with laws and regulations. The Division makes its policies and procedures easily accessible to employees through its intranet. Also, when new enforcement methods are authorized, the Division works with Attorney General staff in developing its enforcement policies to ensure that they are appropriate. Auditors' review of division policies and procedures found that

they were in line with statutes governing enforcement remedies. In addition, the Division uses several methods for training staff who are involved in enforcement activities, including classroom training, computer-based training, continuing education, and special training, as needed. All of the computer-based trainings are made available to division staff on its intranet training database so that they are able to review the training as questions arise.

The Division also has supervisory review processes to help ensure appropriate enforcement methods are used. These processes are important for ensuring that the information in ATLAS is accurate because most enforcement actions are based on the amount of past-due support. First, the Division reported that supervisors review all newly hired workers' cases for the first 6 months of employment, and at the end of the 6-month period, new workers are formally evaluated and receive guidance on areas needing improvement. Second, according to the Division, when staff establish the amount of child support owed in ATLAS or make any modification to that amount, a supervisor or qualified debt worker who has passed a test in order to be able to approve calculations or payment adjustments must review the staff's work. According to the Division, the results of the reviews are reported on the staff's performance evaluation.

- **Quality reviews**—Division staff perform case reviews, known as quality reviews, to verify that the information in ATLAS is accurate. Accurate information is critical for ensuring that both automated and manual enforcement processes are being carried out appropriately. For quality reviews, supervisors, or in some offices a special project review team, are required to randomly select five cases per month, per caseworker, for review. The cases are reviewed to ensure that the information caseworkers entered into ATLAS, such as the court-ordered amount of child support, matches the paper case file. The purpose of the review is to ensure the accuracy of the information in ATLAS, as well as to identify and address caseworker performance issues. According to the Division, any errors identified during the review by the supervisor are brought to the caseworker's attention and corrected. Similarly, any errors identified by the special projects staff are reported to the caseworker's supervisor and corrected. According to the Division, the results of the reviews are reported on the staff's performance evaluation.

A similar type of review is conducted on cases that have had court-ordered modifications made to the monthly child support amount or the amount of unpaid child support. This type of review is also referred to as a quality review and also requires supervisors to randomly select five cases per month, per caseworker. However, this review focuses on the accuracy of the calculations performed as a result of the court-ordered modifications. According to the Division, any errors identified are discussed with the caseworker and corrected, and reported on the staff's performance evaluation.

The Division has supervisory review processes to help ensure the appropriateness of enforcement methods.

- **Internal audits**—The Division performs two types of internal audits that help to ensure that the case information in ATLAS is accurate and that the appropriate enforcement actions are being taken. The first is a self-assessment audit conducted by a specialized unit. The audit occurs yearly and includes a review of several hundred cases for each office. During the audit, reviewers check to see if specific enforcement methods were used. For example, reviewers determine whether eligible cases were submitted for federal or state tax offsets, or if an employer was known, whether a wage withholding was initiated. In addition, reviewers ensure that if a wage withholding is not possible, then at least one other enforcement method was initiated, such as an administrative lien. The audit's findings are provided to the audited office as well as division management. If an office is found deficient in any areas of the audit, it must create a corrective action and monitoring plan to ensure that the issues needing correction are addressed.

The second type of internal audit is called a sweep. According to the Division, for this audit, caseworkers review a certain number of their cases per month, based on a performance goal their supervisor established. The caseworker reviews the cases to ensure that the case information is accurate and to determine if there are any manual enforcement actions that can be taken. The caseworker conducting the sweep makes corrections if errors are encountered. The number of sweeps conducted is reported on a caseworker's performance evaluation.

- **Administrative reviews**—The Division has established a process whereby a noncustodial parent can request a review, known as an administrative review, of the enforcement method(s) being used on his or her case to collect past-due or current support.¹ The noncustodial parent must request an administrative review in writing, and the Division has established timelines, in accordance with statute, for responding to the initial request, as well as completing a review of the actions taken on the case and communicating its decisions or findings. For example, depending on the type of enforcement method the noncustodial parent is requesting be reviewed, the Division has up to 45 business days to complete the review and communicate its findings to the noncustodial parent. During the review, the enforcement action in question may be temporarily stopped, and any child support collected is not distributed until the review is completed. This process helps ensure that enforcement methods are being used appropriately and according to law.

According to the Division, during the first half of calendar year 2007, it conducted approximately 2,200 administrative reviews. The Division was not able to provide auditors with the number of reviews that were found in favor of the noncustodial parent or the Division because it is in the process of upgrading its database

• ¹ All 16 enforcement methods are used to collect past-due child support, but 4 enforcement methods—consumer credit reporting, income withholding, medical support, and unemployment compensation offset—are also used to collect current child support (see Table 3 in Appendix, pages a-ii through a-iii). A noncustodial parent can also request an administrative review of these methods.

used for recording the reviews' results. According to division staff, in the past, it recorded the reviews' results in a database. However, the Division reported that it stopped using the database in December 2006 because the recording of the data had become inefficient. Therefore, according to the Division, it is in the process of upgrading the database for recording administrative review results.

Division should improve enforcement and administrative review letters

Although the Division has established various processes to help ensure enforcement actions are appropriately applied, it should more effectively communicate with noncustodial parents the reasons for its actions. Auditors found problems both with the letters sent to noncustodial parents about individual enforcement methods and those communicating the results of an administrative review. Both types of letters would benefit from revisions that could be undertaken as part of the Governor's Plain Talk Initiative, which is an initiative developed to improve state government by decreasing confusion and red tape for the public.

