



REPORT OF

THE

STATE AUDITOR

**Evaluation of Actions Taken on the
1999 Child Support Enforcement
Performance Audit**

As of May 2000

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May 31, 2000

Members of the Legislative Audit Committee:

This report contains the results of our evaluation of the actions taken by the Division of Child Support Enforcement in response to our June 1999 performance audit. The performance audit contained 13 recommendations, which are summarized in the Recommendation Locator. This report contains the original audit recommendations and agency responses, identifies action taken to date by the Division of Child Support Enforcement, and communicates our evaluation of the Division's progress.

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RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary (From June 1999 Audit)	Division of Child Support Enforcement Response and Implementation Date (From June 1999 Audit)	
1	3	Review caseload to determine if there are open cases that meet closure criteria and train counties on the benefits of closing those cases.	Agree	July 2000
2	5	Improve management of prior year support due; consider privatizing collections for difficult cases.	Agree	July 2000
3	7	Review caseloads to identify cases that have gone for long periods of time with no activity; develop an agency letter on the use of monitoring tools (e.g., calendar reviews); and provide additional training on caseload management.	Agree	July 2000
4	9	Continue to work with counties that are not in compliance with state regulations. Impose sanctions on those counties that have ongoing problems with compliance and that do not make good faith efforts to improve.	Agree	July 1999
5	10	Continue efforts to maximize amounts received from federal incentives.	Agree	July 2000
6	11	Review results of the study on charging interest on past due child support amounts, and implement appropriate recommendations statewide. Propose any needed statutory changes. If the decision is made to charge interest, modify the reporting system to calculate and track interest charges.	Agree	September 30, 2000
7	13	Ensure that counties currently charging interest calculate charges correctly.	Agree	July 2000

RECOMMENDATION LOCATOR

Rec. No.	Page No.	Recommendation Summary (From June 1999 Audit)	Division of Child Support Enforcement Response and Implementation Date (From June 1999 Audit)	
8	15	If interest should continue to be charged based on the results of the interest study, notify non-custodial parents of the charges and interest applied.	Agree	September 30, 2000
9	16	Notify non-custodial parents when a disbursement has been on hold for 60 days. Require counties with disbursements on hold for over 180 days to submit a plan for clearing these amounts. Clear all pre-1994 disbursements on hold by December 31, 1999. Review ACSES reports on disbursements transferred to the abandoned collections account. Seek legal interpretation on whether disbursements on hold fall under the Unclaimed Property Act.	Agree	December 31, 2000
10	19	Train county staff on how to document application fees.	Agree	September 30, 1999
11	20	Work with counties to determine the most cost-efficient way to provide genetic testing services and then make any needed changes.	Agree	Continuous August 1999
12	21	Implement the federal Office of Child Support Enforcement recommendations related to New Hire Reporting and evaluate whether the recommendations could be applied to all enforcement actions.	Agree	July 2000
13	22	Continue to work with the counties to review and analyze the costs and benefits of various alternatives for administering Colorado's Child Support Enforcement Program.	Agree	Continuous August 1999

Division of Child Support Enforcement Department of Human Services Performance Audit, June 1999

Evaluation of Actions Taken by the Division As of May 2000

In 1999 the Office of the State Auditor conducted a performance audit of Colorado's Child Support Enforcement Program. The purpose of the audit was to evaluate the administration of Colorado's child support activities under Title IV-D of the Social Security Act of 1974. The Division of Child Support Enforcement, in the Department of Human Services, oversees the Colorado Program.

The following report includes a summary of the June 1999 narrative, the audit recommendations, the Division's original responses, the Division's discussion of actions it has taken to address the recommendations, our evaluation of those actions, and (as appropriate) a discussion of the tasks that are still outstanding. To date, none of the recommendations have been fully implemented. This report includes information regarding the Division's progress in correcting the identified problems.

Close Cases That Meet Federal and State Closure Criteria

In our 1999 audit we found that the State's caseload included many cases that could be closed because there was little potential of obtaining a child support payment. These cases had been in a locate category for several years with no success. Additionally, in many instances no information (e.g., social security number or date of birth) was known about the non-custodial parent. We estimated that if the State closed the cases meeting federal and state closure criteria, it could realize annual cost savings of over \$812,000.

