

# Department of Revenue/

## Division of Child Support Enforcement

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### Department of Revenue/Division of Child Support Enforcement Background

The Division of Child Support Enforcement (Division) is organizationally part of 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 1999, the Division's total expenditures were approximately \$63 million; federal funds, including incentive payments, totaled approximately \$47 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

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### Findings on Compliance with Rules and Regulations

#### Finding Number 33: COMETS System Posting Hierarchy Error

The COMETS system used by the Department of Revenue's Division of Child Support Enforcement (Division) does not appear to properly allocate payments received on accounts with an accelerated payment arrangement. Under an accelerated payment arrangement, non-custodial parents (NCP) pay an additional 25% in excess of the weekly assessments with the excess payments being applied against balances in arrears after the current assessments are fully satisfied.

In a sample of 25 cases selected for testing, one case had an accelerated payment arrangement. The Division received a lump sum payment of \$1,045.54 from the NCP. In the month of May 1999,

COMETS made four \$75 weekly assessments on this account. In accordance with 45 CFR 302.51(a) (1), COMETS should have first allocated \$300 against the four \$75 assessments for the month of May, then applied the excess payment of \$745.54 against balances in arrears.

Instead, COMETS posted \$375 against the accelerated assessments (four installments of \$93.75 which is 125% of \$75) resulting in an over-application of \$75 to the May 1999 assessments, and an under-allocation of \$75 against amounts in arrears. While the posting error did not have a net effect on the total balance of the account before late payment interest and penalties, the under-allocation of payment against arrears resulted in additional transitional interest and penalty being assessed against the NCP in the month of May. We were unable to determine whether the error was caused by systemic errors within the COMETS system or whether is the result of improper parameters setting for the account. (*Department of Health and Human Services – Child Support Enforcement 93.563; Fiscal Year 1997; 1998 Single Audit Finding 47*)

### **Recommendation**

We recommend the Division assess the COMETS System and its reliability. The Quality Assurance Unit should increase its efforts in monitoring the results of the COMETS' System. This should include re-examining all active cases under the accelerated payment method to determine whether the error noted above will require a re-programming of the system's accelerated payments processing. We further recommend the Division continue documenting and tracking all system processing errors identified, a description of the follow-up procedures performed, and how these errors are resolved or corrected.

### **Department Corrective Action Plan**

The Division will continue efforts in the areas of COMETS data reliability and quality assurance. The Quality Assurance Unit will increase efforts in monitoring COMETS system processing results and will review cases with accelerated payments to determine whether the error noted above will require a re-programming of the system's accelerated payments processing. The identified condition will be logged and the resolution documented in accordance with established procedures.

Target date: Ongoing

**Responsible parties:** Alison Kur, Associate Deputy Commissioner  
Paul Naves, Chief Financial Officer  
Kevin Sheehan, Chief, Systems Management  
Peter Maloney, Chief, Information Resources Bureau

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## **Findings on Compliance with Rules and Regulations**

### **Finding Number 34: Ineffective Case Tracking and Management System**

The Department of Revenue/Division of Child Support Enforcement (Division) does not appear to have

an effective system in tracking and managing child support cases. Of the 25 case files selected for testing, three cases were not administered in accordance with federal regulations.

In one case, the custodial parent (CP) lost custody of her child to the Department of Social Services (DSS) in 1996, but the Division did not reroute child support payments received from the non-custodial parent (NCP) to DSS as required. The Division subsequently improperly stopped assessment.

Two cases selected for testing were not reviewed by the Division within 36 months of the child support court order as required by 45 CFR 303.8. There is also no evidence that these cases are currently being reviewed.

Further, federal regulations 45 CFR 303.31, requires the Division to petition the court or other administrative authority to require the NCP to provide health insurance for the child at a reasonable cost. In one of the cases noted above, the CP was on Medicaid and the court ordered the NCP to provide health insurance for the child. There was no evidence in the file that this occurred or that the Division contacted the NCP's employer to determine if health insurance was available at a reasonable cost. (*Department of Health and Human Services – Child Support Enforcement 93.563; Fiscal Year 1989; 1998 Single Audit Finding 48*)

### **Recommendation**

We recommend the Division enforce its policies and procedures to comply with federal requirements governing case file review and administration. The Division's Quality Assurance Unit should continue to review case files with all active cases being reviewed at least once every three years. These reviews should be documented including the nature of any errors identified and steps taken to follow up and correct them.

### **Department Corrective Action Plan**

DOR has developed a workgroup that is collaborating with the Department of Social Services (DSS) on development of a systemic interface that will identify cases in which payments should be routed to DSS.

DOR will also enforce policies and procedures for case file review and administration. In addition, the Quality Assurance Unit will ensure compliance with federal regulations for review of certain child support cases every 36 months in accordance with 45 CFR, Section 303.8. The results of such reviews will be documented, including notation of any problems identified and follow-up action taken.

