The City of New York
Office of the Comptroller
Bureau of Management Audit

WILLIAM C. THOMPSON, JR.
Comptroller

Audit Report on the Timely Processing of Child Support Payments By the Administration for Children's Services

MJ02-060A

June 17, 2002

The City of New York
Office of the Comptroller
Bureau of Management Audit

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EXECUTIVE SUMMARY

Background

The mission of the Administration for Children's Services (ACS) is to ensure the safety and well-being of New York City children. The mission of the ACS Office of Child Support Enforcement (OCSE) is to ensure that "non-custodial" parents (i.e., parents who do not have custody of their children) provide financial support for their children.

Courts issue child support orders so that custodial parents (clients) can receive financial support for their children from non-custodial parents (respondents). When an order is issued, OCSE establishes a child support account on the Child Support Management System (CSMS), an automated system maintained by the New York State Department of Social Service (State DSS). OCSE is responsible for taking enforcement action against respondents who do not pay support as ordered by the court. In 1992, State DSS entered into a contract with Lockheed Information Management Services, now known as Affiliated Computer Services (Affiliated) to collect and disburse child support payments on behalf of local social service districts in New York State. New York City is one such district. All moneys paid by respondents are forwarded to Affiliated's processing center in Albany.

As of June 30, 2001, there were 208,251 active child support cases in New York City. As a result of court orders, in Fiscal Year 2001, respondents were to pay a total of $558.9 million in child support payments; $446.9 million (80%) of that amount was collected.

Objectives

The objective of our audit was to determine whether child support payments are processed and forwarded to custodial parents in a timely manner, and whether OCSE disburses appropriate payments to clients who receive public assistance.

Scope and Methodology

The time period reviewed in this audit was Fiscal Year 2001.

To gain a general understanding of OCSE procedures in processing child support payments, we reviewed relevant Federal and New York State social service laws, as well as OCSE agency directives.

To determine whether payments to child support recipients were made in a timely manner, we obtained a list of all payments made in March 2001. From the 324,951 payments Affiliated received that month, we selected a sample of 50 payments of $1,000 or more and compared the dates that Affiliated received the payments to the dates that it was required to disburse them, and the dates the payments were actually disbursed to clients.

To determine whether child support payments were sent to qualified clients, we verified whether those in our sample of 50 payments were on public assistance (PA) or not on public assistance (non-PA).

To assess OCSE efforts in identifying clients whose payments were placed in suspense accounts (i.e., money sent in by respondents that could not be immediately applied to client accounts), we reviewed 50 randomly selected payments from the population of 1,017 that OCSE placed in suspense in March 2001.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and included tests of the records and other auditing procedures considered necessary. This audit was performed in accordance with the New York City Comptroller's audit responsibilities as set forth in Chapter 5, § 93, of the New York City Charter.

Results in Brief

Child support payments are generally processed and forwarded to custodial parents within federally mandated timeframes. For custodial parents who are receiving public assistance, OCSE correctly identifies their status and payments are appropriately disbursed to State DSS and, if applicable, a portion is disbursed to the custodial parents themselves. Furthermore, the internal controls established by OCSE and State DSS over child support payments provide

reasonable assurance that payments are forwarded to custodial parents within federally mandated time frames.

Forty-seven (94%) of the 50 sampled payments were sent to clients within federally mandated time guidelines. The remaining three were delayed because they were placed on hold for various reasons—for instance, to await confirmation of an address change. These funds were then distributed to the appropriate parties (to custodial parents and, for parents receiving public assistance, to State DSS).

Of the 50 cases we reviewed, 23 involved custodial parents who were on PA during the period for which the payments were applicable. The PA status recorded in CSMS for these parents reconciled with information recorded in the State WMS system. Payments for these cases were properly forwarded to State DSS; none of the payments for the remaining 27 cases involving non-PA custodial parents was forwarded to State DSS.

Of the 50 suspense payments we reviewed, OCSE applied 30 (60%) to the appropriate accounts within the agency's informal 30-day standard. Another 15 were applied in 33 to 364 days, and five were still in suspense as of April 11, 2002. For the 45 payments that were applied to accounts, OCSE identified the clients an average of 67 days after the payments went into suspense, more than twice as long as the agency's informal standard. We were unable to determine whether OCSE followed its procedures in investigating these cases, however, because officials did not provide us adequate documentation of their efforts as we requested. As a result, we were unable to verify whether OCSE exhausted all efforts to identify the correct accounts for these cases or that it did so as quickly as possible.