Recommendation No. 1 (June 1999):

The Division of Child Support Enforcement should improve its management of cases by:

- a. Reviewing its caseload to determine if there are open cases that meet federal and state closure criteria.
- b. Training counties on the new state regulations on case closure and the benefits of closing cases that meet closure criteria.

Division of Child Support Enforcement Response (June 1999):

Agree. The Division will coordinate a case review project during the time period of August 1999 through July 2000 which will include training counties on the newly revised federal case closure criteria and will request counties review their caseloads and close cases meeting the revised case closure criteria. The training will include education regarding the federal performance criteria and the impact case closure could have on the performance measures.

Implementation Date: July 2000.

Division of Child Support Enforcement Update (May 2000)

Implemented.

The Division:

- **Met with field staff about the audit and the benefits of good case management.**
- **Met with Administrators, Supervisors, Bureau Chiefs, and Directors about the audit and the benefits of good case management.**
- **Ran an ad-hoc report from ACSES for counties to use to review their caseload.**
- **Trained counties on closure criteria, how to close cases, and what effect closure will have on case management and performance measures; showcased counties that have best practices in this area.**
- **Assigned state staff to provide technical assistance and help to counties as needed to accomplish goals and requirements of audit.**

Office of the State Auditor's Evaluation of Actions Taken (May 2000):

At the time of our review, the Division had provided training to county staff on the importance of caseload management, how and when to close cases, and the effect case closures have on performance measures. The Division had also developed and provided to the counties a report that identified cases that could possibly be closed due to the length of time the case has been in a locate category. Along with this report, the Division provided counties with instructions for working the cases identified in the report for possible closure. Division reports show that the total state caseload has decreased by 19,362 cases (11 percent) since August 1999. The Division needs to emphasize to counties the importance of closing cases that meet closure criteria by continuing to provide counties with updated reports identifying cases that could possibly be closed and through its case review process, sample test for case closure compliance.

Evaluate Options for Increasing Collections on Difficult Cases

During the 1999 audit we found that non-custodial parents owed over \$1 billion in child support. About \$847 million (81 percent) was child support that had been owed for more than one year. This past due child support is called “prior year support due.” Prior year support is often more difficult to collect than current support. Colorado’s collection rate on prior year support due was 5.5 percent in Federal Fiscal Year 1997, while its collection rate on current support was 47.8 percent.

Options identified for reducing prior year support included; (1) closing cases in which there is little chance of collecting, (2) classifying prior year support due as a “doubtful” account after a certain amount of time, (3) actively pursuing collections through enforcement remedies; and (4) contracting with private firms for the collection of child support on difficult cases.

Recommendation No. 2 (June 1999):

The Division of Child Support Enforcement should improve its management of prior year support due. The Division should consider privatizing collections for difficult cases and closing old cases.

Division of Child Support Enforcement Response (June 1999):

Agree. During the time period of August 1999 through July 2000, the Division will evaluate alternatives for managing the prior year support owed. The Division will train counties on the newly revised federal case closure criteria and request that counties review their cases to determine if any can be closed using the revised federal case closure criteria. As cases close, one of the results could be reduction in the prior year support owed balance.

During this same twelve month period, the Division will survey other states who have privatized collections on difficult cases to obtain the cost benefit ratio for this undertaking. The Division will provide this information to county IV-D Administrators and will continue to encourage counties to use all available resources to collect arrearages including their authority to privatize collections for difficult cases when appropriate.

Implementation Date: July 2000

Division of Child Support Enforcement Update (May 2000):

In progress.

The Division has:

- Reviewed and analyzed the Model Office Project regarding the effects of establishing debt and retroactive support orders. Results were inconclusive.
- Conducted statewide training for counties on reviewing their caseload and closing cases that meet federal and state closure criteria.
- Surveyed and received data from other states that have privatized collections on difficult cases to obtain the cost effectiveness.
- Started analyzing the data from other states and converted their experiences into projected outcomes for Colorado.
- Provided to all counties the results and collection data regarding Colorado counties that have privatized aspects of their program.
- Began providing the counties with a listing of vendors who are interested in providing privatized child support services and provided the survey results to the counties.
- Lead discussions at IV-D Administrator meetings and state conferences about privatizing case work and/or services.