Target date: Ongoing

**Responsible parties:** Alison Kur, Associate Deputy Commissioner  
Paul Cronin, Chief, Customer Service Operations  
Sharon Blocker, Chief, Legal Operations

## Findings on Compliance with Rules and Regulations

### Finding Number 35: Cases Not Closed In System

***The Department of Revenue / Division of Child Support Enforcement (Division) case file system does not detect cases that remain open in error. From a sample of 25 case files selected for testing, we noted one file that should have been closed.***

Federal regulation 45 CFR 303.11 requires that the Division establish policies and procedures for timely case closure. The case file noted above contained information indicating that the non-custodial parent (NCP) had died in 1991. Under 45 CFR 303.11, the case should have been coded as non-active, and should have subsequently been terminated and removed from the COMETS system. However, the case remained active and carried an arrearage balance. The Division contends that an attempt to attach the NCP's estate for the arrearage balance would be the next step, however, the attachment was not completed and the arrearage remained on the system.

The Division's failure to close cases in a timely manner suggests a weakness in its case management control system and may render its case management database unreliable. As such, reports filed with the federal government may also be inaccurate. (*Department of Health and Human Services – Child Support Enforcement 93.563; Fiscal Year 1997; 1998 Single Audit Finding 50*)

### Recommendation

Procedures should be implemented to require the timely review of case files. Only open and active cases should be maintained on the COMETS System, while the non-active cases should be closed in a timely manner. To assist in this effort, the Quality Assurance Unit should continue to perform comprehensive reviews of case files; all active cases should be reviewed at least once every three years. The results of these reviews should be tracked closely. Any errors detected during the Quality Assurance Unit review should be corrected on a timely basis and the results documented.

### Department Corrective Action Plan

Since the beginning of the Single Audit, CSE's Quality Assurance Unit has closed more than 1,000 cases in which the NCP was determined to be deceased and archived an additional 17,000 cases without active obligations or arrears. System requests have been compiled and submitted into CSE's system queue to archive cases, which meet other federal case closing criteria. The results of these efforts are being tracked and documented. In addition, staff has been issued procedures for the identification and closure of cases.

Procedures will be implemented to ensure timely review of case files to facilitate prompt closing of cases eligible for closure. The Quality Assurance Unit will ensure compliance with federal regulations for review of certain child support cases every 36 months in accordance with 45 CFR, Section 303.8. The results of such reviews will be documented and tracked. Any problems identified will be corrected on a timely basis.

Target date: Ongoing

**Responsible parties:** Alison Kur, Associate Deputy Commissioner  
Paul Cronin, Chief, Customer Service Operations  
Sharon Blocker, Chief, Legal Operations  
Kevin Sheehan, Chief, Systems Management  
Peter Maloney, Chief, Information Resources Bureau

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## Findings on Reportable Conditions

### **Finding Number 36: Amounts Collected from Non-custodial Parents are not Allocated and Distributed in a Timely Manner**

The Department of Revenue / Division of Child Support Enforcement Division does not maintain a system of control to ensure that payments collected from the non-custodial parent (NCP) are distributed to the custodial parent (CP) in a timely manner. Twenty-five transactions were selected for testing, one did not provide for timely distribution of child support to the CP.

In this case, the account had previously been coded "NCP Hold". When the Division received the payment, however, the status was not changed and the funds were not distributed to the CP. This error was not identified until the CP inquired about her child support payments, which she had not received for some time.

The Division does not appear to utilize the system's management override functions to process payments for accounts with hold status. The Division could improve its procedures to ensure that payments received are sent to the CP in a timely manner. In some instances, the Division relies on the CP to notify it that payment was not received.

Management believes the error noted above was an isolated case that had occurred during the conversion to the COMETS system in 1998, and that a systemic fix will not be necessary. (*Department of Health and Human Services – Child Support Enforcement 93.563*)

### **Recommendation**

We recommend the Division continue to devote time to assess the COMETS System and its reliability. The Quality Assurance Unit should increase its efforts in monitoring COMETS' System processing results, including re-examining all case files with an "NCP Hold" status to determine whether the above error was in fact isolated or whether a re-programming of the COMETS System should be conducted. We further recommend the Division continue documenting and tracking all system processing errors identified, including a description of the respective follow-up procedures performed, and how these errors are resolved or corrected.

### **Department Corrective Action Plan**

DOR will review cases with payments on NCP Hold to determine the cause, scope, and impact of the problem identified in this finding. The results of this review will be documented in accordance with

established procedures. In addition to its Quality Assurance Unit, DOR has a Data Reliability Workgroup, which has been meeting for many months to ensure the reliability of data. DOR is also presently awaiting notification regarding the start date for a data reliability audit to be conducted by the federal government. DOR will document and track system processing errors, follow-up actions, and resolutions.

Target date: Ongoing

**Responsible parties:** Alison Kur, Associate Deputy Commissioner  
Paul Naves, Chief Fiscal Officer  
Paul Cronin, Chief, Customer Service  
Kevin Sheehan, Chief, Systems Management  
Peter Maloney, Chief, Information Resources Bureau

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## Findings on Reportable Conditions

### **Finding Number 37: Amounts due from Non-custodial Parents are not Supported by the Transaction History Detail**

The Department of Revenue / Division of Child Support Enforcement (Division) does not maintain a system of control to ensure the COMETS System accurately records and tracks payment amounts that are due from the non-custodial parent (NCP).