While OCSE does have a Customer Service Unit to handle inquiries from clients and respondents, it does not formally track the resolution of such inquiries. As a result, OCSE may be hindered in (1) tracking the unit's effectiveness, and (2) identifying any significant trends regarding Affiliated's processing of child support payments.

Recommendations

The audit resulted in four recommendations, specifically, that OCSE should:

- Require Suspense Unit staff to more fully document its efforts (e.g., directory searches, correspondence sent), including the dates of each of their investigative efforts, to identify the correct custodial parents for suspense payments. Management should use such information to evaluate the Suspense Unit's effectiveness.

- Require Suspense supervisors to review all payments that remain in suspense more than 30 days to ensure that staff have exhausted all efforts to identify the correct custodial parents.

- Review every month the age of payments remaining in suspense in order to track the Suspense Unit's effectiveness in identifying the correct custodial parents as quickly as possible.

- Devise a method for tracking and aggregating customer inquiries and resolutions to help ensure that any systemic issues regarding child support payments are quickly identified and resolved.

ACS Response

The matters covered in this report were discussed with ACS officials during and at the conclusion of this audit. A preliminary draft was sent to ACS officials and was discussed at an exit conference on May 20, 2002. On May 23, 2002, we submitted a draft report to ACS officials with a request for comments. We received a written response from ACS on June 7, 2002. In its response, ACS agreed with the audit's findings and recommendations, and stated:

> "ACS was pleased to have confirmation from the Comptroller's audit report that (1) child support payments are generally forwarded to custodial parents within federal mandated timeframes, (2) internal controls established by ACS' Office of Child Support Enforcement (OCSE) and the State Department of Social Services are adequate to ensure that payments are disbursed to custodial parents within mandated timeframes and (3) OCSE correctly identifies custodial parents on public assistance and ensures that payments to them are appropriately adjusted."

The full text of the ACS comments is included as an addendum to this report.

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The City of New York
Office of the Comptroller
Bureau of Management Audit

Audit Report on the Timely Processing of Child Support Payments By the Administration for Children's Services

MJ02-060A

INTRODUCTION

Background

The mission of the Administration for Children's Services (ACS) is to ensure the safety and well-being of New York City children. ACS provides a range of services, including placing children in safe foster care or adoptive homes. ACS manages, directly or through contracts, child care, early childhood, and child support enforcement services. The mission of the ACS Office of Child Support Enforcement (OCSE) is to ensure that "non-custodial" parents (i.e. parents who do not have custody of their children) provide financial support for their children.

Courts issue child support orders so that custodial parents (clients) can receive financial support for their children from non-custodial parents (respondents). When an order is issued, OCSE establishes a child support account on the Child Support Management System (CSMS), an automated system maintained by the New York State Department of Social Service (State DSS). OCSE is responsible for taking enforcement action against respondents who do not pay support as ordered by the court. Payments are generally made through wage garnishments—approximately 80 percent are made in this manner, according to OCSE. Payments are also made directly by respondents or through income tax intercepts. Lastly, cash payments are also accepted at the OCSE walk-in center, but these account for less than one percent of the total payments.

In 1992, State DSS entered into a contract with Lockheed Information Management Services, now known as Affiliated Computer Services (Affiliated), to collect and disburse child support payments on behalf of local social service districts in New York State. New York City is one such district. All moneys paid by respondents are forwarded to Affiliated's processing center in Albany.

As of June 30, 2001, there were 208,251 active child support cases in New York City. As a result of court orders, in Fiscal Year 2001, respondents were to pay a total of $558.9 million in child support payments; $446.9 million (80%) of that amount was collected.

Objectives

The objective of our audit was to determine whether child support payments are processed and forwarded to custodial parents in a timely manner, and whether OCSE disburses appropriate payments to clients who receive public assistance.

Scope and Methodology

The time period reviewed in this audit was Fiscal Year 2001.

To obtain a general understanding of OCSE procedures in processing child support payments, we reviewed relevant Federal and New York State social service laws, as well as OCSE agency directives. We also interviewed OCSE officials, including the Director of Management Planning and Financial Analysis, the Director of Fiscal Enforcement Services, and the Director of Customer Service. In addition, we conducted walkthroughs of OCSE's Account Maintenance, Suspense, Audit, and Customer Service units. Finally, we contacted the Chief of the Bureau of Centralized Processing of the State Department of Social Services to discuss the State's monitoring of Affiliated, the contractor who is responsible for processing child support payments.

To determine whether payments to child support recipients were made in a timely manner, we obtained a list of all payments made in March 2001. From the 324,951 payments Affiliated received that month, we selected a sample of 50 payments of $1,000 or more and compared the dates that Affiliated received the payments to the dates that it was required to disburse them, and the dates the payments were actually disbursed to clients.