Office of the State Auditor's Evaluation of Actions Taken (May 2000):

The Division has taken steps to consider options for privatizing collections on difficult cases, including surveying other states that have privatized collections. At the time of our review, however, the Division had not yet analyzed this data or converted it into projected outcomes for Colorado. Additionally, the Division surveyed counties to determine which ones might be interested in having the Division procure contracts on behalf of the counties to privatize collections on difficult cases. Twenty-three counties responded that they were definitely interested and five other counties indicated that they might be interested. At the time of our review, the Division was developing a Request for Proposal to procure the privatization of child support services for interested counties. The Division still

needs to analyze the data it has obtained from other states and determine the effect privatized collections would have on Colorado's difficult cases.

Improve Case Management

During the 1999 audit we reviewed a statistically valid sample of 407 child support cases. We found problems in 80 (20 percent) of the cases, ranging from inaccurate data entry to lack of required enforcement efforts. Some problems resulted in incorrect enforcement actions, including collection of the wrong amounts from non-custodial parents. In other cases, enforcement actions were not carried out properly and the need to correct problems diverted staff from other important duties.

Recommendation No. 3 (June 1999):

The Division of Child Support Enforcement should ensure appropriate actions are taken on child support cases by:

- a. Reviewing existing caseloads to identify cases that have gone for long periods of time with no activity to determine appropriate disposition.
- b. Developing an agency letter on the use of monitoring tools, such as calendar reviews.
- c. Providing additional training on caseload management, including calendar reviews.

Division of Child Support Enforcement Response (June 1999):

- a. Agree. During the time period of August 1999 through July 2000, the Division will request that counties review their cases to determine if any can be closed using the revised federal case closure criteria and to ensure that all cases are in the proper category on the Automated Child Support Enforcement System (ACSES). The Division agrees that all child support cases must be given the attention needed to maximize the chances of collecting child support.
- b. Agree. By December 31, 1999, the Division will produce an agency letter providing counties instruction on the use of monitoring tools including calendar reviews.
- c. Agree. The ACSES provides all information to support caseload management. During the time period of August 1999 through July 2000, the division will train counties on the efficient use of these mechanisms:

- Management reports
- Calendar review messages
- Locate response information

Implementation Date: July 2000.

Division of Child Support Enforcement Update (May 2000):

In progress.

The Division:

- **Conducted statewide training to instruct counties on reviewing their caseloads to ensure that all cases are in the proper case category and to take the next appropriate action on all cases that have gone for long periods of time without activity.**
- **Will draft and disseminate an agency letter advising counties of all monitoring tools available and how to use the tools.**
- **Trained counties on: how to use ACSES reports to manage caseloads; how to effectively use locate response information; how to use ACSES triggers to prioritize daily workload; what effect good caseload management will have on performance measures; content of OCSE-157 and how staff performance is reflected and reported nationwide.**
- **Researched whether resources are available to provide additional on-line and new worker training classes to county staff. The Division concluded that resources were not available.**

Office of the State Auditor's Evaluation of Actions Taken (May 2000):

The Division developed a report that identifies cases that have gone for 90 consecutive days with no activity. The counties have been instructed to review the cases identified in this report to determine their appropriate disposition. According to the Division, it plans to develop and distribute this report to counties on a quarterly basis. The Division also conducted training for the counties on overall caseload management, including caseload review and monitoring tools, such as calendar reviews. At the time of our review, however, the Division had not yet completed the agency letter advising counties of all monitoring tools available and how to use the tools. The Division still needs to complete the agency letter on

monitoring tools and monitor cases identified in the report described above to ensure that counties have reviewed the cases and taken the appropriate action.

Ensure Counties Comply With Regulations

In our 1999 audit we found numerous instances of counties not complying with state and federal child support regulations. These problems included 8 cases in which the data in the State's automated system were not accurate and 70 cases in which counties did not meet the federal time requirements for specific child support enforcement actions. Data need to be accurate for the appropriate actions to be taken. Timeliness of actions taken is also important. For example, opening a case by establishing a case record and entering relevant information into the automated system is the first step in the child support process. If this action is not completed in a timely manner, the remainder of the process will be unduly delayed. The Division has recognized that some counties struggle to comply with the state and federal requirements.

Recommendation No. 4 (June 1999):

The Division of Child Support Enforcement should continue to work with the counties that are not in compliance with state child support regulations, including those on documenting cases. It should impose sanctions on those counties that have ongoing problems with compliance and that do not make good faith efforts to improve.

