

DFA - CHILD SUPPORT ENFORCEMENT

Enabling Laws

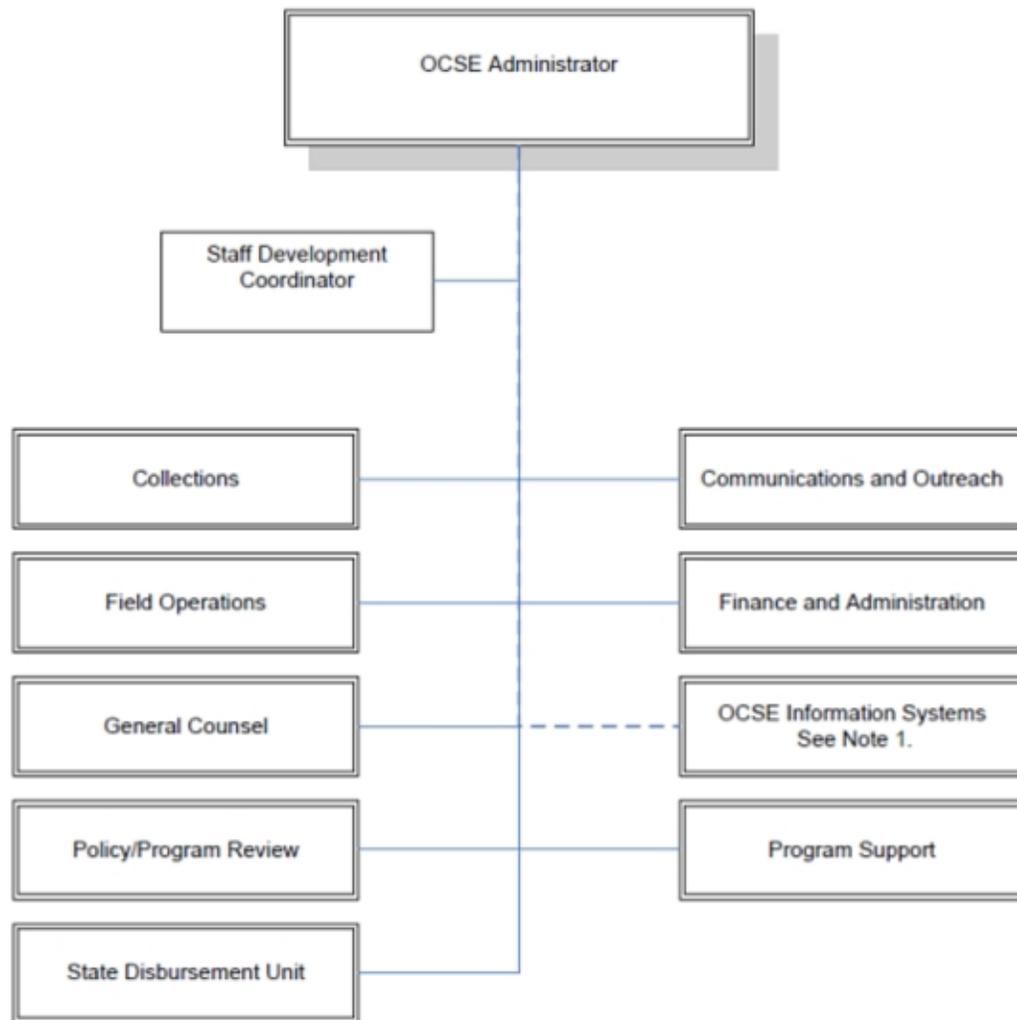
Act 7 of 2010
A.C.A. §25-8-107
A.C.A. §9-14-206 - 210

History and Organization

In 1975 the Social Security Act was amended by Congress to add part IV-D that established the Child Support Program. In order to receive federal funds for the Aid to Families with Dependent Children (AFDC) Program, each state had to establish and operate a child support program. The Arkansas program began in 1977. The mission of the program is to provide assistance to children and families in obtaining financial and medical support due them by requiring parents absent from the home to assume responsibility for the social and economic well-being of their children.

