

Department of Revenue

Division of Child Support Enforcement

Background

The Division of Child Support Enforcement is organizationally within the Commonwealth's Department of Revenue. The Division's mission is to (1) identify and locate absent parents, (2) establish and enforce support obligations and (3) collect and distribute support payments for children receiving public assistance payments under the Transitional Assistance to Families with Dependent Children (TAFDC) Program as well as a portion of the court ordered non-TAFDC payments.

During fiscal year 1998, the Division's total expenditures were approximately \$57 million; federal funds, including incentive payments, totaled approximately \$50 million.

The federal funding to the Division is detailed in the accompanying Schedule of Expenditures of Federal Awards. The Division's major program was:

| CFDA # | Federal Program Description |
|---------------|------------------------------------|
| 93.563 | Child Support Enforcement |

Findings on Compliance with Rules and Regulations

Finding Number 47: COMETS System Posting Hierarchy Error

The Department of Revenue's Division of Child Support Enforcement (Division) policies and procedures for the allocation of payments were not followed within the COMETS System for one of twenty-five cases tested. In this one case, an error in the COMETS System posting hierarchy was identified.

A payment received in May of 1998, in the normal course of the lockbox operations, was entered into the COMETS System. The system posted the \$77.50 receipt to the accrued balance for the case rather than to the current support obligation. Federal regulation 45CFR 302.51 (a)(1), requires that amounts collected shall be treated first as payment for the required support obligation for the month in which the support was collected. The source of the error stems from the fact that funds received from the non-custodial parent (NCP) in between accrued assessments were allocated to other payment categories within COMETS.

The Division implemented an application program fix during June of 1998. Division officials explained that this resolution was not implemented to retroactively restate the allocation of payments, because they believed the balances would be accurately reflected at the end of the month. Not implementing the fix retroactively still could leave the

possibility of untimely distributions of current support.

Most of the Division's work is done via the COMETS System. It manages the cases, directs the Treasurer to issue support payments and provides information for the preparation of federal reports. It is the intention of the Division that the COMETS System post payments received in accordance with the regulations. (*Department of Health and Human Services - Child Support Enforcement 93.563; Fiscal Year 1997 Single Audit Finding 53*)

Recommendation:

Continued efforts must be made to assess the COMETS System and its reliability. During this time of transition, added emphasis should be placed on a Quality Assurance Unit that allows for statistical interpretation of test results. The Quality Assurance Unit should continue to monitor the functionality of the system against test results. This should assist in identifying timely, deviations within the COMETS system and implementing proper corrective action plans.

The Division has a control environment in place to report errors found at all levels of the organization, which includes a log of all observed errors, a follow-up of the errors and documentation of all changes made to the system in response to errors found. These control procedures should be continued.

Department corrective action plan:

A revised financial batch program was implemented during June of 1998 which calculates the required obligation for the month in which support was collected and distributes these funds according to 45CFR 302.51 (a)(1).

In addition, CSE has already begun the process of heightening COMETS quality assurance efforts. A substantial review of systemic data for 139 randomly selected cases was conducted in September 1998. The results of this review have subsequently been shared with the State Single Audit Team and most recently, with the Office of the State Auditor who began a review of CSE on November 5, 1998.

As noted in the recommendation for this finding, CSE has a control environment for reporting, reviewing, testing, and resolving system errors. Such controls will be continued.

Target date: Ongoing

Responsible parties: Alison Kur, Associate Deputy Commissioner

Leonard W. Busha, Jr., Chief, Administration and Finance

Kevin Sheehan, Chief, Systems Management

Peter Maloney, Chief, Information Resources Bureau

Finding Number 48: Ineffective Case Tracking and Management System

The Department of Revenue's Division of Child Support Enforcement (Division) does not exhibit an adequate system for effectively tracking and managing child support cases. Of 25 case files selected for testing, there were 4 cases in

which the tracking and managing of these cases did not comply with federal regulations.

In one case, the case file folder and the COMETS system indicated that one of the dependent children of the custodial parent (CP) reached the age of majority on June 6, 1998, and the Division continued to assess current child support obligations for this dependent against the non-custodial parent (NCP). The divorce decree in the case file stated that as each child reaches the age of majority (18), the husband shall reduce his support payments accordingly.