Division of Child Support Enforcement Response (June 1999):

Agree. The Division is committed to improving compliance rates and will continue to work with counties to improve compliance and performance, including documentation of cases. Recent federal regulations require that states conduct their own child support program self-assessment. The Division embraced these new regulations and developed a comprehensive IV-D evaluation process to: assess county compliance and performance; take corrective action to improve appropriate areas; and to monitor ongoing county compliance and performance levels. As a part of this county assessment, the Division will impose penalties as necessary pursuant to Staff Manual Volume 6, Section 6.140, for counties who do not make good faith efforts to improve their compliance with federal and state statutes, rules and regulations.

Implementation Date: July 1999.

Division of Child Support Enforcement Update (May 2000):

Implemented.

The Division has continued to refine the selection process for Root Cause Analysis to focus on counties where the state can achieve significant gains in performance.

Office of the State Auditor's Evaluation of Actions Taken (May 2000):

This recommendation has not been implemented. While the Division has attempted to further refine the selection process for Root Cause Analysis (a tool for evaluating county performance), the Division has not demonstrated continued on-going efforts to work with counties to achieve compliance with state child support regulations.

Improve Performance to Increase Federal Incentives

In our 1999 audit we found that the Division needed to improve Program performance in order to increase the amount of federal incentives received by the State. Under the new federal incentive program, we estimated that the State could increase federal revenues by as much as \$2.5 million for good performance.

Recommendation No. 5 (June 1999):

The Division of Child Support Enforcement should continue to improve its efforts to maximize federal incentives by working with counties to ensure that performance goals are met and caseload management is improved.

Division of Child Support Enforcement Response (June 1999):

Agree. The Division has already begun the process to implement the changes to the federal incentive structure. During the next twelve months, the Division will promulgate the rules which outline the incentive distribution formula and train all county staff on the formula and potential impact case management has on meeting the various performance levels.

Implementation Date: July 2000.

Division of Child Support Enforcement Update (May 2000):

In progress.

The Division has:

- **Implemented the changes made in the federal incentive criteria.**

- **Conducted statewide training to instruct counties on how to improve caseload management by reviewing caseload to ensure that all cases are in the proper case category. The Division also instructed counties to close all cases meeting closure criteria.**
- **Continued to refine the selection process for the Root Cause Analysis in order to focus on counties where the State can achieve significant gains in performance.**
- **Requested the federal Office of Child Support Enforcement (OCSE) 157 Statistical Report be programmed and distributed at the Team/Technician level.**

Office of the State Auditor's Evaluation of Actions Taken (May 2000):

The Division has included the changes made in the federal incentive formula in Departmental rules. The Division has also prepared and distributed to counties an agency letter detailing the changes and how they will be applied. In addition, the Division is in the process of implementing a new feature on the State's automated child support system that will automatically initiate case closure for cases in locate for one consecutive year or longer and for which the non-custodial parent's social security number is unknown. Finally, the Division is assessing its ability to run a statistical report that will provide detailed information on each individual technician's performance. The Division needs to closely monitor county performance to ensure that performance goals are met and the amount of federal incentives received by the State is maximized.

Implement Consistent Interest Policies Statewide

In our 1999 audit we found that 30 of the 63 Colorado counties charged interest on past due child support. During the course of our review, however, we found inconsistencies among the counties in how interest was charged. At the time of our audit, the Division had contracted with a private firm for an evaluation of the cost-effectiveness of interest charges on past due child support collections.

Recommendation No. 6 (June 1999):

The Division of Child Support Enforcement should improve its financial management of child support cases by:

- a. **Reviewing the results of its study on charging interest on past due child support amounts and implementing any appropriate recommendations statewide.**

- b. Proposing statutory changes necessary to ensure that interest-charging policies are consistent statewide.
- c. Modifying ACSES to calculate and track interest charges if the decision is made to charge interest.

Division of Child Support Enforcement Response (June 1999):

- a. Agree. The Division has already begun the process of analyzing all issues associated with charging interest on unpaid child support obligations. In October 1998, the Division was awarded a federal grant to develop and test a variety of procedures aimed at enhancing the efficiency of child support offices and increasing child support collections. One of the initiatives included in this grant is to assess the costs and benefits of collecting interest on child support arrears. The focus of the study will answer three questions:
 - 1. Will charging interest on a statewide automated basis increase child support collections?
 - 2. If yes, will it be cost-effective (i.e., will the marginal increase in child support collections be greater than the cost of realizing the increased collections)?
 - 3. If no, should the calculation of interest for unpaid child support obligations in IV-D cases be prohibited statewide?