Enforcement letters are inconsistent and need additional information—Auditors reviewed 17 different types of enforcement letters sent to noncustodial parents and found that information contained in the letters was inconsistent and, in some cases, potentially helpful information was not included. Specifically:

- Not all of the 17 enforcement letters reviewed consistently used the same language when offering an administrative review to the noncustodial parent. Specifically, the letter informing the noncustodial parent that his/her name is being submitted to consumer credit reporting does not offer an administrative review, but instead indicates that he/she can contest the action. Additionally, auditors noted that the letter notifying the noncustodial parent that the Division intends to retain his/her unemployment compensation informed the noncustodial parent that he/she has a right to challenge the process, but did not specifically refer to an administrative review.
- Not all of the 17 letters reviewed provided information on how the noncustodial parent could submit payment to avoid the enforcement action being taken. For example, the Division sends a letter to inform a noncustodial parent that it may retain his or her state tax refund to offset past-due child support, and although the letter outlines the process that the noncustodial parent can take to request an administrative review, it does not provide information on how he/she can avoid the action by submitting the past-due support.
- Some enforcement notices have a Spanish sentence prompting those who do not read English to call the office, while other notices do not include this sentence.

- None of the letters reviewed provided the Division’s Web site address, which may be helpful for noncustodial parents seeking additional information regarding their case or enforcement methods in general.

Letters communicating results of administrative reviews need improvement—Auditors also reviewed the letters that the Division sends to noncustodial parents to convey the results of its administrative reviews and found the information could be presented in a manner that is easier to understand. Current letters contain lines of information that can be checked off to indicate that the Division took an action or made a decision. For example, the Division can check the line for “reviewing information contained in the Department’s records,” or the line for “contacting the other party to verify your claims.” However, these letters contain many different items that can be checked, and may therefore be confusing to an individual who is not familiar with the Division or its processes. In all, the letters contain up to three pages of concentrated information, with only some of the information being relevant to the noncustodial parent’s case (see Figure 2, page 37).

The administrative review letter’s format does not lend itself to division staff providing case-specific information.

A second problem with the letters is that although they contain blank lines for the Division to provide additional comments regarding the case or the review, the letter’s format does not lend itself to division staff providing case-specific information that may help the noncustodial parent understand why certain enforcement actions are being taken. For example, auditors reviewed a case where it appeared that the noncustodial parent understood that the action was being taken because division records showed that past-due child support was owed; however, it was apparent in his written request for an administrative review that he did not understand how the past-due support had occurred. The administrative review letter sent to the noncustodial parent did not appear to address all the aspects of his original request, or help him to understand how to resolve his situation.

Plain Talk Initiative offers an opportunity for improving enforcement and administrative review letters—The Division is participating in the Governor’s Plain Talk Initiative, which is an initiative developed to improve state government by decreasing confusion and red tape for the public. To participate in the initiative, the Department formed a work group consisting of several staff including two staff members from the Division’s policy unit. As of July 2007, the workgroup had reviewed and revised 25 division documents—including several enforcement letters—to be more user-friendly. The revisions included removing legal terminology and adding some information. For example, references to state statute were removed from the notice of professional license suspension, and information was added regarding the noncustodial parent’s options for paying any past-due child support.¹ Further, language offering an administrative review was added to the letter notifying the noncustodial parent that the Division intends to retain his/her unemployment compensation, making it consistent with other enforcement letters.

¹ The Division reported that it is monitoring the impact of these changes by tracking calls made to its customer service representatives related to the revised letters.

Figure 2: Division of Child Support Enforcement
 Administrative Review Final Determination Letter, page 2 of 3
 As of July 30, 2007

() The name(s) and date(s) of birth of the child(ren) for whom you owe support is/are:
 _____ / _____ / _____
 _____ / _____ / _____
 _____ / _____ / _____

() Your current child support ordered amount is \$ _____.
 () The child support order is () divisible () nondivisible.
 () Your current spousal maintenance obligation is \$ _____.
 () The obligee has stated that the child(ren) has/have lived with you from _____ to _____.

() The obligee has stated that you and the obligee are now living together.
 () The obligee has stated that the following child(ren) is/are now attending high school:

() The obligee has stated that the following child(ren) has/have completed high school:

() The child(ren) is/are deceased.
 () The child(ren) has/have been adopted.
 () The child(ren) is/are married.
 () The custodial parent is deceased.
 () Your obligation to pay support has ended or will have ended within 90 days of the order stopping the order of assignment.
 () Your obligation to pay support has not ended and did not end within 90 days of the order stopping the order of assignment.
 () You have support orders from more than one state.
 () Other: _____

B. The Department makes the following findings with respect to your arrears: At the time that the Department sent you notice of possible enforcement action

() You had at least 2 months' arrears (for license suspension and liens);.
 () The amount of your arrears was \$ _____ (for credit reporting).
 () The certified amount of your arrears was equal to or exceeded the amount intercepted (DOR, lottery).
 () The certified amount of your arrears was less than the amount intercepted (DOR, lottery).
 () Your arrears are paid or waived or will be paid or waived within 90 days of the order stopping the order of assignment (and if the arrears were waived, no amounts were assigned to the State) (for order stopping/adjusting income withholding order).
 () Your arrears have not been paid or waived and will not be paid or waived within 90 days of the order stopping the order of assignment (for order stopping/adjusting income withholding order).
 () You had no arrears.
 () Other information relevant to the case: _____

IV. DEPARTMENT'S CONCLUSIONS

() The order that the Department believes to be the controlling order is the order from the State of _____ dated _____.