To determine whether child support payments were sent to qualified clients, we verified whether those in our sample of 50 payments were on public assistance (PA) or not on public assistance (non-PA). We compared the clients' records as listed on the Child Support Management System (CSMS) to their records listed on the Human Resources Administration's Welfare Management System (WMS). (The Human Resources Administration is responsible for the public assistance program in New York City.) WMS lists the PA or non-PA status of each client at the time of payment.

To assess OCSE efforts in identifying clients whose payments were placed in suspense accounts, (i.e., money sent in by respondents that could not be immediately applied to client accounts) we reviewed 50 randomly selected payments from the population of 1,017 that OCSE placed in suspense in March 2001. We obtained the procedures OCSE uses to identify clients and asked to review case files to determine: (1) whether OCSE followed the procedures, (2) whether it was able to identify the clients, and (3) the time frame OCSE needed to identify clients.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and included tests of their records and other auditing procedures considered

necessary. This audit was performed in accordance with the New York City Comptroller's audit responsibilities as set forth in Chapter 5, § 93, of the New York City Charter.

ACS Response

The matters covered in this report were discussed with ACS officials during and at the conclusion of this audit. A preliminary draft was sent to ACS officials and was discussed at an exit conference on May 20, 2002. On May 23, 2002, we submitted a draft report to ACS officials with a request for comments. We received a written response from ACS on June 7, 2002. In its response, ACS agreed with the audit's findings and recommendations, and stated:

> "ACS was pleased to have confirmation from the Comptroller's audit report that (1) child support payments are generally forwarded to custodial parents within federal mandated timeframes, (2) internal controls established by ACS' Office of Child Support Enforcement (OCSE) and the State Department of Social Services are adequate to ensure that payments are disbursed to custodial parents within mandated timeframes and (3) OCSE correctly identifies custodial parents on public assistance and ensures that payments to them are appropriately adjusted."

The full text of the ACS comments is included as an addendum to this report.

OFFICE OF THE COMPTROLLER
NEW YORK CITY

DATE FILED: June 17, 2002

FINDINGS AND RECOMMENDATIONS

Child support payments are generally processed and forwarded to custodial parents within federally mandated timeframes. Of the 50 sampled payments, 47 were sent on time, and the remaining three were placed on hold for various reasons. When the holds were lifted, the payments were immediately disbursed (within a day). For custodial parents who are receiving public assistance, OCSE correctly identifies their status and payments are appropriately disbursed to State DSS and, if applicable, a portion is disbursed to the custodial parents themselves.[1] For 50 cases reviewed, 23 involved parents who were receiving public assistance during the period for which the payments were applicable; Affiliated properly disbursed those payments to State DSS.

However, we did find some weaknesses. Our review of 50 payments forwarded to the suspense account in March 2001 revealed that OCSE identified the custodial parents for 45 of them in 67 days on average, more than twice OCSE's informal target of 30 days. (As of April 11, 2002, the payments for the remaining five cases were still being held in the suspense account.) We were unable to determine whether OCSE followed its guidelines in investigating these payments because officials did not provide us adequate documentation of its efforts. In addition, the OCSE Customer Service Unit does not formally track its resolution of inquiries related to child support payments. As a result, OCSE may be hindered in identifying significant trends regarding Affiliated's processing of child support payments and determining the Customer Service Unit's own overall effectiveness.

Controls Are Adequate to Ensure That Payments Are Disbursed to Custodial Parents Within Mandated Time Frames

The internal controls established by OCSE and State DSS over child support payments provide reasonable assurance that payments are forwarded to custodial parents within federally mandated time frames.

Generally, according to Federal law,[2] child support payments received from respondents must be disbursed to custodial parents within two business days of receipt, except for cases in which the custodial parents receive public assistance (PA). For PA cases, the payments must be disbursed within two business days after the end of the month in which the payments were received. There are exceptions, however. For example, the State may put a hold on an account if the amount of child support due is under appeal. OCSE may also put a hold on an account to resolve certain types of issues, such as an uncertainty about the identity of the child support recipient, or to update the file, such as changing an address.

Child support payments are primarily received at Affiliated's Processing Center in Albany. Cash payments are also received at OCSE's offices at 151 Broadway in Manhattan;

[1] For regularly scheduled payments, Affiliated disburses the first $50 received per month to the clients themselves and the remainder to DSS. For other types of payments, such as tax intercepts, or for other child support arrears, Affiliated disburses the entire amount to DSS.

