

**Office of the Attorney General  
Child Support Enforcement Program  
Follow-Up**

**Performance Audit  
October 2013 through June 2015**

**OPA Report No. 16-03  
April 2016**



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# Table of Contents

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	<b>Page</b>
Executive Summary .....	1
Introduction.....	3
Results of Audit .....	5
Improved Reconciliation Process between DOA and CSED .....	5
Undistributed Collections Balances Have Not Changed .....	6
APASI System Needs Updating .....	8
Conclusion and Recommendations.....	11
Classification of Monetary Amounts .....	12
Management Response and OPA Reply .....	13
Appendices:	
1: Scope & Methodology .....	14
2: Prior Audit Coverage .....	15
3: Status of OPA Report No. 06-19 Audit Recommendations.....	17
4: Percent of UDCs for Five Consecutive FYs .....	18
5: Management Response.....	19
6: Status of Audit Recommendations.....	20



## EXECUTIVE SUMMARY

### Office of the Attorney General, Child Support Enforcement Program Follow Up OPA Report No. 16-03, April 2016

Our follow up audit of the Child Support Enforcement Program found that:

- The Department of Administration (DOA) and the Child Support Enforcement Division (CSED) have made significant improvements in reconciling the child support bank account, DOA AS400 balances, and CSED balances.
- Guam’s total Undistributed Collections (UDC) have not changed significantly in the last five years because Guam law does not clearly specify how to escheat long outstanding UDCs.
- Implementation of mitigating controls have helped to some extent ensure child support transactions are received and distributed timely to custodial parents; however, the Absent Parent Automated System Information (APASI) needs to be upgraded.

#### Reconciliation Process Improved Between CSED and DOA

In 2011, the Attorney General of Guam and the DOA Director signed a letter to the U.S. Department of Health and Human Services (HHS) Administration for Children and Families (ACF) Regional Grants Management Officer outlining a Financial Reconciliation Action Plan to address the lack of UDC accountability, most notably irreconcilable differences and amounts unreported and long outstanding. In our previous report, we found that there were no reconciliations performed and a \$4.0 million (M) difference between CSED and DOA.

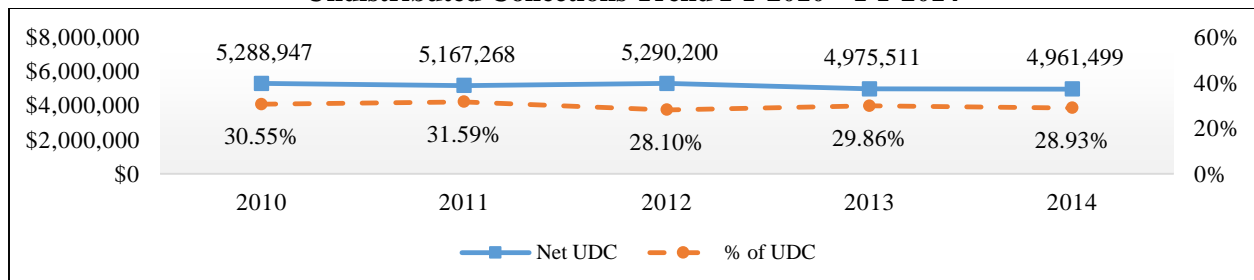
Since this action plan, DOA and CSED have been reconciling the amounts. As of September 30, 2014 the unreconciled amounts are \$10,183 between CSED and the bank balance, and \$531,481 between CSED and DOA.

#### Undistributed Collections Balances Have Not Changed

UDCs are child support payments that have been collected by the child support agency but have not yet been sent to custodial parents, other government agencies, or returned to noncustodial parents. CSED also categorizes overpayments to be distributed in the future as UDCs. In our prior report, we recommended that CSED explore best practices to reduce UDCs.

In the last five years, there have been no substantial UDC decreases. As of FY 2014, UDCs have only decreased 6% or \$327,448, from \$5.3M in FY 2010 to \$5.0M. The percentage of Guam’s UDCs to collections is the highest among all states. Hawaii ranks next at 8.15%.

**Undistributed Collections Trend FY 2010 – FY 2014**



Most of the UDCs, \$3.2M, or 64%, of the UDC balance, are in stale-dated and uncashed disbursements. A total of \$3.6M, or 73%, of UDCs were over five years old and mainly comprised of two obsolete child support bank accounts that do not have adequate records.

The CSED Deputy Attorney General indicated that in order to begin a diligent escheatment process, an analysis by an independent contractor will be conducted to ensure that the funds cannot rightfully be identified. A successful escheatment may reduce the UDCs to approximately \$1.4M. The OAG and DOA are also pursuing legislation to clarify the escheatment process.

### **APASI System Needs Updating**

Although the APASI system has been Personal Responsibility and Work Opportunity Reconciliation Act certified since 2004, it has not provided the most effective support to CSED. The APASI's outdated technology, data problems, and inefficiencies were reported in the 2011 Advanced Planning Document for the APASI Upgrade and communicated to us by CSED staff. These inefficiencies resulted in minor inaccuracies in the CSED's FY 2012, FY 2013, and FY 2014 Data Reliability Audits by HHS, Office of Child Support Enforcement (OCSE).

If the APASI system shortfalls are not addressed, the OCSE audits may be adversely affected resulting in decreased CSED incentives and/or penalties.