() No current support obligation exists.**
 () The enforcement action was proper.
 () The enforcement action was not proper.
 () The enforcement action was proper, in part, as follows: _____

() Other: _____

V. DEPARTMENT'S REPNSE TO REVIEW

() The Department will apply your state income tax refund towards your obligation.
 () The Department will refund to you your state income tax refund, plus interest pursuant to ARS § 42-133 and 134.
 () The Department will refund to you \$ _____ of your state income tax refund, plus interest pursuant to ARS § 42-133 and -134, and will apply the balance to your obligation.
 () The Department will apply your lottery prize money towards your obligation.
 () The Department will refund to you your lottery prize money, plus interest pursuant to ARS § 42-133 and -134.
 () The Department will refund to you \$ _____ of your lottery prize money, plus interest pursuant to ARS §42-133 and -134, and will apply the balance to your obligation.
 () The Department will refer your debt to one or more consumer credit reporting agency/ies.
 () The Department will not refer your debt to any consumer credit report agency.
 () The Department will issue a notice of lien.
 () The Department will not issue a notice of lien.
 () The Department will refer you to court for the revocation or denial of your license.
 () The Department will not refer you to court for the revocation or denial of your license.
 () The Department will not adjust the order stopping or adjusting the withholding order,
 () The Department will adjust the order stopping or adjusting the withholding order to \$ _____. The Department will send a copy to your employer.
 () Comments: _____

(FCSE0001-F0384-001-123198)

Source: Division-provided administrative review final determination letter.

However, not all of the letters that auditors reviewed and found problems with were part of the 25 documents the Division reviewed and revised. Because one of the goals of the Plain Talk Initiative is to decrease confusion, the Division should ensure that it reviews all enforcement and administrative review letters (see example in Figure 2, page 37) as part of the Plain Talk Initiative. For enforcement letters, part of the review should include clarifying how to avoid the enforcement action or where to go for additional information. For administrative review letters, attention should be given to formats that help the noncustodial parent better understand his/her case and the Division's actions, including 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 conclusions.

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 conclusions.

FINDING 6

Processes over demand letters minimize risk of error

In fiscal year 2006, the Division mailed out about 5,000 demand letters for past-due child support payment. Auditors' review of more than 60 of these letters found that none were sent in error or contained erroneous information. Auditors' review of data used to compile another 107 demand letters sent to bad-check writers found three errors (such as an incorrect address), but none were sent to someone who had not written such a check.

Legislative Item

The audit shall examine the number of demand letters that are sent out in error or with erroneous information.

No errors found in past-due child support letters

The Division sends demand letters to noncustodial parents with past-due child support and has processes in place, such as training and supervisory oversight, that appear to reasonably minimize the risk that these letters will go out in error or with erroneous information.

Division sends demand letters to noncustodial parents who have not paid their child support—The Division sends letters to noncustodial parents to notify them when they owe past-due child support and of the possible consequences for not paying. These letters are part of the 16 different enforcement methods the Division uses to collect current and past-due child support payments.¹ For most of these methods, the Division sends a notice to the noncustodial parent that a specific action will be taken if he/she does not pay his/her past-due child support. Auditors found that 3 of these notices use the term “demand” in their titles, and, as shown in Table 2 (see page 41), more than 5,000 of these notices were mailed during calendar year 2006.

¹ All 16 enforcement methods are used to collect past-due child support, but 4 enforcement methods—consumer credit reporting, income withholding, medical support, and unemployment compensation offset—are also used to collect current child support. For more information on these methods, see Appendix, Table 3, pages a-ii and a-iii.

Processes in place for past-due child support demand letters help minimize errors—The Division has various processes in place, such as training and oversight, that help to minimize the risk of past-due support letters being sent out in error or with erroneous information. Specifically, the Division provides initial and periodic ongoing training for its caseworkers who handle the enforcement function, written policies and procedures, and ongoing supervisory review. These processes are important because most enforcement methods are automated and are triggered by the length of time that has passed since a payment was received and/or the past-due child support amount that is contained in ATLAS. Therefore, it is critical to have processes in place that help ensure that caseworkers are entering the correct information into ATLAS.

Additionally, for the few enforcement methods that require manual intervention, it is essential that the Division has processes in place to assist caseworkers in carrying out the enforcement actions. For example, initial caseworker training provides general information on child support enforcement guidelines, as well as more specific information on topics such as income withholding and interstate cases, which are cases where either the custodial or noncustodial parent resides in another state.

Further, the Division reports that supervisors regularly review all cases assigned to new caseworkers, and the results of these reviews are included in the caseworkers' performance evaluations. In addition, the Division has established internal review processes to help ensure that case information is accurate and that appropriate enforcement actions are being taken. One process requires either supervisors or staff from a special projects team to review five cases per caseworker each month to ensure that the information caseworkers entered into ATLAS, such as the court-ordered amount of child support, matches the paper case file. Auditors also determined that similar processes, such as training and supervisory review, have been established for setting up or modifying the court-ordered child support amount. For example, monthly reviews are conducted on selected cases that have had court-ordered modifications made to the monthly child support amount or the amount of unpaid child support. These processes are also important since incorrect dates and amounts entered during the setup process or when making changes could impact the accurate enforcement of a case.

