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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

September 28, 2004

Mr. Robert Doar
Commissioner
Office of Temporary and Disability Assistance
40 North Pearl Street
Albany, NY 12243

Re: Report 2004-F-25

Dear Mr. Doar:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the Office of Temporary and Disability Assistance (OTDA) to implement the recommendations contained in our audit report, *Undistributed Child Support* (Report 2001-S-32).

Background, Scope and Objective

The Child Support Enforcement Program (Program), established by Congress in 1975 as Title IV-D of the Social Security Act (Title IV-D), mandates that states enact laws and carry out required functions to ensure that legally-responsible persons, to the best of their abilities, contribute toward the support of their children. The Program is committed to the enforcement of support obligations on behalf of children, whether they are members of families receiving public assistance or self-supporting families. OTDA's Division of Child Support Enforcement (DCSE) is responsible for supervising, monitoring, and evaluating the Program in New York City and the local social services districts in each of the State's 57 other counties. Each district and New York City has a Child Support Enforcement Unit responsible for locating absent parents, establishing paternity, obtaining support orders, and enforcing and collecting support obligations.

Certain payments for child support are not paid directly to the custodial parent, such as payments intended for public assistance recipients and payments withheld from paychecks or tax refunds. The districts and New York City collect such child support payments, and they are expected to forward the payments to the custodial parents. However, in some instances, such as when a custodial parent cannot be located, payments cannot be forwarded and remain undistributed. The amount of undistributed child support payments in New York State at the time of our initial audit exceeded \$70 million.

Our initial audit report, which was issued on March 4, 2003, examined the actions taken by OTDA to minimize the amount of undistributed child support payments. We found that the actions varied in different local districts and were often labor-intensive. We recommended that OTDA monitor the local districts more closely to identify best practices and districts in need of assistance in their efforts. We also recommended that OTDA make certain improvements in the automated information system used by the districts to maintain information about child support cases. The objective of our follow-up, which was conducted in accordance with Generally Accepted Government Auditing Standards, was to assess the extent of implementation, as of September 8, 2004, of the five recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that OTDA officials have made progress in implementing the recommendations contained in our initial report. Of the five initial audit recommendations, two recommendations have been implemented and three recommendations have been partially implemented.

Follow-up Observations

Recommendation 1

Implement a public service outreach program that may include a website as well as print, radio, and/or television advertisements announcing that undistributed child support funds exist and offering suggestions on how to make inquiries of districts.

Status - Partially Implemented

Agency Action - According to OTDA officials, the initial phase of the DCSE website was launched on October 18, 2002. One of the key client services the website provides is the ability for custodial and non-custodial parents to view recent payment histories. Included on the payment history page is the total arrears owed, which identifies undistributed amounts for each child support account. The web page prompts both custodial and non-custodial parents to contact local districts if they have any questions about their accounts. OTDA is exploring modifications to this prompt to include language specific to undistributed collections. In conjunction with this website, DCSE is in the process of establishing a help desk where parties will be able to better facilitate the release of undistributed collections that belong to them. However, OTDA has not yet initiated any print, radio or television advertisements to inform the public that undistributed child support funds exist.

Recommendation 2

Require districts to develop and submit formalized plans for OTDA's approval, with the objective of reducing undistributed child support. Such a plan should address the current status of undistributed child support for the district, as well as staffing utilization, reduction methodologies, the number of cases and amount of undistributed child support to be disbursed, and the maximum level of undistributed child support that should remain in the balance.

Status - Partially Implemented

Agency Action - In January 2004, DCSE established a task force to address the issue of undistributed collections. The task force consists of representatives from six counties and New York City, which account for 90 percent of the State's undistributed collections. Two goals of the task force are to develop automated and non-automated reduction methods, and to assist in the development of local districts' formalized plans. In addition, the task force will address methods for reducing undistributed collection balances, and enhancing the Child Support Management System's capabilities to capture and sort child support information and generate reports. These functions support the task force's overall plans to reduce the undistributed child support balance. In addition, the task force has identified eight issues that hamper the distribution of child support. These issues are being researched through pilot projects, which will be shared with the districts when they are fully tested. One of these pilot projects will identify specific steps in the distribution process that can be automated. For those steps that cannot be automated, all local districts will be required to submit formalized work plans.

Recommendation 3

Require the districts to issue periodic reports of funds disbursed, cases closed, growth in new cases and undistributed funds, the number of cases submitted to Family Court, and the number of cases forwarded to County Treasurers or to the New York City Commissioner of Finance.

Status - Partially Implemented

Agency Action - OTDA officials stated that the existing fund distribution reports need enhancement to make the data more useful. Although the enhanced reports have not yet been finalized, the task force has identified 9 major new categories and 51 subcategories of undistributed child support funds, enabling districts to better code and track undistributed collection balances. Districts are using the new categories and subcategories on an interim basis in reporting undistributed collections.

Recommendation 4

Identify best practices at the district level that can be shared with other districts.

Status - Implemented

Agency Action - Since January 2004, OTDA has held two workshops with local districts to share best practices identified in a June 2003 consultant's report. These workshops provided specific local district best practices and procedures for the distribution of child support payments. In addition, one goal of the task force is to share and implement best practices. In conjunction with OTDA's Processing Center Operations Unit, the task force formulates ideas and concepts of projects that can be piloted at a few districts and then implemented by all the local districts. As previously noted, the task force has also identified eight issues that hamper the distribution of child support; these issues are currently being researched.

Recommendation 5

Determine the feasibility of enhancing CSMS' capabilities so that OTDA staff will be able to perform the following functions when they prepare management reports:

- *Capture and sort undistributed child support cases by cause;*
- *Identify the actual number of cases, including those in suspense;*
- *Age undistributed child support cases; and*
- *Calculate Statewide frequency distributions by dollar amount.*

Status - Implemented

Agency Action - The task force has completed an important step toward enhancing the Child Support Management System's (CSMS) capabilities by identifying 9 major new categories and 51 subcategories of undistributed collections that can be defined and distinguished, and eventually tracked and reported. The task force is also in the process of developing coding and tracking methodologies that will expand CSMS' reporting capabilities. Currently, CSMS is capable of reporting the dollar value of undistributed collections and identifying undistributed child support cases by cause. OTDA is also in the process of enhancing CSMS to enable aging of cases. OTDA officials estimate that implementation of the aging enhancement will be completed within the next four months.

Major contributors to this report were John Buyce, Joel Biederman and Don Wilson.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We also thank the management and staff of OTDA for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

Frank J. Houston
Audit Director

cc: Robert Barnes, Division of the Budget
Christine Unson, OTDA