

H. CARL McCALL
STATE COMPTROLLER



A.E. SMITH STATE OFFICE BUILDING
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

October 25, 1996

Mr. Brian Wing
Acting Commissioner
Department of Social Services
40 North Pearl Street
Albany, NY 12243

Re: Report 96-F-19

Dear Mr. Wing:

Pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law, we have reviewed the actions taken by officials of the Department of Social Services (Department) as of September 30, 1996 to implement the recommendations contained in our prior audit report 94-S-89. Our prior report, which was issued May 25, 1995, examined the Department's administration and oversight of the child support enforcement program.

Background

The Department's Office of Child Support Enforcement (Office) is responsible for overseeing the child support enforcement program that the 58 local social services districts (districts) administer. Districts provide child support enforcement services to persons receiving public assistance and, upon request, must also help persons who are not receiving public assistance in obtaining child support. The districts are responsible for providing a variety of child support enforcement services, including the following: intake, absent parent location, paternity establishment, court order establishment for child support, income execution, and child support order enforcement.

The Department maintains a computerized Child Support Management System (CSMS). CSMS contains individual case-related actions and allows the Office to monitor district compliance with Federal and State reporting requirements. Child support collections from an absent parent whose family receives public assistance directly reduce the cost of providing the family's public assistance benefits. Collections made for a family not on public assistance are forwarded to the family.

The Office is funded jointly by the Federal (66 percent), State (17 percent) and local governments (17 percent). During the fiscal year ended March 31, 1996, child support enforcement cost about \$182.7 million. Of this amount, about \$120.6 million was paid by the Federal government, and the remainder, about \$62.1 million was funded by the State and local governments. The following table presents selected accomplishment information that the districts reported to the Department for the year ended March 31, 1996.

SELECTED PROGRAM ACCOMPLISHMENTS

ACTIVITY	TOTAL CASES	PUBLIC ASSISTANCE CASES	NON-PUBLIC ASSISTANCE CASES
Paternities Established	38,474	23,693	14,781
Absent Parent Locations Completed	94,268	59,861	34,407
Court Orders Established	31,679	17,614	14,065
Collections	\$638,251,209	\$179,898,304	\$458,352,905
Average Cost Per Case	\$67.41	\$71.57	\$63.56

Summary Conclusion

In our prior audit report, we tested the districts' compliance in meeting established time frame requirements for six key program tasks: five Federal tasks (intake, absent parent location, paternity establishment, court order establishment and child support order enforcement) and one State task (income execution). We found that the districts met the requirements for three of the five Federal tasks and the requirements of the State task. For one Federal task, the districts may not have met the Federal requirement. For the remaining Federal task, we were not able to determine the districts' compliance because of a lack of data. We also found that the Office could further improve its monitoring of other aspects of the districts' performance. We found significant variances in performance both among the various groups of similar districts and among the districts within groups.

In our follow-up review, we found that Office officials have taken significant steps to meet the letter, intent and spirit of our prior recommendations. For example, Office officials have developed a performance measurement system and have taken steps to assist local districts in improving child support enforcement operations. We encourage Office officials to continue to strengthen its performance measurement capabilities and to implement the remaining recommendations fully.

Summary of Status of Prior Audit Recommendations

Department officials have fully implemented three, partially implemented three, and not implemented one of our seven prior audit recommendations.

Follow-up Observations

Recommendation 1

Change the {Child Support Management} System to retain the intake date of all cases.

Status - Fully Implemented

Agency Action - Department officials have updated CSMS. All intake dates are now either in an on-line history maintained by WMS or sent to microfiche if the case is purged in WMS.

Recommendation 2

Work with appropriate local district attorneys and local social services districts to ensure all enforcement actions are recorded in the System.

Status - Partially Implemented

Agency Action - Working with the local district staff to ensure all enforcement actions are recorded on the CSMS, Department officials reported that, for the period January 1, 1996, through August 31, 1996, 52 training sessions with 801 participants have been held. Topics covered included: New Workers, Case Building, IV-A - IV-D cases, and Reconciliation. In addition, the Office has provided training through its district representative staff and through the performance of operational assessments by its Office of Quality Assurance and Audit. This training also included guidance to ensure that all enforcement actions are recorded on CSMS. The Office has requested that Department legal staff design, develop and deliver a training package that addresses the recording of enforcement actions on CSMS.

Auditors' Comments - We commend the Department for its training efforts and encourage the Department to complete the final step of ensuring that local social services district attorneys receive the appropriate training.

Recommendation 3

Use the System to periodically evaluate district compliance with Federal and State case processing requirements.

Status - Partially Implemented

Agency Action - During our follow-up review, we found that the Office uses, on a limited basis, CSMS to monitor district compliance with case processing requirements. Department officials stated that this usage could change depending on the new regulations for Child Support Enforcement resulting from the recently enacted Federal Welfare Reform Bill.

Auditors' Comments - The Federal Welfare Reform Bill may result in changes to existing compliance requirements. As such, the Department may need to revise its procedures to determine each district's compliance with Federal and State regulations, and provide timely assistance to those districts not meeting the requirements.

Recommendation 4

Assist those districts that are not meeting the Federal and State case processing requirements.