No errors found in enforcement demand letters reviewed—Auditors reviewed 30 randomly selected cases where demand-to-surrender letters (see Table 2, page 41) were automatically generated by ATLAS between May 31 and June 1, 2007, and sent to financial institutions, and found that none appeared to have been sent out in error or with erroneous information. As required by statute, these demand letters followed a due-process notice sent to the noncustodial parent informing him or her that his or her bank account has been seized and of his or her right to request an administrative review (see textbox, page 41).¹ Although several of the noncustodial parents in the 30 cases reviewed contacted the Division regarding the demand-to-surrender letter, none took the steps

The Division has processes in place to help ensure that appropriate enforcement actions are being taken.

¹ A.R.S. §25-521.

required to formally request an administrative review, indicating that the letters probably had not been sent out in error or with erroneous information.

Further, auditors reviewed the past-due amounts of several cases where the due-process notice and the notice/demand-to-surrender letters had been sent to ensure that the programming was working as intended.

In addition, auditors reviewed all 21 cases where professional/occupational license suspension demand letters (see Table 2) were sent out to noncustodial parents during

Administrative Review Process

A noncustodial parent can request that the Division review the enforcement method or methods being used on his/her case. The request must be submitted in writing, and during the review process, the Division may stop the enforcement action(s) in question. Any child support collected is not distributed until the review is completed.

Table 2: Enforcement Notices Using the Term "Demand" in Their Title

Title of Notice or Letter	Description	Number Mailed in 2006
<i>Final Notice/Demand to Surrender</i>	This notice demands that the holder of specific property or assets subject to levy, such as a financial institution, immediately surrender the property to the Department. To send this notice, the Division is required to wait at least 15 days after a due-process notice has been sent to the noncustodial parent informing him/her that his/her bank account has been seized.	4,880
<i>First Notice/Demand for Payment/Intent to Suspend or Deny Professional/Occupational License</i>	This notice informs the noncustodial parent that his/her professional or occupational license may be suspended if past-due child support is not paid. This is the first of two notices sent. The Division is required to wait at least 15 days before sending the second notice, which informs the noncustodial parent of the Division's intent to initiate action to suspend or deny his/her professional or occupational license.	280
<i>First Notice/Demand for Payment/Intent to Suspend or Deny Recreational License¹</i>	This notice informs the noncustodial parent that his/her recreational license may be suspended if past-due child support is not paid. This is the first of two notices sent. The Division is required to wait at least 15 days before sending the second notice, which informs the noncustodial parent of the Division's intent to initiate action to suspend or deny his/her recreational license.	10

¹ The Division reported that it refers very few cases to court for suspension of recreational licenses because it cannot readily identify noncustodial parents who have purchased a license, such as a hunting or fishing license. Auditors confirmed that the Arizona Game and Fish Department does not have an integrated database through which this type of information can be obtained.

Source: Auditor General staff analysis of division-provided information and data.

February 2007, as well as the ten recreational license suspension demand letters sent out in calendar year 2006, and found that none appeared to have been sent out in error or with erroneous information. According to the Division, these letters were not automatically generated by ATLAS and were sent out only after a caseworker had reviewed the case and determined that the case should be referred to the court for possible license suspension. The letters informed the noncustodial parent that the Division has the authority to take action to suspend or deny his or her professional or recreational license because their child support was at least 2 months past due. These letters also informed the noncustodial parent of his/her right to request in writing an administrative review regarding whether he/she is required to pay child support and the amount of past-due child support (see textbox, page 41).

Three minor errors found in special demand letter project

As part of their work, auditors also reviewed demand letters that the Division sent as part of a special project for recovering losses because of bad checks.¹ In May and June 2006, using information provided by the Division, the Attorney General's Office mailed 107 demand letters to bad check writers in an attempt to recover the monies. According to the Division, the list of bad check writers and associated information compiled by the Division and provided to the Attorney General's Office was reviewed by division staff for accuracy. However, auditors reviewed data used to compile the 107 letters and found that 3 of the letters contained errors, but that none were sent to someone who had not written a bad check. The errors identified in the 3 letters were minor: 1 letter that was sent to the wrong address and with an incorrect check number, 1 letter that was sent to the wrong address with an incorrect check number and amount, and 1 letter that referred to an incorrect check amount because a returned check fee had mistakenly been added to the amount of the returned check. Auditors determined that these errors were a result of division clerical mistakes when compiling the information for the Attorney General's Office.²

Three minor errors were a result of clerical mistakes.

Recommendations:

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

¹ The Division collects child support payments either directly from noncustodial parents or from a third party, such as an employer, who submits payments on behalf of the noncustodial parents. In the process of collecting child support payments, the Division periodically receives bad checks, which are a result of stop-payments or insufficient funds.

² Division management indicated that the project was discontinued because of low returns; it collected only about 6 percent on the payment plans it set up as a result of the letters. According to the Division, in May 2007 it began forwarding the names of bad check writers to private collections agencies to recover the monies.

FINDING 7

Division should further enhance the ease with which information is available

The Division should further improve the ease with which information is made available to the public, as well as its assessment of customer satisfaction with its offices. Various individuals and groups, including noncustodial and custodial parents, obtain child support information from the Division through three mechanisms: (1) the Division's Web site; (2) the customer service unit; and (3) the Division's and IV-D partners' offices. Auditors identified some ways that these mechanisms can be improved, such as better organizing its Web site's home page and ensuring customers visiting offices are provided a comment card.

Legislative Item

The audit shall examine the ease with which information is accessible to the public.