In 2011, CSED submitted the Advanced Planning Document for the APASI Upgrade Project to OCSE to begin the transition to a new system. The new system is estimated to cost \$47.3M with funding from local (\$16.0M) and federal (\$31.3M) sources. It may be challenging to secure local funding given the government of Guam's competing fiscal priorities.

### **Conclusion and Recommendations**

CSED has made significant improvements since the prior OPA audits of the Office of the Attorney General Child Support Enforcement Program in November 2003, OPA Report No. 03-09 and December 2006, OPA Report No. 06-19.

However, CSED's lingering UDCs are a long standing issue that needs to be addressed. The CSED Deputy Attorney General's plan to pursue an independent review of the UDCs is a diligent method towards rightfully escheating these funds to the government of Guam. CSED is also undertaking a major project to upgrade its current APASI system to improve efficiency, reduce errors, and produce better reports. Because these efforts have already begun, we do not have any recommendations to the Deputy Attorney General of the Child Support Enforcement Division at this time.

Doris Flores Brooks, CPA, CGFM  
Public Auditor



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## Introduction

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This report presents the results of our follow-up audit of the Office of the Attorney General's (OAG) Child Support Enforcement Program from October 1, 2013 through June 30, 2015. The audit objectives were to determine:

1. If the Child Support Enforcement Division's (CSED) processes ensure that child support collections were received and distributed timely to custodial parents and
2. The status of undistributed collections.

The scope, methodology, and prior audit coverage are detailed in Appendices 1 and 2.

We made eight recommendations in our prior report issued in December 2006, OPA Report No. 06-19, Office of the Attorney General (OAG) Child Support Enforcement Program Follow-Up Review. These recommendations were to improve Department of Administration (DOA) and CSED account reconciliations, improve Absent Parent Automated Systems Information (APASI) reporting, and reduce undistributed collections. By June 2009, the recommendations were closed after CSED provided documentation addressing the recommendations. See Appendix 3 for these recommendations.

## Background

The OAG CSED is established in Title 5, Chapter 34 of the Guam Code Annotated. The CSED is responsible for administering Guam's plan under the Social Security Act's Title IV, Grants to States for Aid and Services to Needy Families with Children and for Child-Welfare Services, Part D, Child Support and Establishment of Paternity. This plan provides services for child and spousal support relating to establishing paternity and establishing, modifying, or enforcing child support obligations.

CSED manages its responsibilities through seven sections:

1. **Administration** prepares legal pleadings.
2. **Programs** prepares federal reports.
3. **Investigations** enforces support obligations.
4. **Accounting** ensures support orders are entered correctly.
5. **State Disbursement Unit (SDU)** collects and disburses child support payments.
6. **Records** maintains support case files.
7. **Systems** ensures the APASI is operational.

CSED is primarily funded through federal grants from the U.S. Office of Child Support Enforcement (OCSE) which provides 66% of operational funding. The government of Guam General Fund provides the remaining 34%.

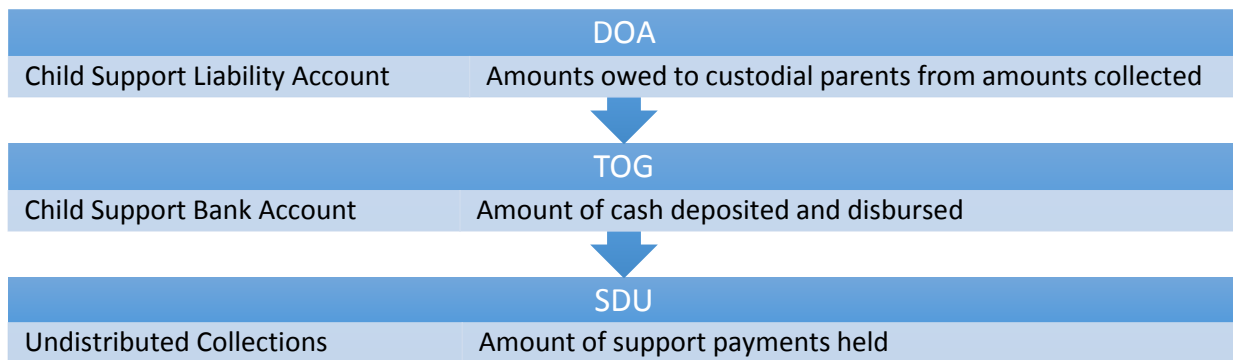
Any parent can request CSED services. However, custodial parents receiving public assistance under the Department of Public Health and Social Services (DPHSS) Temporary Assistance to Needy Families (TANF) are required to assign their child support payments to the government of Guam. TANF provides cash assistance benefits to qualified individuals for five years and custodial parents cannot receive child support and TANF simultaneously. Every month, CSED pays DPHSS the amounts received for custodial parents under TANF.

**State Disbursement Unit**

CSED’s SDU collects and disburses support payments through the APASI automated system. Non-custodial parents pay child support by payroll withholdings, electronic transfer, mail, and at the Treasurer of Guam (TOG). Employers with ten or more employees are required to electronically remit child support payroll withholdings [5 GCA §34118.1]. Only TOG can accept cash payments. These payments are deposited to an interest bearing account at a local bank. The interest earned is deducted from the expenditures claimed for federal reimbursement.