[2] Social Security Act §454B, "Collection and Disbursement of Support Payments"

however, these constitute a very small percentage (less than one percent) of child support payments; OCSE deposits all such cash payments locally into the bank account from which Affiliated disburses the payments. (OCSE forwards the deposit slips to Affiliated.) For each account, Affiliated then disburses the payments based on the account's disbursement schedule (e.g., weekly, monthly) as indicated in the CSMS system. Affiliated records all receipt and payment information in CSMS. Affiliated, State DSS, and OCSE all have access to CSMS and can review Affiliated's actions.

State DSS is responsible for monitoring Affiliated. A DSS official told us that his agency reviews Affiliated's procedures to ensure that payments are disbursed on a timely basis. He said that State DSS personnel are stationed at Affiliated to monitor all aspects of Affiliated's operation and to ensure that Affiliated follows its procedures. State DSS routinely tests daily samples of checks disbursed by Affiliated to verify the accuracy of payment and client information. (We requested monitoring reports from State DSS. However, the agency did not provide this information.)

In 1996, our office conducted an audit of OCSE to determine whether the agency had adequate procedures to ensure that non-PA custodial parents received child support payments on time. That audit[3] found that any delays in parents' receipt of child support payments were caused by respondents or their employers not forwarding the payments on time. Another audit conducted in 1997[4], tested CSMS client records to determine their reliability; it found no reportable conditions, and concluded that the records were reliable.

For this audit, we analyzed a sample of 50 child support payments received by Affiliated in March 2001 and found that 47 were disbursed within required time frames. The remaining three were initially placed on hold by OCSE for various reasons. When OCSE lifted the holds, Affiliated disbursed the payments immediately (within a day). Our analysis is discussed in more detail in following sections.

Overall, the procedure provides reasonable assurance that payments are processed in a timely manner.

Child Support Payments Are Forwarded to Custodial Parents Within Time Guidelines

Overall, payments were processed and paid to child support recipients in a timely manner. Forty-seven (94%) of the 50 sampled payments were sent to clients within federally mandated time guidelines. The remaining three were delayed because they were placed on hold for various reasons, for instance, to await confirmation of an address change. These funds were then distributed to the appropriate parties (to custodial parents and, for parents receiving public assistance, to State DSS).

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[3] *Audit Report on the New York City Administration for Children's Services' Office of Child Support Enforcement* (ME96-069A), issued June 27, 1996

[4] *Audit and Follow-Up Audit of the Administration for Children's Services' Office of Child Support Enforcement's Court and Collection Activities* (7A 97-092), issued June 30, 1997

As stated earlier, Affiliated is required to disburse child support payments to clients within two business days of receipt. For clients receiving PA, Affiliated is required to disburse payments within two business days after the end of the month in which Affiliated received the payment. For clients receiving PA, Affiliated disburses the funds to State DSS and to the client, when applicable. If Affiliated receives a payment that exceeds the amount due, CSMS prompts Affiliated to forward the amount due and retain the remainder to apply against the next scheduled disbursement.

To determine whether Affiliated forwarded child support payments within mandated timeframes, we reviewed a sample of 50 payments received by Affiliated in March 2001. Of the 50, 27 went to non-PA clients and 23 went to clients who were on PA during the period for which the payments were applicable. Of the 27 payments for non-PA clients, Affiliated disbursed 24 within two days of receipt. For the remaining three, OCSE placed holds on these accounts for various reasons. As of February 8, 2002, all of the holds had been lifted and the payments made, each within a day of the release from hold. Of the 23 payments for PA clients, Affiliated disbursed all 23 to State DSS within two days of the end of the month in which it received the payments.

Accordingly, we conclude that child support payments are disbursed within mandated time frames.

Child Support Payments to Custodial Parents on Public Assistance Are Appropriately Adjusted

OCSE correctly identifies custodial parents on public assistance and ensures that payments to them are appropriately adjusted. Of the 50 cases we reviewed, 23 involved custodial parents who were on PA during the period for which the payments were applicable. The PA status recorded in CSMS for these parents reconciled with information recorded in the State WMS system. Payments for these cases were properly forwarded to State DSS; none of the payments for the remaining 27 cases involving non-PA custodial parents was forwarded to State DSS.

As stated previously, non-PA clients receive 100 percent of the child support payments, but payments for PA clients go to State DSS and, if applicable, to the clients.[5] The OCSE Account Maintenance Unit interfaces CSMS with WMS to ensure that CSMS has the most current information regarding client PA status. Affiliated disburses the payments based on the client PA status recorded in CSMS. OCSE is responsible for ensuring that CSMS contains accurate information.