Division makes information available to various groups

The Division makes general and case-specific information available to various groups through three main mechanisms: its Web site; its customer service unit, which includes an automated telephone system and customer call center; and division and IV-D offices. Case-specific information comes from ATLAS, its case management system. Access to full payment information is restricted by federal law, and the extent of information provided depends on who is seeking the information.¹ For example, under existing policy, access to specific payment information is limited primarily to custodial and noncustodial parents, or others associated with the case, such as attorneys, court staff, and other states' IV-D agencies.

Division should enhance its Web site

The Division's Web site contains considerable information, but the Division should make the information clearer or easier to navigate. The Division should review its Web site using the Arizona

Division's Web Site

- <http://www.azdes.gov/dcse/>
- Accessible 24 hours a day, 7 days a week

Source: Auditor General staff analysis of division-provided information.

¹ 26 U.S.C. §6103 "Confidentiality and Disclosure of Returns and Return Information."

Government Information Technology Agency's (GITA) *Web Standards Style Guide (Style Guide)* and *Web Site Accessibility Policy*. Specifically:¹

- **Home page should be better organized**—The Division should better organize its Web site home page. The *Style Guide* states that a home page should capture everything the reader can expect to find in an organized, consistent manner. However, the Division provides many links on the home page without organizing or associating them with a major topic area. For example, there is a significant amount of information on making and receiving child support payments scattered throughout the home page, but it is not organized as a major topic area. Auditors also found that one of the drop-down boxes in the main menu is difficult to use because of the number of options available, and it is somewhat disorganized.
- **Navigation should be improved**—The Division should improve accessibility by ensuring the tools used, such as links or paths to direct or re-direct users to other information on its Web pages, are consistent and in compliance with the GITA's policies. Although many of the Division's Web pages follow a consistent navigation pattern, some do not. According to the *Style Guide*, common navigation should exist on all Web pages. Additionally, the Division needs to ensure that its Web site navigation is in compliance with GITA's *Web Site Accessibility Policy*. For example, the policy suggests that any navigation, such as links, on a Web site be accessible to individuals who are unable to use a mouse. Auditors found that not all of the Division's home page drop-down boxes and associated links are accessible without the use of a mouse.

Division should improve automated telephone system

Division's Automated Telephone System¹

- (602) 252-4045 or 1-800-882-4151 (Toll-Free in Arizona)
- Open 24 hours a day, 7 days a week
- Over 1.7 million calls received in fiscal year 2007

¹ The Division's customer call center is also accessible through the automated telephone system Monday-Friday, 8:00 AM to 5:00 PM.

Source: Auditor General staff analysis of division-provided information.

The Division should take steps to improve its automated telephone system. The automated telephone system provides information in both English and Spanish and has both a secured area, which provides case-specific information to case participants using a personal identification number, and a nonsecured area, which provides general information. Auditors reviewed the English and Spanish nonsecured areas of the automated telephone system against best practices outlined in a September 2002 federal study of automated telephone systems.² Although auditors found that the Division meets a number of automated telephone system best practices, the Division could take steps to enhance the system. For example, the Spanish area of the system provided office address information too fast for a listener to record. According to the federal

¹ GITA approved the design of the Division's section of the Web site, but also identified areas for improvement during a later interview with auditors.

² U.S. Department of Health and Human Services. Office of Inspector General. *Statewide Child Support Automated Telephone Systems*. Washington, D.C.: DHHS, Sept. 2002.

study, problems with narration, such as the pace, can distract from the message and make it difficult for callers to write down information. The Division should replace those areas of the automated telephone system where the narration is too fast with a slower-paced voice.

Auditors found that the Division can improve the order of its menu options. The English area of the system provided menu options in the wrong numerical order. Although the Division worked to correct the problem when auditors pointed it out, auditors later identified a second problem with the menu order. Therefore, the Division should ensure all menus in the automated telephone system are in correct numerical order.

Auditors examined only the nonsecured areas of the system because the secured area is available only to individuals with case and personal identification numbers. The Division should review this area of the system to determine if any similar problems exist and make changes as needed.

The Division should also improve its process for reviewing changes to the system. Although the Division reported that it tests future changes on a “test” system, the process does not include reviewing changes once they are added to the live system. Therefore, 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.

Division needs to improve offices’ customer service assessments

Although the Division has comment cards for its division offices to use to obtain customer feedback, the Division does not have any overall information on customer satisfaction. According to the Division, comment cards are not regularly used by customers. However, the Division does not require that the offices provide comment cards to its customers. The cards allow customers to provide feedback on various topics such as the level of customer service, whether or not their questions and concerns were answered satisfactorily, and whether they had to wait longer than 15 minutes. The Division should improve its assessment of division and IV-D partner offices’ customer service by taking steps to ensure that all customers visiting offices are provided a comment card. Once the Division establishes a process for ensuring customers are provided with comment cards, it should establish and implement a process to regularly analyze the comment card responses and address any issues that are identified.

Child Support Enforcement Offices

- 20 offices located throughout the State, including IV-D partner offices
- Open Monday—Friday, 8:00 AM to 5:00 PM
- Over 65 thousand visits in fiscal year 2007

Source: Auditor General staff analysis of division-provided information.

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;
 - c. Review the secured areas of the automated telephone system to determine if any similar problems exist and make changes as needed; and
 - d. Establish and implement a process for reviewing changes once they are added to the live system to ensure the changes are working correctly.
3. 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.