SDU is required to accurately identify these payments before posting as well as ensure prompt distribution to custodial parents or other appropriate agency within two business days of receipt. Child support payments collected but not yet disbursed are known as UDCs, or undistributed collections. DOA records the transactions in the AS400 financial management system. SDU also tracks UDCs and reconciles with DOA.

These separate functions require regular reconciliation between:



**Absent Parent Automated Systems Information**

APASI is Guam’s single statewide information processing and retrieval system for its Child Support Enforcement Program. In April 2004, the U.S. Department of Health and Human Services, Administration for Children and Families (ACF) certified the APASI system for meeting all the child support system requirements of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) [Public Law 104-193, 104<sup>th</sup> U.S. Congress, August 1996].

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## Results of Audit

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We found that:

- DOA and CSED have made significant improvements in reconciling the child support bank account, DOA AS400 balances, and CSED balances.
- Guam’s UDCs have not changed significantly in the last five years because Guam law does not clearly specify how to escheat long outstanding UDCs.
- Mitigating controls have helped to some extent ensure child support transactions are received and distributed timely to custodial parents, but APASI needs to be upgraded.

Because efforts have already begun to address these issues, no recommendations were made in this report. The CSED Deputy Attorney General indicated:

- In order to successfully escheat the UDCs, CSED will begin by having the funds independently analyzed.
- A plan to upgrade the APASI system was submitted in 2011 and is an ongoing project.

### Improved Reconciliation Process between DOA and CSED

In our prior report, we found that the OAG was not performing reconciliations between CSED and DOA accounts, which had a \$4.0M difference. In 2011, the Attorney General of Guam and the DOA Director signed a letter to the ACF Region IX Grants Officer outlining a Financial Reconciliation Action Plan (FRAP) to address the lack of UDC accountability, most notably irreconcilable differences and amounts unreported and long outstanding.

Since this action plan, DOA and CSED have been reconciling differences in outstanding amounts. As of September 30, 2014 the unreconciled amounts are \$10,183 between CSED and the bank balance and \$531,481 between CSED and DOA as shown in Table 1.

**Table 1: Child Support Balances (Dollars) FY 2012 – FY 2014**

	9/30/2012	9/30/2013	9/30/2014
Undistributed Collections (CSED balance)	5,290,199	4,975,511	4,961,499
Child Support Bank Account (Adjusted bank balance)	6,051,762	6,460,074	4,951,316
Difference between CSED balance and adjusted bank balance	(761,562)	(1,484,563)	10,183
Child Support Liability Account (DOA AS400 balance)	5,290,199	4,866,357	4,430,018
Difference between CSED balance and DOA AS400 balance	0	109,154	531,481

In the FRAP, the DOA Director and the Attorney General were concerned about the lack of records to identify rightful payees for \$3.6M in stale dated and unclaimed child support payments. The CSED Deputy Attorney General indicated that in order to begin a diligent escheatment process, an



analysis by an independent contractor will be conducted to ensure that the funds cannot rightfully be identified. These UDCs were dated over 15 years ago and the OAG and DOA plan to seek legislation to escheat the funds to the government of Guam. This effort is still on-going.

In March 2012, the ACF Region IX Grants Officer closed the FRAP project but required the ongoing reconciliations to be submitted semi-annually to ACF to assure appropriate internal controls and procedures are maintained.

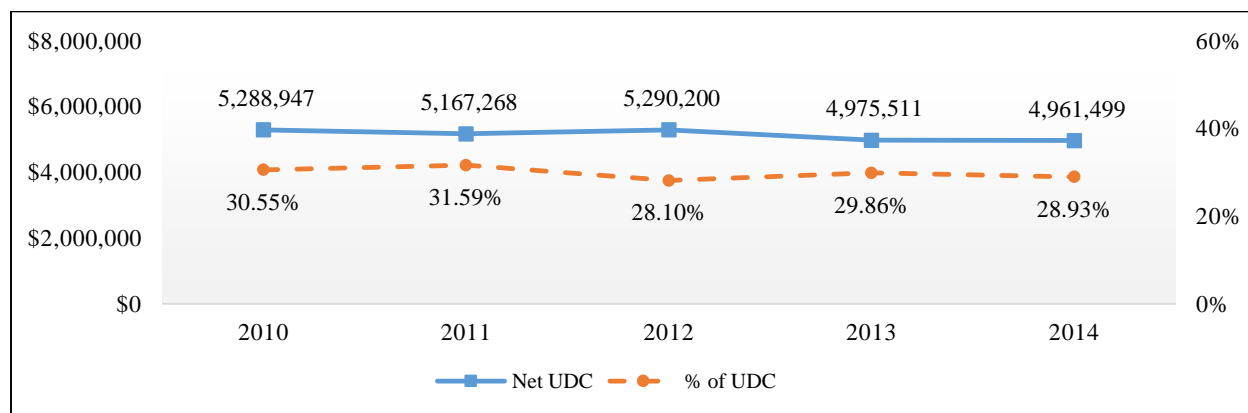
## Undistributed Collections Balances Have Not Changed

UDCs are child support payments that have been collected by the child support agency but have not yet been sent to custodial parents or other government agencies or returned to noncustodial parents.

In our prior report, we recommended that CSED explore best practices to reduce undistributed collections. UDCs grew from \$5.5M in FY 2003 to \$6.5M in FY 2005.