The activities required by the study will be performed by a private contractor who will provide its recommendations to the Division by September 30, 2000.

b. and c. Agree. Upon receipt of the recommendations from the contractor, the Division will review and analyze the recommendations and implement those which the Department supports.

Implementation Date: September 30, 2000.

Division of Child Support Enforcement Update (May 2000):

In progress.

The Division will review and analyze the recommendations from the contractor. It will implement those recommendations which the Department support. The

Division will also negotiate with the contractor of the interest study to expedite production of the deliverables to provide as much information as possible for the State to use in the upcoming legislative session.

Office of the State Auditor's Evaluation of Actions Taken (May 2000):

At the time of our review, the Division had not yet received the results of the interest study. The target date for completion of the study is September 2000.

Ensure Interest Charges Are Calculated Correctly

In the 1999 audit we found that the counties that charged interest on past due obligations did not always calculate the charges in accordance with Colorado law. Neither the Division nor the counties were able to provide information on how much interest had been charged, collected, or written off as uncollectible. Because the Division did not have information on the interest charges already collected, we were unable to determine if non-custodial parents had over or under paid interest in the past.

Recommendation No. 7 (June 1999):

The Division of Child Support Enforcement should ensure that the counties currently charging interest calculate those charges correctly. Specifically, it should improve its management of interest charges by:

- a. Including reviews of interest in its regular county evaluations (e.g., Root Cause Analysis) to ensure compliance with state policy.
- b. Determining the extent and materiality of inaccurate interest payments on closed cases and determining if adjustments are appropriate.

Division of Child Support Enforcement Response (June 1999):

- a. Agree. Beginning August 1, 1999, the Division will include reviews of interest when conducting Root Cause Analysis for counties who assess interest on past due child support obligations.
- b. Agree. The Division agrees that the twenty-three calculations concerning nine cases contained in the report had problems with over or under assessment of interest. However, there was *no collection of interest* in any of these cases. (In the survey conducted by audit staff, county staff reported they use the interest calculation primarily as a negotiation tool in attempting to settle the case for a lump-sum payment.) The

Division believes that the collection of interest is not an issue of materiality. The Division will select a statistically valid sample of closed cases from counties who assess interest on unpaid child support obligations. During the period of August 1999 through July 2000, the cases in the sample will be reviewed to determine if the calculation of interest was computed correctly and validate whether any interest was collected inappropriately.

Implementation Date: July 2000.

Division of Child Support Enforcement Update (May 2000):

In progress.

The Division:

- **Revised the Root Cause Analysis criteria to include review of interest calculations.**
- **Selected cases and performed a review of interest as a part of the Root Cause Analysis and provided the results to counties.**
- **Requested and received an ACSES ad-hoc report that provides information about the universe of closed cases that must be reviewed pursuant to the audit.**
- **Programmed ACSES to select a statistically valid random sample of all closed cases from the caseloads of counties that charge interest.**
- **Will review the interest calculation on the random sample of closed cases to determine if the calculation was done correctly. Will review the payment history on each case to determine if any interest was collected.**

Office of the State Auditor's Evaluation of Actions Taken (May 2000):

The Division has incorporated interest reviews into its Root Cause Analysis (a tool for evaluating county performance). In November 1999, the Division reviewed interest calculations for a sample of cases in counties chosen for Root Cause Analysis. The results of the Root Cause Analysis showed that none of the counties chosen were properly keeping interest calculations up to date. At that time, the counties were instructed to comply with interest guidelines. The Division has also chosen a statistically valid sample of 448 cases from each of the counties that charge or have charged interest in the past. At the time of our audit, however, the Division had not yet begun its review of these cases to determine if the counties had correctly calculated the amount of interest owed and if non-custodial parents had over or under paid interest in the past. The Division needs to complete its review of these

cases and follow up with the counties to ensure the problems identified in the Root Cause Analysis are corrected.