To determine whether OCSE ensured that CSMS had the correct client PA status information, we reviewed the accounts for the 50 sampled payments. We reviewed CSMS to determine to whom the payments were to be forwarded. Of the 50, 27 were to be disbursed to non-PA clients and 23 were to be disbursed to PA clients. We reviewed the payments and noted

[5] For regularly scheduled payments, Affiliated disburses the first $50 received per month to the clients themselves and the remainder to DSS. For other types of payments, such as tax intercepts, or for other child support arrears, Affiliated disburses the entire amount to DSS.

that the PA payments were forwarded to State DSS, and that non-PA payments were sent the full payment amounts, as reported in CSMS.

We next verified whether the PA information in CSMS was accurate. We obtained PA histories from WMS covering the period the payments we reviewed were made. The PA status recorded in CSMS reconciled with information in WMS: all PA clients were recorded as such in WMS, and no non-PA clients were recorded in WMS as receiving PA during the period reviewed.

Sixty Percent of Sampled Suspense Payments Were Disbursed Within OCSE's Informal 30-Day Standard

Of the 50 suspense payments we reviewed, OCSE applied 30 (60%) to the appropriate accounts within the agency's informal 30-day standard. Another 15 were applied in 33 to 364 days, and five were still in suspense as of April 11, 2002. For the 45 payments that were applied to accounts, OCSE identified the clients an average of 67 days after the payments went into suspense, more than twice as long as the agency's informal standard. We were unable to determine whether OCSE followed its procedures in investigating these cases, however, because officials did not provide us adequate documentation of their efforts as we requested.

In order for a child support payment to be disbursed to a client, the payment should note the CSMS account number to which the payment is to be applied. If the payment does not have this information, Affiliated will conduct a search to find the account the payment should be applied to. If it is unable to locate the account, it places the payment in a suspense account recorded in CSMS. The OCSE Suspense Unit is responsible for reviewing suspense payments and attempting to identify the intended clients.

Affiliated provides OCSE with a daily listing of suspense payments, along with copies of the actual check (or money order) for which accounts have not been identified. These payments are forwarded to the Suspense Unit (Suspense). In Fiscal Year 2001, 15,571 payments totaling $2.5 million were referred to Suspense.

In Suspense, payments go through a two-stage review. At the first stage, Suspense staff review the payment and determine whether any of the information (payer name, payee, address) corresponds to information on CSMS. Payments for which no CSMS match is found are then checked against various resource books generated by the Human Resources Administration: employer payments are checked against employer books, respondent payments against respondent books. Payments that contain a docket number are checked against docket number books. Officials stated that the review at stage one takes approximately two to three days; about 80 percent of the identifications are made at this stage. If these efforts prove unsuccessful, payments are then forwarded to stage two.

At the second stage, Suspense staff members again perform a CSMS review to see whether the correct account can be identified. If unsuccessful, staff will attempt to obtain a

phone number for the payer (either a respondent or employer) and contact the payer to determine where the payment should be applied. If unable to contact the payer by telephone, OCSE sends a letter (if an address is available) requesting the information.

When a match is found, staff write the correct account number and forward the case to Account Maintenance, which will make an adjustment in CSMS, removing the payment from suspense and applying it to the appropriate child support account, an action that notifies Affiliated to release the payment. Officials stated that OCSE has an informal goal of 30 days to complete its investigation and apply payments. If a correct match is not found, the payment will remain in the suspense account for up to three years, unless someone is able to claim it. After three years, and after the Suspense Coordinator has reviewed it and ensured that all efforts to identify the correct account have been exhausted, the payment is transferred to the State's Trust and Agency account. According to OCSE procedures, Suspense supervisors regularly review suspense payments as they age to ensure that adequate efforts have been made to identify the correct accounts.

To determine how well OCSE met its informal 30-day standard, we selected a sample of 50 payments forwarded to the suspense account in March 2001. We reviewed CSMS to obtain the status of these payments and the time it took to identify the correct clients and apply the funds to the appropriate accounts. Of the 50 cases, only 30 (60%) were applied within the informal 30-day standard. Another 15 were disbursed in 33 to 364 days, and five were still in suspense as of April 11, 2002. For the 45 payments that were applied to accounts, OCSE identified the clients an average of 67 days after the payments went to suspense, more than twice as long as the informal standard.