Over the last five years, there have been no substantial UDC decreases. From FY 2010 to FY 2014, UDCs decreased only 6%, or \$327,448 as shown in Chart 1. As of FY 2014, the percentage of Guam’s UDCs to collections is 28.93%, the highest among all states; Hawaii ranks next at 8.15%. See Appendix 4 for Percent of UDCs for Five Consecutive Fiscal Years among all states.

**Chart 1: Undistributed Collections Trend FY 2010 – FY 2014**



Ideally, the balance in the child support liability account should be from child support payments waiting to be distributed in the next day or two. However, the following are some factors that can cause APASI to hold child support payments.

- Overage: The payment purpose includes:
  - ❖ A completed obligation with no arrears;
  - ❖ A court order currently being updated in APASI; and/or
  - ❖ A case where APASI simply fails to apply the payment.

- Future: An advanced payment for an ongoing obligation.
- Collection hold: The payment needs further review. Possible causes include:
  - ❖ Address verifications;
  - ❖ Obligation changes;
  - ❖ Court order updates;
  - ❖ Case applications issues;
  - ❖ Custodial investigations;
  - ❖ Cannot locate custodial parent;
  - ❖ Erroneous payments; or
  - ❖ Other system holds.
- Suspense: The payment needs further review because it is for a closed case and/or may be combined with payment for other open cases.
- Unidentified: The payment cannot be identified to a case.

Of the \$5.0M in UDCs reported in 2014, \$3.4M, or 68%, are in stale-dated and uncashed disbursements, dating back as far as 1991, as shown in Table 2.

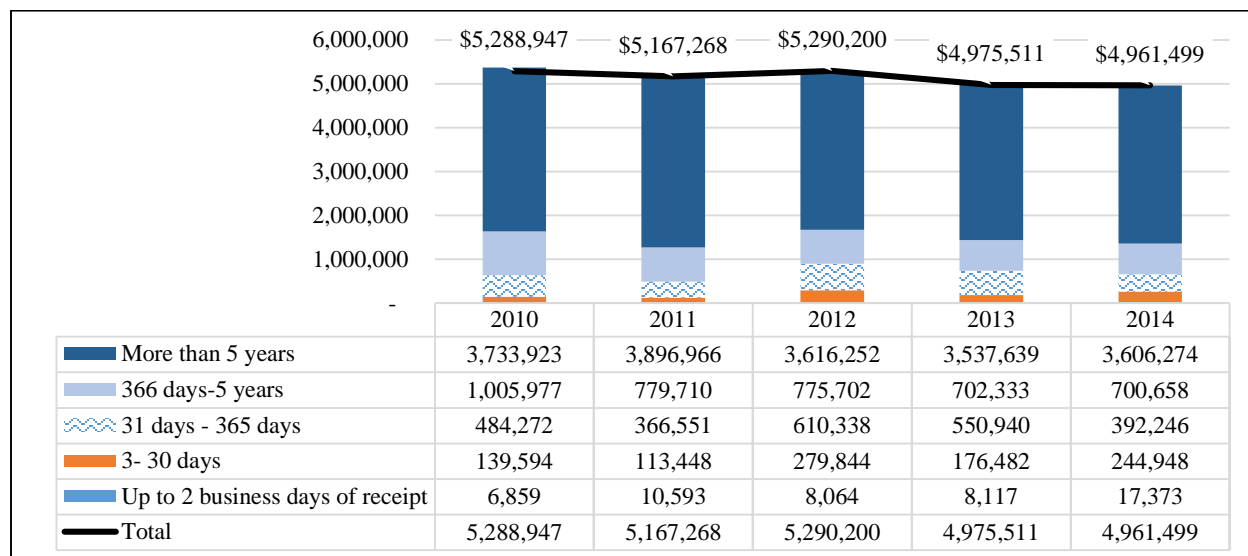
**Table 2: Undistributed Collections (Dollars) by Category<sup>1</sup>**

<b>Collection Category</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Received within the past two days	-	196	-	1,193	-
From tax offset being held for up to six months	28,296	24,408	28,286	90,404	66,335
Received and being held for future support	195,157	203,790	204,095	201,684	206,596
Being held pending the resolution of legal disputes	63,695	1,138	160,061	48,138	-
Unidentified collections	666,191	595,677	585,376	579,629	590,300
Being held pending the locations of the custodial parent or non-custodial parent	328,261	232,816	282,971	202,327	206,392
Inaccurate or missing information	175,773	160,369	200,890	236,601	235,404
Other collections remaining undistributed	218,462	341,734	173,249	235,663	279,450
Disbursed but uncashed and stale-dated	3,613,112	3,607,140	3,655,272	3,379,872	3,377,022
<b>Total UDCs:</b>	<b>5,288,947</b>	<b>5,167,268</b>	<b>5,290,200</b>	<b>4,975,511</b>	<b>4,961,499</b>

Aging of UDCs shows that \$3.6M, or 73% of UDCs reported in FY 2014 were over five years old and mainly comprised of two obsolete child support bank accounts that do not have adequate records to determine whether payments were re-issued to the beneficiaries of the stale dated and uncashed disbursements. UDC aging amounts are shown in Chart 2.

<sup>1</sup> [www.acf.hhs.gov/programs/css](http://www.acf.hhs.gov/programs/css). As reported in OCSE Annual Reports and Preliminary Reports for FY 2010–2014.