Inform Non-Custodial Parents of Interest Charges

In the 1999 audit we found that non-custodial parents did not receive regular statements outlining their total amount due, including any interest charges that had accrued. Counties that charged interest did not keep a running total of the amount of interest due. The only way a non-custodial parent could learn how much he owed in total was to contact the county child support unit. When a non-custodial parent requested the information, the county worker might take several days to calculate the interest amount and add it to the total amount due.

Recommendation No. 8 (June 1999):

If the Division of Child Support Enforcement decides that interest should continue to be charged based on the results of its interest study, it should ensure that non-custodial parents are periodically notified of the charges and interest applied.

Division of Child Support Enforcement Response (June 1999):

Agree. Upon receipt of the recommendations from the contractor by September 30, 2000, the Division will review and analyze the recommendations and will implement those which the Department supports. If the decision of the Department is to continue to assess and collect interest on unpaid child support obligations, the Division will develop a periodic notice to notify non-custodial parents of the interest charged and how the collection of interest was applied to the past due child support obligation.

Implementation Date: September 30, 2000.

Division of Child Support Enforcement Update (May 2000):

In progress.

The Division:

- **Negotiated with the contractor of the interest study to expedite production of the deliverables to provide as much information as possible for the State to use in the upcoming legislative session.**
- **Will review and analyze the recommendations from the contractor and implement those which the Department supports.**

Office of the State Auditor's Evaluation of Actions Taken (May 2000):

At the time of our review, the Division had not yet received the results of the interest study. The target date for completion of the study is September 2000. The implementation of this recommendation is dependent upon the results of the study.

Clear Disbursements on Hold

In the 1999 audit we found that the State receives some child support payments that cannot be distributed to the custodial parent because the parent cannot be located. These payments are known as disbursements on hold. As of February 1999 about \$300,000 in disbursements had been on hold for over 180 days. About \$129,000 of that amount had been on hold since before 1994. State regulations require that counties research disbursements on hold quickly to locate the custodial parent so that the payment may be released.

Recommendation No. 9 (June 1999):

The Division of Child Support Enforcement should improve the management of disbursements on hold by:

- a. Notifying non-custodial parents when a disbursement has been on hold for 60 days.
- b. Requiring all counties with disbursements on hold for over 180 days to submit a plan for clearing out all these disbursements.
- c. Requiring all pre-Family Support Registry disbursements on hold to be cleared by December 31, 1999.
- d. Reviewing ACSES reports on disbursements transferred to the abandoned collections account.
- e. Seeking legal interpretation on whether disbursements on hold fall under the Unclaimed Property Act.

Division of Child Support Enforcement Response (June 1999):

- a. Agree. The Division agrees that notifying non-custodial parents could assist counties in locating families so that current collections can be forwarded to families. The Division is undertaking a major redesign of the locate function on the ACSES. This will be included in Phase II of the project which will be implemented no later than December 31, 2000.
- b. Agree. The Division and counties are committed to clearing all disbursements on hold. The Division will ensure that all counties who have outstanding disbursements on hold will submit a plan to the Division by September 30, 1999 reflecting the process they will use to clear all disbursements over 180 days.
- c. Agree. There are only five counties in the State who have outstanding pre-Family Support Registry disbursements on hold because the Division and counties have made tremendous strides in clearing all of these disbursements. The Division will work with these five counties to ensure the balances are eliminated by December 31, 1999.
- d. Agree. As noted in letters (b) and (c) effective August 1999, the Division will work with counties to ensure that disbursements are not on hold longer than 180 days. In the event that a limited number of payments remain on hold past the 180 days, each month the Division will review the ACSES monthly report which reflects cases with collections which were on hold and that were subsequently moved to the abandoned collection account. If problems are identified during this monthly review those counties will be instructed to follow the regulations concerning clearing disbursements on hold.
- e. Agree. By October 1, 1999, the Division will seek a legal interpretation on whether disbursements on hold fall under the Unclaimed Property Act.

Implementation Date: December 31, 2000.

Division of Child Support Enforcement Update (May 2000):

In progress.