To determine whether Suspense staff completed the required steps for the 50 payments, we attempted to review the Suspense case files. However, we were unable to review the documents for the 45 payments that were applied because officials told us that they did not retain documentation related to these cases. Officials said that once a payment is forwarded to Account Maintenance, any documents related to their investigative efforts are discarded because they do not want to retain voluminous paperwork. For the five cases that were still in suspense, officials only showed us copies of the payments that contained handwritten notations that referred to investigative steps taken. These notations were not consistent among the five cases, nor did they indicate the dates that the steps were taken. An official told us that supervisors do not review every case to ensure that efforts were exhausted, but randomly select cases to review. (We found no notation for the five cases to indicate that a supervisor reviewed them.) As a result, we were unable to verify that OCSE exhausted all efforts to identify the correct accounts for these cases or that it did so as quickly as possible.

These payments are intended to provide custodial parents with the needed financial support that that their children deserve. Accordingly, OCSE is responsible for ensuring that the custodial parents who should receive these payments are identified and that the payments are forwarded to them. By requiring Suspense staff to more fully document their efforts, including the dates of their investigative steps, OCSE would be better able to evaluate the Unit's effectiveness in identifying the correct custodial parents as quickly as possible.

Recommendations

OCSE should:

1. Require Suspense Unit staff to more fully document its efforts (e.g., directory searches, correspondence sent), including the dates of each of their investigative efforts, to identify the correct custodial parents for suspense payments. Management should use such information to evaluate the Suspense Unit's effectiveness.

ACS Response: "OCSE will review its current Suspense Unit procedures and revise these procedures, as needed, to provide for better documentation of investigative efforts. OCSE will issue the revised procedures and train the staff to ensure implementation."

2. Require Suspense supervisors to review all payments that remain in suspense more than 30 days to ensure that staff have exhausted all efforts to identify the correct custodial parents.

ACS Response: "OCSE will review current procedures and revise them, as needed, to provide for regular supervisory review according to appropriate timeframes. OCSE will issue the revised procedures and train the supervisors to ensure implementation."

3. Review every month the age of payments remaining in suspense in order to track the Suspense Unit's effectiveness in identifying the correct custodial parents as quickly as possible.

ACS Response: "OCSE will review current procedures and revise them, as needed, to better monitor and ensure the Suspense Unit's effectiveness in identifying custodial parents as quickly as possible. This may involve the development of one or more new reports that monitor the number and time periods of payments remaining in individual suspense accounts and the timeframes for completing the identification of custodial parents. OCSE will issue a memorandum of instructions to staff with the revised procedures, including utilization of the new report(s). The staff will be trained to ensure that the revised procedures are implemented."

OCSE Can Improve the Tracking of Complaints Handled by Customer Service

While OCSE does have a Customer Service Unit to handle inquiries from clients and respondents, it does not formally track the resolution of such inquiries. As a result, OCSE may be hindered in (1) tracking the unit's effectiveness, and (2) identifying any significant trends regarding Affiliated's processing of child support payments.

Although Affiliated is responsible for disbursing child support payments, OCSE is still responsible for addressing concerns and investigating discrepancies regarding payments. OCSE acts as the liaison between Affiliated and clients. All client inquiries go through OCSE's Customer Service Unit (Unit).

We interviewed Unit personnel, including the Director, to learn their procedures in handling inquiries. According to Unit personnel, approximately 250 persons come to the Unit daily. Of these, roughly 15 percent are clients, many of whom inquire about child support payments. When a client inquires about the status of payments, Unit staff first review the case history on CSMS. The case history includes dates payments were received, dates payments were disbursed, respondent job and income status, and the terms of any wage garnishments. If the inquiry cannot be resolved by reviewing the case history, Unit staff forward the inquiry to the appropriate ACS department. If a case should be put on "hold," Unit staff enter the hold in CSMS. (Affiliated is not able to generate payments for cases with holds on them.) If a change is needed for an account (e.g., address change), Unit staff either make the change or forward it to the department authorized to make the change, such as the Account Maintenance Unit. Unit staff complete a "Customer Service Referral Slip" for each inquiry. The referral slip records various data, including but not limited to the following: client name, respondent name, CSMS account number, reason for visit (inquiry), and to whom the inquiry was referred (if applicable). If necessary, the Unit sends a resolution notice to the client detailing the results of its investigation.

To determine the Unit's effectiveness in addressing inquiries related to late, missing, or incomplete payments, we requested documentation regarding the assistance the Unit provided to clients and the outcomes. However, the Unit Director was unable to provide the documentation because that information is not tracked. The only information that the Unit tracks is the number of inquiries it receives, organized into five categories: (1) to retrieve account information; (2) to resolve account issues (e.g., accuracy of account); (3) to address enforcement issues; (4) to make an administrative change (e.g., custody change); and (5) to modify an account based on new information provided by client (e.g., client address change).