**Chart 2: Undistributed Collections Aging FY 2010 – FY 2014<sup>2</sup>**



Guam’s law is not clear on whether these unidentified child support payments can be escheated to the government of Guam. The OAG and DOA plan to seek legislation to clarify the escheatment process. The CSED Deputy Attorney General indicated that in order to begin a successful escheatment process, a diligent analysis will be conducted possibly by an independent contractor to ensure that the fund beneficiaries cannot rightfully be identified. A Request for Proposals to procure an independent contractor to perform the analysis is currently underway. A successful escheatment may reduce the UDCs to approximately \$1.4M.

## APASI System Needs Updating

The APASI project began in 1994 and approximately \$8.8M was paid as of June 2004 for the system, enhancements, maintenance and support. The PRWORA requires state agencies to operate a capable data processing and information retrieval system.

Although APASI has been PRWORA certified since 2004, it has not adequately supported CSED. APASI’s limitations such as outdated technology, data problems, and inefficiencies require CSED staff to perform additional work to ensure timely and effective child support distributions. Although the Data Reliability Audits conducted annually by the OCSE auditors did not find any major deficiencies, minor inaccuracies were reported in CSED’s Child Support Enforcement Annual Data Report OCSE-157 for FY 2012, FY 2013, and FY 2014.

We tested 22 child support collections totaling \$8,432 and did not find any exceptions. Therefore, mitigating controls have helped to some extent ensure child support transactions are received and distributed timely to custodial parents.

<sup>2</sup> The net UDC total reported in the FY 2010 OCSE Annual Report is \$5,288,947, however, there is a discrepancy of \$81,678 in the sum of the breakdown for each category.

In November 2011, CSED submitted the Advanced Planning Document for the APASI Upgrade Project to the OCSE Commissioner. This began the transition to a new automated system to manage the Child Support Enforcement Program. The project is expected to be complete in 2019. CSED estimates total project costs at \$47.7M with \$16.2M funding from local sources, and the remainder from federal sources. The government of Guam’s competing priorities may impact the ability to secure local funding.

Current project activities and funding are shown in Table 3.

**Table 3: APASI Upgrade Planning Budget and Expenditures (Dollars)**

	<b>Budget Approved FY 2011</b>	<b>Expenditures as of FY 2015</b>
Local Funding	892,840	472,764
Federal Funding	1,733,160	917,719
Total Budget	2,626,000	1,390,483

**APASI Limitations**

APASI’s limitations as reported in the Advanced Planning Document for the APASI Upgrade and communicated to us by CSED staff include:

- **APASI does not manage changes in court orders.** APASI only recognizes the current court order. For example, if a superseding order changes the child support amount from a certain date, once entered into APASI, historical child support distributions are automatically adjusted as if previous orders did not exist. To correct previous orders, any subsequent orders are deleted and re-entered one at a time. During the deletion, the payments temporarily become an overage, a type of UDC.
- **APASI does not manage UDC reconciliation.** Although account reconciliation with DOA is possible, APASI batch reconciliation is not. This is because APASI does not allow certain data elements, it is difficult to close some cases, receipt adjustments are inefficient, and there are legacy issues concerning prior system modifications.
- **APASI does not interface with TANF.** CSED needs real time information on TANF recipients but only receives monthly reports from DPHSS. The monthly reports are emailed to CSED and manually uploaded. Real time information alerts CSED to any TANF recipient’s status change and proper reimbursements to DPHSS.
- **APASI data is not consistent.** In some instances, two different screens are reporting different data and staff use ad hoc reports to review and identify discrepancies.
- **APASI does not interface with Treasury.** Although a report for electronic payments is regularly provided by Treasury, reports for mail or in-person payments do not provide complete information. Efficiency and accuracy would be improved with a direct interface

to Treasury with access to images of actual child support payments received and other information.

- **APASI reporting and tracking is not fully automated.** Most standard reports must be manually defined and initiated, and certain data must be manipulated off-system. For example, to print checks, APASI assigns the check number, which is then downloaded to a spreadsheet for tracking. In addition, investigators must identify different types of payees because APASI does not have that capability.

### **Data Reliability Audits**

Per Section 452(a)(4)(c) of the Social Security Act, OCSE is required to audit performance indicator factors in accordance with Government Auditing Standards and periodically review CSED. The OCSE audits assess the completeness, reliability, accuracy, and security of data reported which is used to determine incentive payments to states. Incentive payments are calculated based on performance levels reported by the state to OCSE.

The OCSE Data Reliability Audit and Reviews for FY 2012, FY 2013, and FY 2014 found no significant deficiencies affecting the performance indicators reported. Prior to the FY 2013 review, CSED was informed that the annual data reliability audit would not be required because Guam met certain criteria and demonstrated a consistent pattern of reporting reliable data. If the APASI limitations are not addressed, the OCSE audits may be adversely affected, resulting in decreased incentive payments or penalties.

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## Conclusion and Recommendations

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We found CSED has made significant improvements since the first OPA audit of the Office of the Attorney General's Child Support Enforcement Program in November 2003. OPA Report No. 03-09 made nine recommendations to improve reconciliations, cash management, procurement procedures, and interagency coordination. These recommendations were either closed or addressed during the subsequent audit.

We made eight recommendations in the next report issued in December 2006, OPA Report No. 06-19, Office of the Attorney General (OAG) Child Support Enforcement Program Follow-Up Review. These recommendations were focused on improving DOA and CSED account reconciliations, improving APASI reporting, and reducing undistributed collections. By June 2009, the recommendations were closed after CSED provided documentation addressing the recommendations.