The Division:

- **Included notification of non-custodial parents in the locate redesign project.**
- **Instructed all counties with disbursements on hold older than 180 days that they must submit a plan to the Division stating how and when their disbursements on hold will be cleared.**

- **Contacted all five counties that had pre-Family Support Registry disbursements on hold and required that they be cleared by 12/31/99. If the counties did not know how to clear them, the Division provided technical assistance.**
- **Will review the reports on disbursements transferred to the abandoned collections account and, if problems are identified, immediately contact the counties and require them to correct the problem.**
- **Sought legal interpretation from the Attorney General as to whether disbursements on hold fall under the Unclaimed Property Act and will implement the decision of the Attorney General.**

Office of State Auditor's Evaluation of Actions Taken (May 2000):

As of April 2000, all pre-Family Support Registry disbursements on hold had been cleared. In August 1999 the Division instructed counties to clear all disbursements on hold for more than 180 days by December 1999. We found that the amount of disbursements on hold for more than 180 days had decreased from \$264,300 in August 1999 to \$19,476 in April 2000. The Division should continue to work with the counties to clear the remaining \$19,476 in disbursements on hold.

At the time of our review, an Attorney General's opinion as to whether disbursements on hold fall under the Unclaimed Property Act had been sought, but the opinion had not yet been issued. In addition, the Division still needs to complete the inclusion of a mechanism in its automated system for the notification of non-custodial parents when a disbursement has been on hold for 60 days. At the time of our review, the Division estimated this feature would be completed by December 2000. Finally, the Division needs to review the reports on disbursements transferred to the abandoned collections account and correct any problems that are identified.

Train Counties on Documenting Application Fees

In the 1999 audit we found that not all Colorado counties had implemented a policy to charge a \$20 fee for non-public assistance cases. State regulations require that counties charge \$20 for non-public assistance applicants for child support services. Counties may waive this fee "in cases where the county director determines that the imposition of such a fee would cause undue financial hardship." However, when a county waives the fee, the \$20 must be paid by the county from its child support enforcement funds. The county-paid fees are not reimbursable by the federal government. Counties use the application fees to reduce the costs of their child support enforcement programs.

We estimated that in Federal Fiscal Year 1998, about 5,036 cases were not charged a fee. This represented over \$100,700 in uncollected fees that had to be absorbed by the counties.

Recommendation No. 10 (June 1999):

The Division of Child Support Enforcement should improve the collection of fees for non-public assistance applications by training county staff on how to document these fees.

Division of Child Support Enforcement Response (June 1999):

Agree. By September 30, 1999, the Division will train counties to use the rules at Staff Manual Volume 6, section 6.201.2(B)(8) which allows county directors of social services to pay the fee out of child support enforcement funds for families where imposition of the fee would cause an undue financial hardship. The training will also instruct counties to use the ACSES Users Guide, C.2.1.1 which explains the data fields on ACSES for recording the fee and entering information into these fields. The fields on ACSES include a "Paid By" where the user identifies who paid the application fee. One of the choices for this field is "County."

Implementation Date: September 30, 2000.

Division of Child Support Enforcement Update (May 2000):

In progress.

The Division:

- **Surveyed counties asking how fees are currently paid and reported.**
- **Will ask counties to go back and populate the correct fields on ACSES for the current caseload or will ask ACSES to populate the fields, depending on scope.**
- **Trained counties on the following issues: (1) fees must be paid, either by family or by county; (2) counties must develop criteria for when county will pay fee; and (3) counties must document the fee information in the appropriate ACSES fields.**

Office of the State Auditor's Evaluation of Actions Taken (May 2000):

The Division has provided training to the counties on the issue of application fees, including who must pay the fee and how to document fee information on the automated system (ACSES). At the time of our review, however, the Division had

not yet taken steps to ensure that application fee information is correctly documented in ACSES. The Division still needs to either have the counties enter the information into ACSES or, if possible, have ACSES automatically enter the information.

Determine the Most Cost-Efficient Way to Provide Genetic Testing Services

In the 1999 audit we found that genetic testing costs ranged from \$50 per person to \$90 per person, depending upon the county. When a child is born out-of-wedlock or the presumption of paternity is contested, paternity must be determined. Paternity can be established in two ways. The first is by the alleged father's voluntary acknowledgment of paternity. The second is through genetic testing. We estimated that if all paternity testing was conducted at the lowest price of \$50 per test, there would be annual statewide savings of over \$57,000.

Recommendation No. 11 (June 1999):

The Division of Child Support Enforcement should work with the counties to determine the most cost-efficient manner of providing genetic testing services and then make any necessary changes.

Division of Child Support Enforcement Response (June 1999):

Agree. The Division will continue to work with counties to determine the most cost efficient manner of providing genetic testing services. Effective August 1999 and every year thereafter, the Division will issue an agency letter providing the names of all vendors who have been contracted to provide genetic testing in Colorado and the fees being charged to each county by these vendors.