While OCSE is not responsible for disbursing payments or monitoring Affiliated, it is responsible for bridging the gap between Affiliated and clients. Therefore, OCSE should be aware of any systemic problems that delay payments to clients and take the necessary action on behalf of clients to help resolve such problems. It should be noted that we did not find any problems regarding Affiliated's disbursements to clients. However, the data we would need to conduct a study of complaints that OCSE receives regarding Affiliated's disbursements (e.g., number of client complaints, cause for late or missing payments) are not tallied to provide an aggregate view of payment-related inquiries—although such data are collected by OCSE for individual inquiries. OCSE should consider tracking customer complaints and outcomes to help ensure that any issues regarding Affiliated's servicing of payments to New York City child support recipients are identified and resolved in a timely manner.

Recommendation

4. OCSE should devise a method for tracking and aggregating customer inquiries and resolutions to help ensure that any systemic issues regarding child support payments are quickly identified and resolved.

ACS Response: "OCSE will identify and analyze the options for better tracking and aggregating inquiries and resolutions to help ensure that any systemic issues regarding child support payments are quickly identified and resolved. OCSE will select and develop a reporting and tracking process at Customer Services and related units. Procedures will be developed/revised for using the new reporting/tracking process. These new/revised procedures will be issued and staff will be trained to ensure implementation."

ADMINISTRATION FOR CHILDREN'S SERVICES
150 WILLIAM STREET - 19th FLOOR
NEW YORK, N.Y. 10038

WILLIAM C. BELL
Commissioner

June 7, 2002

Mr. Roger D. Liwer, Assistant Comptroller for Audits
The City of New York Office of the Comptroller
Bureau of Audits
1 Centre Street, Room 1100
New York, NY 10007-2341

Re: NYC Comptroller's Audit Report MJ02-060A
Timely Processing of Child Support Payments by ACS

Dear Mr. Liwer:

Thank you for sharing with us the Draft Report for the above captioned audit.

Attached is our response to your recommendations and our Audit Implementation Plan (AIP). We would like to thank the Comptroller's Office for the professionalism of your staff while conducting this audit.

If you have any questions, please do not hesitate to contact me.

Sincerely,

William C. Bell

Attachments

City of New York Office of the Comptroller
Timely Processing of Child Support Payments By
The Administration for Children's Services (ACS)
Audit Number MJ02-060A

Administration for Children's Services
Response to Recommendations
June 7, 2002

ACS was pleased to have confirmation from the Comptroller's audit report that (1) child support payments are generally forwarded to custodial parents within federally mandated timeframes, (2) internal controls established by ACS' Office of Child Support Enforcement (OCSE) and the State Department of Social Services are adequate to ensure that payments are disbursed to custodial parents within mandated timeframes and (3) OCSE correctly identifies custodial parents on public assistance and ensures that payments to them are appropriately adjusted.

Recommendation 1
OCSE will review its current Suspense Unit procedures and revise these procedures, as needed, to provide for better documentation of investigative efforts. OCSE will issue the revised procedures and train the staff to ensure implementation.

Recommendation 2
OCSE will review current procedures and revise them, as needed, to provide for regular supervisory review according to appropriate timeframes. OCSE will issue the revised procedures and train the supervisors to ensure implementation.

Recommendation 3
OCSE will review current procedures and revise them, as needed, to better monitor and ensure the Suspense Unit's effectiveness in identifying custodial parents as quickly as possible. This may involve the development of one or more new reports that monitor the number and time periods of payments remaining in individual suspense accounts and/or the timeframes for completing the identification of custodial parents. OCSE will issue a memorandum of instructions to staff with the revised procedures, including utilization of the new report(s). The staff will be trained to ensure that the revised procedures are implemented.

Recommendation 4
OCSE will identify and analyze the options for better tracking and aggregating inquiries and resolutions to help ensure that any systemic issues regarding child support payments are quickly identified and resolved. OCSE will select and develop a reporting and tracking process at Customer Services and related units. Procedures will be developed/revised for using the new reporting/tracking process. These new/revised procedures will be issued and staff will be trained to ensure implemention.

ADMINISTRATION FOR CHILDREN'S SERVICES (ACS)
AUDIT IMPLEMENTATION PLAN
NEW YORK CITY COMPTROLLER'S AUDIT NUMBER MJ02-060A
TIMELY PROCESSING OF CHILD SUPPORT PAYMENTS BY ACS

RECOMMENDATION: 1. OCSE should require Suspense staff to more fully document its efforts (e.g., directory searches, correspondence sent), including the dates of each of their investigative efforts, to identify the correct custodial parents for suspense payments. Management should use such information to evaluate the Suspense Unit's effectiveness.