FINDING 8

Equipment and other mechanisms used to communicate between agencies appear sufficient

The equipment or other mechanisms the Division uses to communicate between agencies appear to meet its needs. However, in line with industry standards, the Department's Division of Technology Services should track the dates and times that ATLAS, the Division's case management system, is not available to staff, and use this information to address any availability issues that occur.

Legislative Item

The audit shall examine the adequacy of the equipment used by the Division to communicate between agencies.

Division communicates with many groups

The Division communicates child support information to a wide range of internal and external groups. Access to full payment information is restricted by federal law, and according to division policy, specific child support payment information is considered confidential and only available to certain individuals or entities, such as division staff and case participants, or entities that are involved in the child support enforcement process. According to the Division, the internal groups that the Division exchanges information with include its 20 division and IV-D partner offices, and the Department's Division of Benefits and Medical Eligibility.

External groups include the Division's payment-processing vendor and other states' IV-D child support enforcement agencies. The Division communicates with other states' IV-D child support agencies when managing or assisting with interstate cases. Interstate cases involve both an initiating state, which is the state where the IV-D child support case is opened and where the custodial parent resides, and a responding state, which is the state where the noncustodial parent resides and is the state that receives and acts on a request for information or help in enforcing the interstate child support case.

Division primarily uses ATLAS to communicate case information between agencies

The Division uses both equipment, such as personal computers, and other mechanisms, such as a main software application, to store, process, and communicate child support information with other agencies. The Division's primary mechanism is ATLAS, which is a software application that runs on the Department's main IBM computer located at the Department's Division of Technology Services' (DTS) computer center.

Remote access to ATLAS is provided through DTS' network using personal computers located at the Division's and its IV-D partners' offices. Both the Division's and its IV-D partners' offices use ATLAS to record information about the IV-D child support cases. Information contained in ATLAS includes demographic information on case participants, information from court orders establishing child support, child support payment amounts owed, and payment histories. Division customer service agents can also use ATLAS to notify a caseworker that a case needs review.

ATLAS was implemented state-wide in 1992 in response to the federal Family Support Act of 1988, which included the requirement for all states to have one state-wide child support case management system. In 1999, the U.S. Department of Health and Human Services, Administration for Children and Families, certified ATLAS for fully meeting the automation requirements from the Family Support Act of 1988. Further modifications were made to the system in response to the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. ATLAS was fully certified by the U.S. Department of Health and Human Services, Administration for Children and Families, for meeting PRWORA system requirements in 2003. According to division management, since the passage of the PRWORA, there have been no new system certification requirements.

The Division also uses other mechanisms to communicate child support information, including:

- **Department Interface**—According to division management, this interface is a database that allows department programs to exchange client and case information. For example, the Division exchanges information such as payment history and monthly child support owed with the Department's Division of Benefits and Medical Eligibility—Family Assistance Administration. The Division of Benefits and Medical Eligibility provides, among other things, temporary cash assistance and supportive services to children, individuals, and their families.

ATLAS has been certified by the U.S. Department of Health and Human Services.

- **E-mail Communication**—According to department policy, the Division must secure or encrypt e-mails when sending confidential data such as child support payments. The Division has two ways to securely exchange e-mails: an exchange server, which supports up-to-date e-mail software, and a mainframe communication tool called SYSM. According to the Division, SYSM is an older form of electronic mail that the Division uses to communicate with some of its IV-D partner offices because they do not have the technology needed to securely send encrypted e-mails with confidential information.
- **CSENet**—The Child Support Enforcement Network is an older, federal electronic system put in place in 1992 that provides states with the capability to transmit specific information on interstate cases, such as payment history and enforcement actions taken. Arizona has agreements with each state regarding what information will be exchanged using CSENet. Some states have agreed to send only limited information, such as a noncustodial parent’s address. However, other states have agreed to share additional information, such as notifying Arizona that a tax offset has been received and disbursed.
- **QUICK**—Query Interstate Cases for Kids is a new federal and state collaborative project that allows child support caseworkers to initiate real-time requests for child support payment information from another state using the same secure network that supports CSENet. QUICK is the result of a federal workforce group formed in 2002 to identify ways to improve interstate information sharing. According to a U.S. Department of Health and Human Services Office of Child Support Enforcement document, additional data is planned for QUICK, such as case activities and support order information. The Division reported that Arizona was one of the states to pilot QUICK in late 2005, and that as of July 30, 2007, five other states—Colorado, North Carolina, North Dakota, Pennsylvania, and Virginia—have made their data accessible through QUICK, and 11 other states and 1 U.S. territory were in the process of joining the project.

Division’s communication equipment and other mechanisms appear to meet its needs

Based on interviews with 25 individuals internal and external to the Division, such as county clerk of court staff and other department staff, a review of ATLAS system capacity and availability documentation, and observations, auditors found that the equipment and other mechanisms that the Division uses to communicate with other agencies appear to be meeting its needs. For example, auditors received only one complaint regarding the age of the ATLAS application. Although the Division acknowledges that ATLAS is an older application, as mentioned previously, ATLAS was fully certified by the U.S. Department of Health and Human Services,

Auditors received only one complaint regarding the age of ATLAS.

Administration for Children and Families, for meeting federal system requirements in both 1999 and 2003. Additionally, department management reported that the ATLAS system is the second newest application at the Department, and the main IBM computer ATLAS runs on is a newer model that is constantly being upgraded. Further, the Division reported that all caseworkers' personal computers used to access ATLAS were replaced during fiscal years 2004 and 2005.