Implementation Date: Continuous, August 1999.

Division of Child Support Enforcement Update (May 2000):

In progress.

The Division:

- **Issued an agency letter providing the names of all vendors who have contracted with counties and those from whom counties have purchased genetic testing services in Colorado and the fees being charged to each county by these vendors.**

- **Will issue an annual agency letter to counties providing the names of all vendors who have contracted with counties and list the counties that have purchased genetic testing services and the charges.**
- **Will research whether entering into multiple statewide contracts for genetic testing services would be more cost effective and would provide better services.**

Office of the State Auditor's Evaluation of Actions Taken (May 2000):

The Division issued an agency letter to the counties in April 2000 that lists all vendors that supply genetic testing services and the rates currently paid by each county to these vendors. The Division plans to continue to provide this information to the counties each year by April 30th. The Division still needs to complete its research of the cost effectiveness of entering into multiple statewide contracts for the purchase of genetic testing services.

Implement Federal Office of Child Support Enforcement Recommendations

In the 1999 audit we found that the Division's attribution of increased collections related to two enforcement remedies was overstated. In some cases, the Division attributed the same increases in collections to two different enforcement remedies. Additionally, we found that collections may be indefinitely attributed to an enforcement action. The federal Office of Child Support Enforcement is currently developing a method to determine the effectiveness of New Hire Reporting that will limit the time frame collections can be attributed to the action.

Recommendation No. 12 (June 1999):

The Division of Child Support Enforcement should implement the federal Office of Child Support Enforcement's recommendations related to New Hire Reporting and evaluate whether the recommendations could be applied to all enforcement actions in order to determine their effectiveness.

Division of Child Support Enforcement Response (June 1999):

Agree. The Division will use the methodology developed by the federal Office of Child Support Enforcement in measuring the collections that result from the New Hire Reporting. The Division will also evaluate during the time period of August 1999 through July 2000

whether this methodology could be applied to other enforcement actions in determining their effectiveness.

Implementation Date: July 2000.

Division of Child Support Enforcement Update (May 2000):

In progress.

The Division:

- **Will use the federal methodology when it becomes available to measure the collections that result from New Hire Reporting.**
- **Will evaluate whether the methodology can be applied to other automated enforcement remedies.**

Office of the State Auditor's Evaluation of Actions Taken (May 2000):

At the time of our review, the federal Office of Child Support Enforcement had not yet distributed its recommendations to the states for evaluating New Hire Reporting. When the recommendations are distributed, the Division needs to evaluate them to determine if they can be applied to other enforcement actions.

Evaluate Child Support Program Organization and Operations

In the 1999 audit we found that differences among the counties resulted in inefficiencies and inconsistencies in the way child support enforcement services were provided statewide. Alternatives for organization of the Program include: (1) regionalization of operations; (2) increased privatization; and (3) a functional reorganization in which all locate and enforcement functions could occur at the state level, while intake and establishment of paternity and support could be maintained at the local level.

Recommendation No. 13 (June 1999):

The Division of Child Support Enforcement should continue to work with the counties to review and analyze the costs and benefits of various alternatives for administering the Child Support Enforcement Program. It should implement any changes that would improve program effectiveness and efficiency, and eliminate inconsistencies in service provision.

Division of Child Support Enforcement Response (June 1999):

Agree. The Division will continue to use the IV-D Task Force as a vehicle to develop and structure the child support enforcement program and to assist in assessing the cost/benefit of any proposal and alternative administrative structures for the program in Colorado.

Implementation Date: Continuous, August 1999.

Division of Child Support Enforcement Update (May 2000):

In progress.

The Division is using the Child Support Enforcement Task Force as a vehicle to develop and structure the Program and to assist in assessing the cost/benefit of any proposal and alternative administrative structures for the program in Colorado.

Office of the State Auditor's Evaluation of Actions Taken (May 2000):

According to the Division, implementation of this recommendation will be carried out on an ongoing basis through the IV-D Task Force. At the time of our review, however, the Division had not yet taken any action to assess the costs and benefits of an alternative structure for the Program. The Division needs to evaluate alternative organizational structures that might improve the Program's effectiveness and efficiency, and eliminate inconsistencies in service provision.

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