In two of the cases the Division attempted to enforce the support obligation through various income and tax reporting methods. These methods appeared to be unsuccessful in locating the NCP. Federal regulation, 45 CFR 303.6, requires that support obligations be enforced through maintaining of an effective case tracking and management system, including time frames for completing each step of the process necessary to support the obligation. In addition, 45 CFR 303.3, requires that repeat attempts should have been made for three years and then the Division must further evaluate the status of the case. During the early stages of implementation, the COMETS system did not provide for systemic (automatic) locate attempts within the required time frames and as a result the locate attempts were not administered in a timely manner. These two cases carried arrearage of \$15,800 and \$44,180 as of June 30, 1998.

One of the additional problems noted during this case review was that various COMETS screens displayed information that did not agree to other screens with similar information. The enforcement/locate matrix screen did not accurately reflect the enforcement and locate attempts the Division had made during the year. However, the events history screen provided for a detailed history of attempts that were made. Furthermore, these attempts appeared to be implemented beyond the required time frame as outlined by federal regulations. It appears that certain informational screens that could assist in the case management control system may not be functioning properly and could create the possibility of case mismanagement.

In the remaining case, the Division was eleven days late in providing for postal verification as required by the federal guidelines.

The failure to monitor cases indicates a potential weakness in the case management control system and does not ensure the accuracy and reliability of the entire database. (*Department of Health and Human Services - Child Support Enforcement 93.563; Fiscal Year 1989; 1997 Single Audit Finding 50*)

Recommendation:

Procedures should be implemented to provide for timely reviews of case files to ensure that the Division has an open and active case with a legal claim to any funds. In three of the four cases in which specific errors have been cited, the cases had evidence of untimely review during the last three years. The current procedures for attempts at location and collection should be followed. Requirements for the correction of cases that are determined to be in error should be implemented.

In fiscal year 1999, the Quality Assurance Unit should continue reviewing cases. The selection process for internal testing should be based on statistically valid, randomly generated item selections. The audit program for testing of the cases should be standard and followed in every case. Once selected, the case should be used to test as many control systems as possible including the cases' interaction in the COMETS system, Revenue Conduit Bureau transaction adjustments and any automatic interfaces with other electronic data bases. This comprehensive, methodical testing and associated results would allow for the projection of the overall error rates. Furthermore, continued training and supervision of CSE staff should be administered to help ensure that all staff has adequate knowledge of the functions and capabilities of the COMETS system.

Department corrective action plan:

Implementation of a strong quality assurance function at CSE is both a practical and regulatory necessity. As noted in the status update for fiscal year 1997, reviews of the Quality Assurance Unit's (Unit) activity determined that the Unit was unable to provide the desired work product. The Unit's management, reporting structure, review methodology and focus of audit reports have been changed. The Unit has started the self-assessment process, results will be shared with CSE management and appropriate operational units.

In addition, the Division has recently hired Regional COMETS Coordinators who serve as the primary daily training providers and information disseminators in each office. These individuals, many of whom participated in COMETS development, are likely the most expert COMETS users in the Division. Their efforts serve to augment established on-the-job and classroom training.

Finally, CSE continues to disagree with the observation in the fourth paragraph of the finding which suggests some reconcilable relationship between the enforcement matrix screen and the case event history. These screens depict different information for distinct purposes and are not designed or intended to agree. CSE is focusing efforts on ensuring that staff understand which screens to utilize to carry out each child support procedure.

Target date: Ongoing

Responsible parties: Alison Kur, Associate Deputy Commissioner

Paul Cronin, Chief, Customer Service

Leonard W. Busha, Jr., Chief, Administration and Finance

Kevin Sheehan, Chief, Systems Management

Peter Maloney, Chief, Information Resources Bureau

Findings on Reportable Conditions

Finding Number 49: Inadequate Control over Case Adjustments

The Department of Revenue's Division of Child Support Enforcement (Division) does not have effective controls in place to identify and correct COMETS System errors. In our testing of cases to determine the proper posting of cash receipts/cash disbursements it was noted that inappropriate changes were made to the COMETS System case information.

In the months of May 1998 through July 1998, adjustments to accounts were made to post an additional assessment, for the month of May, because there were five Fridays in the month. The COMETS system provides an assessment for child support due from the non-custodial parent (NCP) on every Friday. The Division manually posted a system-wide adjustment to weekly pay accounts because it believed that the COMETS System did not properly accrue for the fifth week in May. The assumption was that COMETS was not properly programmed to account for months in which there were five Fridays. When the current support was received by the Division, the COMETS system allocated the 5th payment during the month of May to NCP hold.