Regular Department of Health and Human Services OCSE Data Reliability Audits and Reviews are an effective monitoring tool to ensure CSED is administering the child support enforcement program effectively.

However, CSED's lingering UDCs are a long standing issue that needs to be addressed. Because of many uncertainties with the aged UDCs, the Deputy Attorney General plans to begin the process for an independent review of the UDCs. This is the diligent method for rightfully escheating these funds to the government of Guam.

CSED is also undertaking a major project to upgrade its current APASI system to improve efficiency, reduce errors, and produce better reports.

We do not have any recommendations to the Deputy Attorney General of the Child Support Enforcement Division.

## Classification of Monetary Amounts

	Finding Description	Questioned Costs	Potential Savings	Unrealized Revenue	Other Financial Impact
1	<b>Improved Reconciliation Process between DOA and CSED</b>	\$ -	\$ -	\$ -	\$ -
2	<b>Undistributed Collections Balances Have Not Changed</b>	\$ -	\$ -	\$ -	\$ -
3	<b>APASI System Needs Updating</b>	\$ -	\$ -	\$ -	\$ -
	<b>Totals</b>	\$ -	\$ -	\$ -	\$ -

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## Management Response and OPA Reply

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The legislation creating the Office of Public Accountability requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress of implementing the recommendations, and to endeavor to complete implementation of the recommendations no later than the beginning of the next fiscal year. However, there are no recommendations in this report to the Child Support Enforcement Division.

The Attorney General of Guam agreed with the conclusions in this report and her official management response is in Appendix 5.

We appreciate the cooperation given to us by the staff and management of the Office of the Attorney General and the Child Support Enforcement Division.

OFFICE OF PUBLIC ACCOUNTABILITY



Doris Flores Brooks, CPA, CGFM  
Public Auditor



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**Appendix 1:****Scope & Methodology**

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The audit scope encompassed open child support cases as of FY 2014 and the related collections and payments from FY 2014 to June 30, 2015. The scope also included the supporting documentation for the collections and payments such as court orders, bank transfers, receipts, system batch files, and other relevant documentation.

Our universe comprised of open child support cases as of September 30, 2014 [FY 2014]. CSED stores archived files off-site with a local storage company and documentation prior to FY 2014 was not readily available. Therefore, transactions dated after October 1, 2013 were tested relative to selected open cases as of FY 2014.

**Methodology**

The audit methodology included a review of laws, policies, and other information pertinent to the Child Support Enforcement Program. We also performed the following:

- Conducted walkthroughs, interviews, and/or inquiries with key personnel from CSED SDU and Accounting to gain an understanding of processes related to child support collections and disbursement transactions.
- Reviewed child support data for FY 2014 provided by CSED to determine the universe and different types of child support cases.
- Performed testing of a sample of these transactions to determine controls over the child support collection and disbursement process.
- Obtained data reported for UDCs to determine FY 2010 through FY 2014 total UDC amounts, changes, and other statistics.
- Identified CSED's efforts to reduce unresolved UDCs.
- Reviewed and interviewed CSED systems analysts about the APASI system, its functions and limitations.
- Obtained and analyzed FY 2012 through FY 2014 CSED and DOA account reconciliations.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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**Appendix 2:**

**Prior Audit Coverage**

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**OPA Report No. 06-19 Follow-Up Review of the Office of the Attorney General's Child Support Enforcement Program issued December 2006**

- Undistributed collections not reconciled.
- Collection efforts and monitoring did not result in significant decreases in arrearages.
- No supporting documentation for welfare reimbursement checks.
- Disbursement information not timely transmitted.
- Dormant bank account still open.

The recommendations for these findings were closed as of June 2009.

**OPA Report No. 06-06 Department of Administration Returned Checks Follow-Up Review issued June 2006**

- No effort to collect from makers of returned checks.
- SDU not trained to process reversal of payments that are returned.
- SDU and DOA amounts for returned checks not reconciled.
- No physical inventory of returned checks.

The recommendations for these findings were closed as of June 2009.

**OPA Report No. 06-04 Department of Administration Stale-Dated Checks issued May 2006**

- APASI system amounts did not reconcile to DOA's AS400 amounts.
- Lacking due diligence in locating recipients causing UDCs to grow.
- Stale dated checks with SDU are not communicated to DOA.

The recommendations to SDU for these findings were closed as of April 2008.

**OPA Report No. 04-07 Department of Administration Bounced Checks issued June 2004**

- Lack of reconciliation of SDU records and DOA records for bounced checks.
- SDU does not collect \$25 bounced check penalty.

The recommendations for these findings were closed as of April 2006.

**OPA Report No. 03-09 Office of the Attorney General Child Support Enforcement Program issued November 2003**

- The majority of the contracts for Child Support Enforcement projects were procured without competition and the contracts were extended without assessing performance in previous contracts.
- After 10 years, the APASI project still has not met the federal certification requirement.
- Internal controls dealing with monitoring, separation of duties, and reconciliation of accounts were insufficient or lacking.

- Another child support bank account with \$207,000 as of June 2003 has been dormant since 1995.
- The CSED relocated to a new office, which cost nearly \$2,830 more per month than the prior lease.

The recommendations for these findings were closed as of December 2006.