For the fiscal year end June 30, 1998, we had performed a rollforward analysis of the total receivable balance for all accounts from the date of COMETS conversion on November 26, 1997 to the balance on the system as of June 30, 1998. The rollforward approach began with the balance that was transferred to COMETS from the old system, adding total assessments for the period from November 26, 1997 to June 30, 1998, and subtracting cash received during this period. The result of this analysis did not provide the same ending balance that was on the COMETS System as of June 30, 1998.

In March 1999, the Division's System Management Bureau (SMB) completed a review of selected case files. This review produced similar findings. The Division believes the discrepancy was caused by data conversion errors, incorrect Aid Category Assignment (attributing cases as either AFDC or non-AFDC), system interface between the Division and the Department of Transitional Assistance, and human data entry or update errors. Based on the results of its analysis, the Division performed an additional review of accounts in arrears and is in the process of developing specific recommendations for corrections. This process had not been completed as of the end of our fiscal year 1999 audit field work.

The Division records a very high level of reserve against outstanding receivable balances and the remaining net receivable is not material to the Commonwealth of Massachusetts' financial statements. However, incorrect and unreliable account information and balances can lead to inefficient and ineffective collection efforts, misstatement of amounts due from the NCP, and invalid financial statements. Further, the Division may not have fulfilled its fiduciary responsibilities to the CP in

accordance with federal laws and regulations. (*Department of Health and Human Services – Child Support Enforcement 93.563; Fiscal Year 1998 Single Audit Finding 53*)

### **Recommendation**

We recommend the Division assess the COMETS System and its reliability and develop procedures to address system weaknesses. The Quality Assurance Unit should increase its efforts in monitoring COMETS System processing results. The monitoring should document the errors identified, the follow-up procedures performed, and the resolution of the errors noted. The Division should also assess COMETS' reporting capabilities, prepare aged receivable trial balances, and monitor the status and collectibility of outstanding accounts. Further, the receivable balances should be reconciled on a monthly basis so that discrepancies may be corrected in a timely manner.

### **Department Corrective Action Plan**

DOR recently completed a review of 151 cases in an effort to reach a more statistically valid assessment of the cause or causes of erroneous arrears balances. In this review, arrears were incorrect in 51 of the 151 cases tested. In most cases with incorrect arrears the discrepancy amounted to approximately one or two weeks of support. Based on this sample, the total variance in accounts receivable attributable to erroneous arrears is less than one half of one percent. Most of the discrepancies relate to data entry errors carried forward from the old Model II system or problems encountered during the implementation and debugging of the new COMETS system.

DOR will continue to dedicate resources to assess COMETS data reliability and will develop procedures to address any identified system weaknesses. The Quality Assurance Unit will increase efforts in monitoring COMETS system processing results, documentation of descriptions of observed errors, and notation of follow-up procedures and problem resolutions. DOR will also assess COMETS reporting capabilities, prepare aged receivable trial balances, and monitor the status and collectibility of outstanding accounts.

In addition, DOR will continue a number of controls that have been implemented to improve the condition of arrears. These include the assignment of specific staff and procedures for COMETS data entry, and the implementation of a variety of notices which inform non-custodial parents of their debt and provide an opportunity for erroneously recorded debts to be reviewed and corrected.

Target date: Ongoing

### **Responsible parties:**

Alison Kur, Associate Deputy Commissioner & Deputy Chief Legal Counsel

Paul Naves, Chief Fiscal Officer

Kevin Sheehan, Chief, Systems Management

Peter Maloney, Chief, Information Resources Bureau

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**Finding not Repeated from Prior Years**

1. The COMETS system was not programmed to account for months in which there were five Fridays. Manual adjustments must be posted in order to provide the correct number of assessments in these months. The Division had increased the number of cases being reviewed by its Quality Assurance Unit during fiscal year 1999. We did not note similar exceptions during our audit of the Division's compliance with federal regulations governing the Child Support Enforcement program. *(Fiscal Year 1998 Single Audit Finding Number 49)*
2. The Division did not adequately review time and effort costs billed to other departments in accordance with Inter-Departmental Service Agreement, and in some cases, salaries were double counted and billed twice. We noted no similar exceptions during our audit of the Division during fiscal year 1999. *(Fiscal Year 1998 Single Audit Finding Number 51)*
3. Federal reports were not filed on a timely basis. The Division was implementing system conversion during fiscal year 1998 and the part of fiscal year 1999, and many federal reports were not prepared timely. During our audit of the Division's compliance with federal reporting requirements for the fiscal year ended June 30, 1999, we noted reports filed prior to the completion of the COMETS system conversion were not filed timely while we noted no exceptions with reports that were filed after the conversion. *(Fiscal Year 1998 Single Audit Finding Number 52)*

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