Division officials explained that they attempted to adjust the error in approximately 225,000 cases. This adjustment apparently only corrected approximately 200,000 cases, in which an additional program fix was implemented in August of 1998, to correct the remaining 25,000 cases. Our review of the cases raises questions as to whether either program fix was warranted, since it appears the COMETS system properly provided for five assessments.

This error indicates that the procedures in place to identify and correct problems can be improved. A correction of this nature, made to the COMETS database should have required careful review and analysis to determine if there was in fact an error that needed attention. Once an error is documented, the correction should be well thought out and formally documented. The documentation should include the changes made to the system to prevent future occurrences of the same type error and the changes to the database to correct for the particular errors found. (*Department of Health and Human Services - Child Support Enforcement 93.563*)

Recommendation:

As recommended in finding #47, a formal set of policies and procedures should be implemented for management of the COMETS system. Practices should be communicated immediately to prevent future quick fixes. Controls must be strengthened, through password protections and strict management sanctions, to prevent wholesale adjustments to the COMETS System database. Continued efforts must be made to assess the COMETS System and its reliability. During this time of transition, added emphasis should be placed on a Quality Assurance Unit that allows for statistical interpretation of test results. The Quality Assurance Unit should continue to monitor the functionality of the system against test results. This should assist in identifying timely, deviations within the COMETS system and implementing proper corrective action plans.

The Division has a control environment in place to report errors found at all levels of the organization which includes a log of all observed errors, a follow-up of the errors and documentation of all changes made to the system in response to errors found. These control procedures should be continued.

Department corrective action plan:

CSE continues to disagree with the premise that the system fix referenced in this finding was not necessary. However, as noted in the corrective action plan for Finding Number 1, CSE has already begun the process of heightening COMETS quality assurance efforts, CSE is also in the process of rolling out revised procedures and corresponding training to improve documentation of new system specifications and change orders.

Target date: Ongoing

Responsible parties: Alison Kur, Associate Deputy Commissioner

Paul Cronin, Chief, Customer Service

Leonard W. Busha, Jr., Chief, Administration and Finance

Kevin Sheehan, Chief, Systems Management

Peter Maloney, Chief, Information Resources Bureau

Findings on Compliance with Rules and Regulations

Finding Number 50: Cases Not Closed in System

The Department of Revenue's Division of Child Support Enforcement (Division) does not maintain a case file system sufficient to detect cases that remain open in error. Of 25 case files selected for testing, two were found that should have been closed. In these cases, the facts displayed in the case file folder and the COMETS system supported the need for the case to have been closed and it was not.

Federal regulation, 45 CFR 303.11, requires that the agency establish a system for case closure. Two case files indicated a request for voluntary termination by the custodial parent (CP). These cases should have been non-active, terminated and removed from the system. There is no balance due from the NCP to the CP, however, the case still remains in an active status. The Division contends while the cases may be displayed on the system as active, they had no obligation or outstanding balances, rendering them functionally "inactive" on the system.

The failure to close cases indicates a weakness in the case management control system and does not ensure the accuracy and reliability of the entire database. The continuous monitoring and location attempts, which are supposed to be an integral part of the automated case management system, appear not to be working as effectively as intended. In addition, if the number of active cases is inaccurate then reports filed with the federal government may be inaccurate. (*Department of Health and Human Services - Child Support Enforcement 93.563; Fiscal Year 1997 Single Audit Finding 48*)

Recommendation:

Procedures should be implemented to provide for timely reviews of case files to ensure that the Division has an open and active case with a legal claim to any funds. The current procedures for attempts at location and collection should be followed and requirements for the correction of cases that are determined to be in error should be implemented. In 1999 the Quality Assurance Unit should continue reviewing these cases. The selection process for internal testing should be based on statistically valid, randomly generated item selections. The audit program for testing of the cases should be standard and followed in every case. Once selected, the case should be used to test as many control systems as possible including the audit of the cases' interaction in the COMETS system, Revenue Conduit Bureau transaction adjustments and any automatic interfaces with other electronic data bases. This comprehensive, methodical testing and associated results would allow for the projection of the overall error rates.

Department corrective action plan:

COMETS case closing functionality development is continuing. The Department maintains the expectation that this functionality will facilitate improved performance in this regard.