Although auditors did not receive any complaints regarding ATLAS' availability, the Department does not track information about the extent to which ATLAS is available. Industry standards indicate that continuous monitoring of system performance levels, including system availability, should occur.¹ The Department's Division of Technology Services is responsible for maintaining ATLAS' availability and should ensure that it has a mechanism for capturing information on the dates and times ATLAS is not available to staff. This will allow the Division of Technology Services to monitor ATLAS' availability and take steps to address any issues that occur.

Recommendation:

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.

♦ ¹ IT Governance Institute. *COBIT 4.1: Framework, Control Objectives, Management Guidelines, Maturity Models*. Rolling Meadows, IL: IT Governance Institute, 2007.

APPENDIX

Table 3: Enforcement Methods

Method and Statutory Authority	Description	Statutory and Division Criteria for Use
Methods requiring no past-due balance		
Consumer credit reporting, A.R.S. §25-512	The Division reports monthly the names of all noncustodial parents and the amounts owed to consumer credit reporting agencies.	Noncustodial parent has a child support order.
Income withholding, A.R.S. §25-505.01	The Division issues a withholding order to the noncustodial parent's employer to withhold current child support payments and an amount for unpaid support from his or her income.	Noncustodial parent has a child support order. The amount withheld can be increased to include an amount for past-due support when the noncustodial parent owes at least 2 months of unpaid child support.
Medical support, A.R.S. §25-535	The Division notifies the custodial or noncustodial parent's employer to enroll the child(ren) in dependent health insurance coverage when available.	Custodial or noncustodial parent is required by administrative or court order to enroll the child in a healthcare plan.
Unemployment compensation offset, A.R.S. §§23-783 and 23-789	The Division submits case information to the unemployment compensation program to intercept the noncustodial parent's unemployment compensation benefits.	Noncustodial parent is receiving unemployment compensation benefits.
Methods requiring a past-due balance of between \$50 and \$2,500 in unpaid child support		
Tax offset (state), A.R.S. §42-1122	The Division submits case information to the Arizona Department of Revenue to intercept the noncustodial parent's state tax refunds.	Noncustodial parent owes at least \$50 in unpaid child support.
Collection agency referral, A.R.S. §41-1960.1	The Division uses an automated monthly process to refer cases to collection agencies for collection.	Noncustodial parent owes at least \$100 in unpaid child support, and no payments have been received for at least 60 days. ¹
Lottery intercept, A.R.S. §§5-523 and 5-525	The Division submits case information to the Arizona State Lottery Commission to intercept the noncustodial parent's lottery winnings.	Noncustodial parent owes at least \$100 in unpaid child support, and his/her lottery winnings are \$600 or more.
Federal administrative offset, 31 C.F.R. §285.1 and 42 U.S.C. §659	The Division submits case information to the federal government to intercept all or part of any payment to the noncustodial parent, including retirement payments, vendor payments, wages, and other federal benefits.	Noncustodial parent owes at least \$150 in unpaid child support if the custodial parent is receiving public assistance, or owes \$500 if the custodial parent is not receiving public assistance.
Tax offset (federal), 42 U.S.C. §664 and 45 C.F.R. §303.72	The Division submits case information to the federal government to intercept the noncustodial parent's federal tax refunds.	Noncustodial parent owes at least 3 months of support equal to at least \$150 in unpaid child support if the custodial parent is receiving public assistance, or owes \$500 if the custodial parent is not receiving public assistance.

**Table 3: Enforcement Methods
(Concluded)**

Method and Statutory Authority	Description	Statutory and Division Criteria for Use
Methods requiring a past-due balance of between \$50 and \$2,500 in unpaid child support (concluded)		
Passport revocation or denial, 42 U.S.C. §652(k)	The Division submits case information to the U.S. Secretary of the Treasury to deny the application for, revoke, or restrict the noncustodial parent's passport.	Noncustodial parent owes at least \$2,500 in unpaid child support.
Methods requiring a past-due balance of between 2 months and 12 months of unpaid support		
Administrative lien, A.R.S. §25-516	The Division files a notice with the appropriate state or county entity to place a property lien on the noncustodial parent's real and personal property.	Noncustodial parent owes at least 2 months of unpaid child support.
License suspension, A.R.S. §§25-517, 25-518, and 25-519	The Division refers cases to court to have a noncustodial parent's driver's, professional, occupational, or recreational license suspended or denied. ²	Noncustodial parent owes at least 2 months of unpaid child support.
Limited income withholding, A.R.S. §25-505	The Division issues a withholding order to the noncustodial parent's employer or other holder of a nonperiodic lump sum, such as severance pay, bonuses, and insurance settlements.	Noncustodial parent owes at least 2 months of unpaid child support.
Workers' compensation offset, A.R.S. §25-500(6)	The Division submits case information to the Child Support Lien Network to intercept the noncustodial parent's workers' compensation benefits. ³	Noncustodial parent owes at least 2 months of unpaid child support.
Administrative levy, (asset seizure) A.R.S. §25-521	The Division submits case information to financial institutions to seize and/or sell the noncustodial parent's real or personal property including financial accounts.	Noncustodial parent owes at least 12 months of unpaid child support, or at least \$500 on a court-ordered judgment for unpaid child support. ⁴
Methods requiring other criteria		
Contempt of court, A.R.S. §§12-864.01 and 12-865	The Division refers cases to court for a contempt order.	Noncustodial parent has willfully disobeyed court order to pay support and the action is brought within 1 year of the failure to pay.

