



EXECUTIVE SUMMARY

OPA Report No. 03-09

November 2003

**Office of the Attorney General
Child Support Enforcement Program
October 1, 2000 through March 31, 2003**

In January 2003, the Office of the Public Auditor (OPA) initiated a performance audit into the activities of the Child Support Enforcement Division (CSED) of the Office of the Attorney General (OAG) in response to a request for an audit by the Attorney General.

The OAG is tasked to operate the Child Support Enforcement Program, which involves the delivery of child support from non-custodial parents to custodial parents. As part of this responsibility, the OAG is required by federal law to establish a State Disbursement Unit (SDU) and an automated computer system. The SDU is the functional body that collects and disburses support payments under court orders.

In compliance with these requirements, the OAG contracted with Chase Global Services Guam and its predecessor Andersen Consulting from 1994 to 2004 to establish the Absent Parent Automated System Information (APASI). In October 2001, the OAG also contracted Chase Global to operate the SDU.

The major findings pertaining to these matters are as follows:

- 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. Total contractual cost through 2004 for both APASI and the SDU is expected to be \$14.4 million of which \$11,386,159 has been paid as of June 2003. The Federal Office of Child Support Enforcement did approve the sole source procurement based on the rationale of the previous attorney general, who now works for Chase Global.
- After 10 years and payments of \$10.5 million, the APASI project still has not met the federal certification requirement. This resulted in a reduction of \$292,921 of the Child Support Enforcement Grant for FY 2001 and 2002. Failure to meet the revised federal certification deadline on December 2003 may result in further grant reduction of \$431,604.
- Internal controls dealing with monitoring, separation of duties, and reconciliation of accounts were insufficient or lacking:
 - As of August 2003 there was a total of \$5.4 million in the Child Support Trust Account balance, yet to be disbursed. It is composed of \$2.9 million in undistributed child support collections (UDC), \$368,000 in unknown collections, and \$2.1 million in unreconciled balances.
 - Chase Global, having both APASI and SDU duties, was allowed to function without controlled supervision and monitoring and performed duties beyond their authority. Chase Global ceased the disbursement of child support welfare reimbursements without proper documentation and authorization, then later overrode the APASI to disburse \$2.5 million of welfare reimbursements without documented authorization.

- Chase Global's duties for both APASI and SDU projects were allowed to overlap, which violated internal control principles of separation of duties.
- The Attorney General acknowledged that the Child Support Enforcement Division monitors Chase Global's programming and SDU functions, but is prevented from detecting any misconduct due to lack of competent staff and the fact that Chase Global's programmers and SDU are located in the same office.
- 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. An additional \$344,871 in renovation and start up costs were also incurred. Chase Global was also allowed to establish their office within this office at no cost to Chase Global.

Some of our recommendations include:

- The CSED coordinate with the SDU to identify and determine the source of the \$5.4 million in unreconciled, unknown, and undistributed amounts in the trust account.
- The OAG initiate Request for Proposals (RFP) for competitive procurement of APASI development/maintenance and SDU services in FY 2004 when the contracts with Chase Global terminate. The RFPs should prohibit both functions from being awarded to the same vendor. In the interim, we recommend the OAG monitor and ensure that the operations of Chase Global's programming unit are strictly separated from the operations of the SDU.
- The CSED revise and update its policies and procedures to include control procedures, and in particular, address the resolution of undistributed collections.
- The OAG assign a project manager capable of understanding and managing the APASI and SDU projects, as well as conducting appropriate reviews to confirm the reasonableness of deliverables, deadlines, and costs.
- The OAG obtain collections report, daily deposit detail reports, and other operational reports from the SDU to facilitate proper SDU and UDC monitoring and reconciliation.
- The Director of Administration in consultation with the Attorney General, close the dormant child support bank account and transfer the balance to the General Fund, subsequent to a proper reconciliation.
- The Department of Public Health and Social Services direct its efforts to resolve the problems associated with the AGUPA system involving the child support welfare program to facilitate the monitoring of welfare reimbursements disbursed by the SDU.

The Attorney General generally concurred with our findings and recommendations.



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