Status - Partially Implemented

Agency Action - Since April 1, 1995, in conjunction with the Department's Office of Quality Assurance and Audit (QA&A), the Office has conducted operational assessments of local districts to improve overall effectiveness and efficiency. These assessments included evaluations of local district procedures, work flow, workload, staffing, priority-setting, decision-making, timeliness of actions, case management and quality of service. The evaluations were designed to pinpoint those practices and procedures that either help or hinder local districts' ability to accomplish program goals and objectives, including Federal and State processing requirements. To date, QA&A has completed reviews of the following districts: Onondaga, Steuben and Suffolk.

In addition, since January 1996, the Office has also carried out intensive, on-site assistance efforts in the New York City, Onondaga, Suffolk, Nassau, Oneida, Albany, Westchester and Erie districts. These efforts targeted areas deemed critical to case processing for each respective district. In addition, the Office gave local district management specific recommendations to streamline work flow that will improve customer satisfaction and compliance with Federal case processing requirements.

Auditors' Comments - Our follow-up review showed that the Department has conducted evaluations of district compliance with the requirements. These evaluations are expected to have both an immediate and long-term impact on both customer satisfaction and compliance with federal case processing requirements. Using the Federal Welfare Reform Bill as a basis, we encourage Office officials to use CSMS to evaluate district compliance with Federal and State case processing requirements and provide timely assistance to those districts not meeting these requirements.

Recommendation 5

Establish a performance measurement system that includes the following elements: performance goals related to the expected level of services to be provided under the program; performance indicators related to the performance goals; periodic verifications of reported performance data; and, trend and comparative analyses of districts' performance statistics relative to goals.

Status - Fully Implemented

Agency Action - Department officials distributed copies of our prior report (94-S-89) to all local district Commissioners and child support enforcement coordinators to emphasize the importance of the report. Further, the officials updated our prior audit report's performance data analyses through March 31, 1995 and released this information along with the original report.

In February 1996, the Office announced that it deployed additional staff to bring more attention to the day-to-day needs of local districts and that it is committed to a "clearly focused, monitoring of local district performance." In addition, the Office selected two specific tasks, paternity establishment and support order establishment, as primary concerns of performance at all program levels. These tasks are essential to the overall success of the child support enforcement program.

The Office also established monthly performance goals for paternity and support establishments for each district. Monitoring of local district performance toward these goals was established as the primary objective of Office employees assigned to monitor individual district performance. In addition, in June 1996, each county representative and their respective supervisors met with the Office Director to review the original targets, local district reaction and progress to date. Further, each month the Office distributes to local districts reports for monitoring local district performance in key areas of collection obligations and paternities established. These reports compare total proposed support and paternity obligations to be established with actual performance.

Recommendation 6

Determine which district practices are efficient and effective and encourage their implementation in all districts.

Status - Fully Implemented

Agency Action - In April 1996, the Office began publishing a quarterly newsletter, the ADVOCATE. A central feature of the ADVOCATE is a section on child support "best practices" from the following local districts: Albany, Broome, Clinton, Onondaga, Oneida, Erie, Suffolk, Chautauqua, Ontario, Sullivan and Niagara.

On April 30, and May 1, 1996, the Office held its first statewide child support conference since September 1989. The conference provided local districts with information to increase program effectiveness, particularly in the area of paternity and support order establishment. Major agenda topics included: Best Practices, Performance Measures, Setting Targets, the Impact of Hospital Based Paternity and Monitoring Change.

In February and July 1996, the Office hosted teleconferences entitled "Challenges for 1996" and "Effective Intake and Interviewing Strategies." The Office shared information on the above subjects with participants through 57 transmission sites across the state. The February

teleconference emphasized Office efforts to enhance local district performance while the July teleconference provided local districts with a progress report on performance improvement initiatives and a presentation of actual “best practices.”

Recommendation 7

Consider charging the non-public assistance clients and/or absent parents an application fee if a cost-benefit analysis shows that benefits would be derived from charging such a fee.

Status - Not Implemented

Agency Action - Department officials reported that a 1988 Fees Analysis was not considered or available at the time of the original review and have submitted a copy of the original 1988 Fees Analysis for clarification and consideration at this time.

Department officials further stated that upon review of the 1988 Fees Analysis document, while many of the assumptions and arguments contained therein remain as valid as in 1988, some financial calculations require revision which result in a much lower fiscal incentive to the State, all other concerns being equal. According to Department officials, the original fiscal analysis in the 1988 Fees Analysis document was based upon a fee collection rate of 100 percent; since there are no enforcement techniques available to collect delinquent application fees, and given the relatively low placement of fee collection in the mandated Federal distribution hierarchy, the collection rate is estimated to be at most 25 percent. Furthermore, Department officials stated their belief that, a) if the collection fee dissuades a client from applying for child support services, some otherwise eligible families will most certainly fail in their individual efforts to obtain court ordered support and related medical coverage, and b) the cost of even one catastrophic medical assistance claim could more than offset the total revenue realized. Finally, according to Department officials, with all the other concerns addressed in the original report, the option of charging an application fee could be very costly in foregone savings attributable to cost avoidance and, as such, remains a low priority.

Auditors' Comments - In our judgment, the Department needs to determine whether there may be potential benefits to charging such a fee. We believe that a full cost-benefit analysis would document whether such a fee could, in fact, reduce the cost of administering the child support enforcement program at both the Federal and State level.

Major contributors to this report were William Challice, Richard Sturm and William Hughes.

We would appreciate your response to this report within 30 days, indicating any action planned or taken to address the unresolved matters discussed in this report.

We also thank the management and staff of the Department for the courtesies and cooperation extended to our staff during this review.

Very truly yours,

Kevin M. McClune
Audit Director

cc: Patricia A. Woodworth