CSE is committed to and making progress toward the implementation of a strong quality assurance effort as described in the corrective action responses for Findings 1 through 3.

Target date: Ongoing

Responsible parties: Alison Kur, Associate Deputy Commissioner

Paul Cronin, Chief, Customer Service

Leonard W. Busha, Jr., Chief, Administration and Finance

Kevin Sheehan, Chief, Systems Management

Peter Maloney, Chief, Information Resources Bureau

Findings on Reportable Conditions

Finding Number 51: Title IV-D Interdepartmental Service Agreement Costs Not Claimed

The Department of Revenue's Division of Child Support Enforcement (Division) has entered into an Inter-Departmental Service Agreement (ISA) with the courts. The ISA provides that Child Support Enforcement will pay the Courts an amount budgeted at approximately \$2 million for Direct Child Support expenses incurred by the Courts. The expenses include salaries for individuals who work in positions that deal directly with Child Support Enforcement cases. Additional costs for salary and other costs which in some way benefit Child Support Enforcement cases will be supported by federal funds if the time spent and costs incurred can be documented as spent on behalf of Child Support Cases. These additional time and effort costs have amounted to approximately \$10 million per year and have been reimbursed to the Commonwealth at the Child Support Enforcement rate of 66%. They have not been claimed in fiscal year 1998.

In the 1994 audit report there was a finding that the Division was not adequately reviewing these time and effort costs. As a result of this finding, the Division requested that the Department of Revenue's internal auditors begin reviewing the time and effort reports. These auditors noted that there was a double counting of some salaries. In addition, reasonableness studies performed by Child Support Enforcement had unsatisfactory results.

Internal Audit and Child Support Enforcement were unable to obtain additional supporting detail for the time and effort studies and the courts are unwilling to change their system of reporting. Therefore, beginning with the quarter ending December 31, 1994 these time and effort costs were not included in the federal financial reports. Because of the lack of supporting documentation, the exact amount of unclaimed court costs is unknown. However, it is estimated that through the quarter ended June 30, 1998, \$24.7 million in unsubstantiated funds have not been claimed. The Direct Child Support expenses incurred by the Courts are supported and continue to be claimed.

The result of the courts' insufficient documentation of Child Support Enforcement Costs is that the Commonwealth may have revenue at risk. (*Department of Health and Human Services - Child Support Enforcement 93.563; Fiscal Year 1994; 1997 Single Audit Finding 51*)

Recommendation:

A plan to support the court costs should be implemented via a new Interdepartmental Service Agreement (ISA). The plan should reference the requirements and allowable expenditures set forth in federal regulation 45 CFR 304.21, Federal Financial Participation in the Costs of Cooperative Arrangements with Courts and Law Enforcement Officials.

In addition, the ISA should require that all court costs be in accordance with OMB Circular A-87 that applies to the court expenditures.

Department corrective action plan:

The Department met with the Office of the Trial Court and has negotiated a time and effort reporting system that requires Trial Court personnel to report both the number of hours and types of IV-D activities performed for the given reporting period. The system also calls for: monthly rather than quarterly reporting; staggering the sample reporting week (employees have varied reporting weeks from month to month); and comparing monthly payroll warrants to "Time and Effort Studies" to prevent double counting of court personnel salaries. Upon implementation of the new reporting system, the Department will prepare documentation for review by the federal government to support a retroactive claim reimbursement for the period during which such claims had been suspended. To support such a claim, CSE has continued to collect reports under the old time and effort methodology throughout the entire period for which the claims have been suspended.

Target date: Ongoing

Responsible parties: Leonard W. Busha, Jr., Chief, Administration and Finance

Nicki Famiglietti, Chief, Legal Operations

Findings on Compliance with Rules and Regulations

Finding Number 52: Federal Reporting Needs Improvement

The Department of Revenue's Division of Child Support Enforcement (Division) did not file reports with the grantor agency within the required time frame. During fiscal year 1998, CSE filed three of the four federal reports in an untimely manner. The report for quarter ended September 30, 1997, was the only one filed in a timely manner.

The OCSE 34, OCSE 156 and ACF 396 reports for quarters ended December 31, 1997 and March 31, 1998, were all more than 45 days late. The PMS 272 report for the quarter ended December 31, 1997 was also filed more than 45 days late, while the March 31, 1998 report, had not been filed as of the completion of field work.