**FY 2012 – FY 2014 Government of Guam Single Audit Management Letter Comments**

- Efforts are continuing between DOA and CSED based on the Collaborative Action Plan dated December 2011. The unreconciled amount is \$531,481 as of 9/30/14.

**FY 2014 Data Reliability Audit dated August 2015**

- The Office of Child Support Enforcement of the Department of Health & Human Services found no major deficiencies. This audit is regularly required by the Social Security Act and performed by the OCSE Office of Audit.

**FY 2013 Data Reliability Review dated March 2014**

- The Office of Child Support Enforcement of the Department of Health & Human Services conducted a limited review instead of an audit because Guam showed a consistent pattern of reporting reliable data. No significant deficiencies were noted.

**FY 2012 Data Reliability Audit dated November 2013**

- The Office of Child Support Enforcement of the Department of Health & Human Services found no major deficiencies. This audit is regularly required by the Social Security Act and performed by the OCSE Office of Audit.

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**Appendix 3:****Status of OPA Report No. 06-19 Audit Recommendations**

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	<b>Prior Audit Recommendation</b>	<b>Date Closed</b>	<b>Action Taken</b>
1	Determine whether resources should be allotted to conduct reconciliation of prior year differences or agree on an appropriate amount to be written-off as of September 2006, given that the child support bank account, undistributed collections liability account, and SDU's APASI system liability balances have not been reconciled. With a new agreed upon balance, both entities would be able to reconcile regularly.	6/19/2009	In a letter dated 6/26/07, the AG indicated that one staff has been hired to work exclusively on bank reconciliation with DOA.
2	Explore the best practices of stateside child support entities and determine which practices can be applied to Guam's Child Support Program to collect on delinquent child support cases and reduce undistributed collections.	6/26/2007	In a letter dated 6/26/07, the AG indicated the APASI upgrade cannot be implemented due to limitations in funding.
3	Hire qualified staff and train all staff to identify and reduce undistributed collections, as well as hire employee(s) familiar with the reconciliation process to work with DOA to resolve discrepancies within the three accounts requiring reconciliation on a regular basis.	6/26/2007	In a letter dated 6/26/07, the AG indicated that one staff has been hired to work exclusively on bank reconciliation with DOA.
4	Exert pressure on the APASI system vendor to address the APASI system's reporting capabilities to include a detailed breakdown of non-custodial payments for the TANF reimbursement checks. The reports produced by the APASI can be used by the OAG to monitor the integrity and reasonableness of child support data.	5/16/2008	In a letter dated 5/16/08, the AG indicated that APASI generates monthly reports for TANF verification.
5	Establish a system of authorization at different management levels to approve check disbursements above pre-determined amounts, and a monitoring system to ensure data changes in the APASI system are regularly reviewed for accuracy, validity, and proper authorization.	5/16/2008	In a letter dated 6/26/07, SDU supervisor indicated that check amounts over \$500, and any doubtful payments, are verified with caseworkers on an ongoing basis.
6	Issue periodic reminders in the mass media (i.e., newspaper or radio advertisement, etc.) or by mass mailing to all non-custodial parents and employers that all child support payment checks should be made payable to the Treasurer of Guam.	6/26/2007	Monthly billings indicate "ALL CHECKS MUST BE MADE PAYABLE TO THE TREASURER OF GUAM."
7	Provide DOA authorization to close the dormant bank account and transfer the balance to the General Fund.	6/26/2007	Authorization sent to DOA on 6/25/07 to close the dormant account and transfer funds to General Fund.
8	Reconcile child support bank statements monthly, then reconcile the bank account to the liability and unclaimed checks accounts on a quarterly basis.	6/19/2009	In a letter dated 6/19/2009 the DOA Director provided the reconciliation as of March 2009.

## Appendix 4:

# Percent of UDCs for Five Consecutive FYs, All States

Table P-17 Percent of Undistributed Collections (UDC) for Five Consecutive Fiscal Years