RESPONSIBLE MANAGERS' NAME: Michael Infranco, Associate Commissioner Office of Child Support Enforcement (OCSE)

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
Review current Suspense Unit procedures.	Frank Olton, Director Fiscal and Enforcement	05/02	07/02	Current procedures	
Revise procedures to provide for better documentation of investigative efforts.	and Wilhelmina Jones, Director Payment Adjustment	08/02	01/03	Revised procedures	
Issue revised procedures.	Customer Service Unit and	02/03	02/03	Memorandum and revised procedures	
Train staff.	Jeanette Deida, Acting Director Program Planning and Development	03/03	03/03	Training attendance sheet	
Implement revised procedures.		03/03	Continuing		

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TIMELY PROCESSING OF CHILD SUPPORT PAYMENTS BY ACS

RECOMMENDATION: 2. OCSE should require Suspense supervisors to review all payments that remain in suspense more than 30 days to ensure that staff have exhausted all efforts to identify the correct custodial parents.

RESPONSIBLE MANAGERS' NAME: Michael Infranco, Associate Commissioner Office of Child Support Enforcement (OCSE)

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
Review current procedures.	Frank Olton, Director Fiscal and Enforcement	5/02	7/02	Current procedures	
Revise procedures, as needed, to provide for regular supervisory review according to appropriate periodic timeframes.	and Wilhelmena Jones, Director Payment Adjustment Customer Service Unit	08/02	01/03	Revised procedures	
Issue revised procedures.	and Jeanette Deida, Acting Director Program Planning	02/03	02/03	Memorandum and revised procedures	
Train supervisors.	and Development	03/03	03/03	Training attendance sheet	
Implement changes.		03/03	Continuing		

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TIMELY PROCESSING OF CHILD SUPPORT PAYMENTS BY ACS

RECOMMENDATION: 3. OCSE should review every month the age of payments remaining in suspense in order to track the Suspense Unit's effectiveness in identifying the correct custodial parents as quickly as possible.

RESPONSIBLE MANAGERS' NAME: Michael Infranco, Associate Commissioner Office of Child Support Enforcement (OCSE).

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
Review current procedures.	Frank Olton, Director Fiscal and Enforcement	05/02	07/02	Current procedures	
Revise procedures, as needed, to better monitor and ensure the Suspense Unit's effectiveness in identifying custodial parents as quickly as possible. This may involve the development of one or more new reports that monitor the number and time periods of payments remaining in individual suspense accounts and/or the timeframes for completing the identification of custodial parents.	and Wilhelmena Jones, Director Payment Adjustment Customer Service Unit and Jeanette Deida, Acting Director Program Planning and Development	08/02	01/03	Revised procedures	If it is determined that new reports are required OCSE will explore whether information can be drawn automatically from the CSMS database. If outside systems staff are needed, implementation timeframes may increase significantly.
Issue a memorandum of instructions to staff with revised procedures, including utilization of the new report(s).		02/03	02/03	Memorandum and revised procedures	
Train staff.		03/03	03/03	Training attendance sheet	
Implement revised procedures.		03/03	Continuing		

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TIMELY PROCESSING OF CHILD SUPPORT PAYMENTS BY ACS

RECOMMENDATION: 4. OCSE should devise a method for tracking and aggregating customer inquiries and resolutions to help ensure that any systemic issues regarding child support payments are quickly identified and resolved.

RESPONSIBLE MANAGERS' NAME: Michael Infranco, Associate Commissioner Office of Child Support Enforcement (OCSE)

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES START	DATES END	DOCUMENTATION	COMMENTS
Identify and analyze the options for methods of better tracking and aggregating inquiries and resolutions to help ensure that any systemic issues regarding child support payments are quickly identified and resolved. Select and develop a reporting and tracking process at Customer Services and related units.	Frank Olton, Director Fiscal and Enforcement and Wilhelmena Jones, Director Payment Adjustment Customer Service Unit and Jeanette Deida, Acting Director Program Planning and Development and Anthony DeFazio, Director Enforcement and Customer Service and Lorraine Johnson, Director Customer Service	05/02	10/02	Tracking reports and procedures	
Develop/revise procedures for using the new reporting/tracking process.		11/02	04/03	Revised/new procedures	
Issue revised/new procedures.		05/03	05/03	Memorandum and revised/new procedures	
Train Staff.		06/03	06/03	Training attendance sheet	
Implement revised procedures.		06/03	Continuing		