In addition, testing of the ACF report indicated that the Division filed the ACF 396 report for the quarter ending March 31, 1998 with errors. The errors were uncovered prior to the audit. The Division has said the error would be corrected in the subsequent quarter. The subsequent, June 30, 1998, report had not been filed at August 14, 1998. Subsequent to COMETS implementation in December of 1997, reports have been prepared manually because the COMETS System is unable to provide accurate reporting results. (*Department of Health and Human Services - Child Support Enforcement 93.563*)

Recommendation:

The Division should continue efforts to adhere to existing policies and procedures for the timely filing of federal reports. To insure the timely filing of reports, the federal report due date tickler file must be monitored by someone other than the report preparer.

As previously recommended, continued efforts must be made to assess the COMETS System and its reliability. During this time of transition, added emphasis should be placed on a Quality Assurance Unit that allows for statistical interpretation of test results.

Department corrective action plan:

CSE continues to maintain a tickler system to remind report preparers to initiate the required actions to produce quarterly federal reports. The federal government has recently unveiled changes to CSE's collection, program, and expenditure reports to be implemented during federal fiscal year 1999 and CSE is collaborating with Information Resources Bureau staff to implement the required changes. CSE will make every effort to make these changes and restore a timely system of reporting during fiscal year 1999.

Target date: January 30, 1999

Responsible parties: Leonard W. Busha, Jr., Chief, Administration and Finance

Peter Maloney, Chief, Information Resources Bureau

Kevin Sheehan, Chief, Systems Management

Findings on Reportable Conditions**Finding Number 53: Amounts Due from Noncustodial Parents are Not Supported by the Transaction History Detail**

The Department of Revenue's Division of Child Support Enforcement (Division) does not maintain a system of control to assure the accuracy of amounts due from noncustodial parents displayed in the COMETS system. Eleven noncustodial parents with arrears balances were selected for testing. Five of the balances selected for testing could not be supported.

The testing performed involved a "rollforward" of the balance due from the date of the conversion to COMETS (November 26, 1997) to the balance displayed in COMETS at June 30, 1998. The "rollforward" approach is to begin with the balance transferred to the COMETS system, add to it the assessments for the intervening period and subtract the cash received for the support payments during the same period. The result of this calculation should be the balance due at June 30, 1998. In five instances it was not. The Department reviewed the calculations and could provide no explanation for the variances.

Incorrect balances due can lead to inappropriate collection efforts, overstatement of amounts due from noncustodial parents and incorrect financial reporting. For presentation in the financial statements of the Commonwealth of Massachusetts, a significant portion of the arrears balance, based on the Division's history of collections, is reserved, therefore the impact of the errors noted is not material to the financial statements. (*Department of Health and Human Services - Child Support Enforcement 93.563*)

Recommendation:

COMETS financial processing should be examined to ensure the completeness, accuracy, consistency of the financial information and outstanding balances. The Quality Assurance Unit should include in their review of cases, the financial information processed along with periodic reconciliations of these balances to ensure the completeness of this information. In addition, the Division should implement procedures to monitor and age all their arrears balances on a case-by-case basis. This should improve the management of cases and assist in identifying old arrears balances.

Department corrective action plan:

A recent quality assurance review of 139 randomly selected cases has produced substantial information that is consistent with this finding. CSE will initiate further research of this issue to determine the reasons(s) for and identify solutions to the identified areas balance discrepancies.

Target date: Ongoing

Responsible parties: Alison Kur, Associate Deputy Commissioner

Leonard W. Busha, Jr., Chief, Administration and Finance

Paul Cronin, Chief, Customer Service

Kevin Sheehan, Chief, Systems Management

Peter Maloney, Chief, Information Resources Bureau

Findings Not Repeated from Prior Years

1. The Division paid \$29,118 for the purchase and installation of carpet tiles without an invoice detailing the quantity of carpet purchased, the description of the purchase, nor the place of delivery of the carpet. The Division's budget was consolidated under the Department's Administrative Services Division to improve communication and review purchased items. (*Fiscal Year 1997 Single Audit Finding 49*)
2. The Division charged \$302 for an employees' surety plan as both a direct and indirect cost. The OCSE-34 report has been prepared for filing with the appropriate adjustment. (*Fiscal Year 1997 Single Audit Finding 52*)

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