¹ This criteria applies to cases in which both the custodial and noncustodial parents live in Arizona, or the case was opened in Arizona and the custodial parent lives in Arizona. For cases that have an Arizona court order but the custodial parent lives in another state, there must also be an active Arizona fee debt.

² The Division currently refers very few cases to court for suspension of recreational licenses, such as hunting or fishing licenses, because the Arizona Game and Fish Department does not have an integrated database through which the Division can identify noncustodial parents who have purchased a license.

³ The Child Support Lien Network (CSLN) is a private company that facilitates insurance payment intercepts by matching child support cases with insurance company data. The Division reports that it began submitting cases to the CSLN in September 2007.

⁴ A judgment is an official written decision of a court on unpaid child support.

Source: Auditor General staff analysis of the Arizona and federal laws and regulations cited above and division-provided information.

Table 4: Frequency of Enforcement Methods
Calendar Year 2006

Enforcement Method	Number of Time Method Used
Methods requiring no past-due balance	
Consumer credit reporting ¹	1,309,569
Income withholdings initiated	147,232
Medical support notice	87,559
<i>Number issued in conjunction with an income withholding order</i>	27,697
<i>Number issued without an income withholding order</i>	59,862
Unemployment compensation offsets received	34,096
Methods requiring a past-due balance of between \$50 and \$2,500 in unpaid child support	
Tax offset (state)	
<i>Submitted to Arizona Department of Revenue</i>	209,138
<i>Tax refunds intercepted</i>	14,492
Collection agency referral	22,833
Lottery intercept	
<i>Submitted for match against weekly winners</i>	1,321,589
<i>Winnings intercepted</i>	63
Federal administrative offset ²	Not available
Tax offset (federal)	
<i>Submitted to U.S. Internal Revenue Service</i>	129,112
<i>Tax refunds intercepted</i>	23,294
Passport release ³	120
Methods requiring a past-due balance of between 2 months and 12 months of unpaid support	
Administrative lien	
<i>First notice of intent to establish lien against property</i>	5,666
<i>Final notice of intent to establish lien against property</i>	2,376
<i>Lien filed</i>	1,242
License suspension—driver's license	
<i>First notice of intent to refer for suspension</i>	5,184
<i>Final notice of intent to refer for suspension</i>	2,061
<i>Licenses suspended</i>	16
License suspension—professional and occupational licenses	
<i>First notice of intent to refer for suspension</i>	280
<i>Final notice of intent to refer for suspension</i>	41
<i>Licenses suspended⁴</i>	Not available
License suspension—recreational licenses	
<i>First notice of intent to refer for suspension</i>	10
<i>Final notice of intent to refer for suspension</i>	4
<i>Licenses suspended⁵</i>	Not available
Limited income withholding	614
Workers' compensation offset ⁶	0
Administrative levy (asset seizure)	
<i>First notice of levy</i>	13,170
<i>Final notice to surrender assets</i>	4,880
Methods requiring other criteria	
Contempt of court actions initiated	9,179

Table 4: Frequency of Enforcement Methods
Calendar Year 2006
(Concluded)

-
- ¹ Credit bureau reporting is cumulative throughout the year since information for the same cases may be submitted each month.
 - ² The Division submits child support case information to the federal government to intercept all or part of any payment to the noncustodial parent, including retirement payments, vendor payments, wages, and other federal benefits. The number of times this method was used is not available because the federal Office of Child Support Enforcement makes the final determination as to which cases meet the criteria for a federal administrative offset.
 - ³ The Division submits child support case information to the federal government to deny the noncustodial parent's application for a passport or to revoke or restrict the passport. This number represents passports that the Division released when the noncustodial parent paid some or all of the past-due child support, and the arrears balance fell beneath the \$2,500 threshold. When the passport is released by the Division, it is no longer revoked or restricted.
 - ⁴ The Division does not track the number of professional and occupational licenses that are suspended.
 - ⁵ The Division does not track the number of recreational licenses suspended.
 - ⁶ According to the Division, until September 2007, it did not have a means for submitting child support case information to intercept workers' compensation insurance payments. The Division can now submit case information to the Child Support Lien Network, which is a private company that facilitates insurance payment intercepts by matching child support cases with insurance company data.

Source: Auditor General staff analysis of division-provided enforcement information and data.

AGENCY RESPONSE



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.

Performance Audit Division reports issued within the last 24 months

06-01	Governor's Regulatory Review Council	07-01	Arizona Board of Fingerprinting
06-02	Arizona Health Care Cost Containment System—Healthcare Group Program	07-02	Arizona Department of Racing and Arizona Racing Commission
06-03	Pinal County Transportation Excise Tax	07-03	Arizona Department of Transportation—Highway Maintenance
06-04	Arizona Department of Education—Accountability Programs	07-04	Arizona Department of Transportation—Sunset Factors
06-05	Arizona Department of Transportation—Aspects of Construction Management	07-05	Arizona Structural Pest Control Commission
06-06	Arizona Department of Education—Administration and Allocation of Funds	07-06	Arizona School Facilities Board
06-07	Arizona Department of Education—Information Management	07-07	Board of Homeopathic Medical Examiners
06-08	Arizona Supreme Court, Administrative Office of the Courts—Information Technology and FARE Program	07-08	Arizona State Land Department
06-09	Department of Health Services—Behavioral Health Services for Adults with Serious Mental Illness in Maricopa County	07-09	Commission for Postsecondary Education

Future Performance Audit Division reports

Arizona Supreme Court—Juvenile Detention Centers

Department of Environmental Quality—Vehicle Emissions Inspection Program