STATES	2010	2011	2012	2013	2014
ALABAMA	5.72%	6.18%	5.66%	6.28%	5.95%
ALASKA	2.65	2.51	2.72	2.81	2.56
ARIZONA	2.39	2.39	2.70	3.15	3.38
ARKANSAS	1.31	1.31	1.51	1.57	1.43
CALIFORNIA	2.80	2.89	2.67	3.02	3.23
COLORADO	1.10	1.14	0.84	0.86	1.06
CONNECTICUT	1.59	1.30	1.37	1.34	1.16
DELAWARE	6.05	6.25	5.02	4.44	5.17
DIST. OF COL.	1.73	1.90	2.29	2.15	2.12
FLORIDA	2.71	2.65	7.99	4.34	4.17
GEORGIA	0.83	1.11	0.93	0.98	0.78
<b>GUAM</b>	<b>30.55</b>	<b>31.59</b>	<b>28.10</b>	<b>29.86</b>	<b>28.93</b>
HAWAII	7.30	7.61	7.16	7.63	8.15
IDAHO	0.89	0.68	0.89	1.32	1.96
ILLINOIS	2.00	1.88	2.00	1.78	1.91
INDIANA	1.40	1.33	1.69	1.72	1.63
IOWA	1.28	1.27	1.36	1.52	1.61
KANSAS	1.90	1.96	1.41	1.53	1.43
KENTUCKY	2.89	2.18	1.84	2.36	2.47
LOUISIANA	1.15	1.05	0.92	1.10	1.09
MAINE	1.58	1.55	1.60	1.85	1.95
MARYLAND	1.76	2.00	1.46	1.46	1.42
MASSACHUSETTS	2.00	1.71	1.80	2.13	1.97
MICHIGAN	2.45	2.17	1.27	1.04	2.05
MINNESOTA	1.41	1.49	1.36	1.41	1.46
MISSISSIPPI	4.54	4.99	5.16	5.25	5.01
MISSOURI	2.08	2.33	2.05	2.20	2.17
MONTANA	0.40	0.58	0.69	0.62	0.42
NEBRASKA	1.23	1.09	1.27	1.39	1.44
NEVADA	1.63	1.63	1.48	1.49	1.38
NEW HAMPSHIRE	1.43	1.28	1.15	1.15	1.38
NEW JERSEY	1.73	1.82	1.93	2.34	2.15
NEW MEXICO	3.11	3.13	2.62	2.93	3.04
NEW YORK	4.96	4.41	4.20	3.96	3.79
NORTH CAROLINA	1.95	2.23	2.52	2.57	2.45
NORTH DAKOTA	3.25	4.31	3.85	4.11	4.36
OHIO	1.81	1.91	1.66	1.85	1.59
OKLAHOMA	1.87	1.35	2.26	3.15	2.32
OREGON	1.02	1.01	0.81	0.92	0.94
PENNSYLVANIA	0.77	0.71	0.56	0.55	0.52
PUERTO RICO	3.03	3.05	2.90	2.86	3.00
RHODE ISLAND	3.69	3.59	3.02	1.82	1.32
SOUTH CAROLINA	3.64	4.77	2.71	2.90	2.78
SOUTH DAKOTA	1.72	1.96	1.28	1.58	1.58
TENNESSEE	2.18	2.74	3.27	3.79	3.28
TEXAS	0.77	0.07	0.75	0.53	0.59
UTAH	1.86	1.81	1.55	1.79	1.94
VERMONT	2.09	2.39	2.46	3.34	3.30
VIRGIN ISLANDS	5.73	5.18	8.63	7.78	7.54
VIRGINIA	1.28	1.14	1.02	1.20	1.36
WASHINGTON	0.88	0.81	0.73	0.75	0.96
WEST VIRGINIA	2.33	3.19	3.74	3.20	2.79
WISCONSIN	1.41	1.34	1.38	1.56	1.43
WYOMING	2.71	2.07	2.04	2.14	2.15
<b>TOTALS</b>	<b>2.09%</b>	<b>2.01%</b>	<b>2.26%</b>	<b>2.11%</b>	<b>2.11%</b>

Source: Form OCSE-34A - Part 1.

Formula: Net UDC, 4th quarter/(Balance remaining undistributed at end of quarter, Qtr1 + collections received + net adjustments) - (collections forwarded to non-IV-D cases + collections sent to other States + collections sent to other countries); line 9b, 4th quarter/line 1 1st qtr + line 2 + line 3) - (lines 4a + 4b + 4c).

Source: OCSE website <http://www.acf.hhs.gov/programs/css/resource/fy-2014-preliminary-report>

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## Appendix 5: Management Response

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March 29, 2016

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RE: Draft Audit Report March 23, 2016 – Child Support Enforcement Program

*Hafa Adai* Mrs. Brooks,

On behalf of the Office of the Attorney General and the Child Support Enforcement Division (CSED), I would like to thank you and your staff for the hard work and the professionalism exhibited during the audit process.

I have read the report and agree with your conclusions. CSED has worked diligently, over the years, to streamline and improve their internal processes. These changes have led to more efficient and effective operations.

Since the start of my administration, CSED has been in a constant state of transition, with the goal of improving through the assessment and evolution of our practices. Our Undistributed Collections, though still significant, has slightly decreased over the last few years. 73% of these UDCs are over five years old; some extend back to 1996. To address these aging accounts, we plan to engage an independent financial expert to assess the nature of the UDC balances and to advise us how we might return the monies to proper parties, and if not, to recommend options on how to proceed. We are confident that a qualified and independent financial analysis is needed before we can move forward on any plan to address these old UDCs. We plan on procuring these services by the end of the fiscal year.

This report highlighted the continuing need to update the APASI System. We are in the process of reviewing replacement options. These systems will come at a substantial cost to the government but such cost is necessary for future compliance with federal standards. The system replacement process is a long one, and it may be many years before this office is ready to adopt a new financial system.

We have made substantial improvement but we acknowledge that there is more work to do, especially to improve the UDC balance. I would like to thank the Child Support Enforcement Division for all their effort and hard work in improving over the years. I would also like to thank the Office of Public Accountability for their professionalism and for highlighting the improvements that this office has made.

*Sensaramente,*

  
Elizabeth Barrett-Anderson  
Attorney General of Guam

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**Appendix 6:**  
**Status of Audit Recommendations**

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<b>No.</b>	<b>Addressee</b>	<b>Audit Recommendation</b>	<b>Status</b>	<b>Action Required</b>
-	-	No recommendations	-	-



**Office of the Attorney General  
Child Support Enforcement Program  
Report No. 16-03, April 2016**

**ACKNOWLEDGEMENTS**

**Key contributions to this report were made by:**  
Yuka Hechanova, CPA, CIA, CGFM, CGAP, CGMA, Audit Supervisor  
Christian Rivera, Audit Staff  
Doris Flores Brooks, CPA, CGFM, Public Auditor

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