The program is responsible for locating parents, establishing paternity and orders for child and medical support, collecting and disbursing the support owed and bringing enforcement action when payments are not made. Workers assigned to the agency provide investigative and legal services on cases assigned to the agency, and provide the administrative and managerial support necessary for the organization to properly function. There are approximately 121,400 cases assigned. The cases originate in part from Transitional Employment Assistance (TEA), Medicaid and Foster Care cases referred by the Department of Health and Human Services. Other cases are established as a result of citizens applying for service. The eligibility criteria for these cases require the custodian to have a minor child in his or her care. Approximately 33,800 additional cases are monitored for payment and disbursement services. The program is authorized for 876 positions.

The Office of Child Support Enforcement (OCSE) is located within the Department of Finance and Administration - Revenue Division.



Note 1:

Information Systems reports directly to DFA-Office of Information Services and indirectly to OCSE Administrator.

Agency Commentary

The Office of Child Support Enforcement (OCSE) is responsible for locating absent parents, establishing paternity and orders for child support, collecting and distributing the funds to the appropriate case, disbursing the child support funds, and enforcing payment of support orders. Funding for this appropriation consists of a combination of federal reimbursement, fees for collection services, and general revenue.

The Agency requests restoration of 34 currently authorized positions to maintain normal operations. Severe shortages of positions throughout Child support and hiring delays due to normal employee turnover would be the repercussions if positions were not restored. Current funding levels will sufficiently cover the restored appropriation of the 34 positions.

The Agency seeks to restore Capital Outlay of \$100,000 to replace equipment that is beyond repair, becomes obsolete or is too expensive to maintain. Current funding levels will sufficiently cover the restored Capital Outlay appropriation.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF FINANCE AND ADMINISTRATION – REVENUE DIVISION
OFFICE OF CHILD SUPPORT ENFORCEMENT
FOR THE YEAR ENDED JUNE 30, 2007

Findings

Review of equipment revealed that the Office of Child Support Enforcement had inadequate management review procedures over equipment which contributed to the following deficiencies:

- Twenty (20) items valued at \$29,854 out of a sample of 277 items valued at \$335,212 were considered exceptions as note below:
 - Nine (9) items were not properly tagged;
 - Six (6) items were recorded with incorrect locations;
 - Four (4) items lacked adequate documentation for disposal; and
 - One (1) item was recorded twice on AASIS.

Recommendations

The Agency ensure that equipment is properly accounted for by strengthening internal controls related to equipment.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF FINANCE AND ADMINISTRATION – REVENUE DIVISION
OFFICE OF CHILD SUPPORT ENFORCEMENT
SINGLE AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2009

Findings

Recommendations

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Finding Number: 09-634-01
State/Educational Agency: Office of Child Support Enforcement
CFDA Number(s) and Program Title(s): 93.563 - Child Support Enforcement
Federal Award Number(s): Various
Federal Award Year(s): 2008 and 2009
Compliance Requirement(s) Affected: Program Income
Type of Finding: Significant Deficiency

Criteria:

Federal regulations, such as 2 CFR 215.24, require recipients to account for program income related to projects financed in whole or in part with federal funds. As part of this accounting, recipients should have adequate internal controls in place to adequately account for program income. The Agency's program income consists of various fees which are assessed on the numerous child support cases that are handled by the Agency. Some examples of these fees are application fees, base cost fees, paternity testing fees, and legal fees.

We recommend that the Agency create and implement internal controls which are focused on the monitoring of program income activities.

Condition:

The Agency did not have adequate documentation of monitoring controls in place during the year under audit to ensure that all child support fees are properly assessed and collected.

Questioned Costs:

None

Cause:

The Agency failed to document proper monitoring controls over program income.

Effect:

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF FINANCE AND ADMINISTRATION – REVENUE DIVISION
 OFFICE OF CHILD SUPPORT ENFORCEMENT
 SINGLE AUDIT FINDINGS
 FOR THE YEAR ENDED JUNE 30, 2009

Findings

Due to lack of internal controls over the monitoring of program income, program fees are subject to misappropriation and could be improperly reported on federal reports.

Recommendations

Employment Summary

	Male	Female	Total	%
White Employees	66	435	501	64 %
Black Employees	26	243	269	35 %
Other Racial Minorities	2	6	8	1 %
Total Minorities			277	36 %
Total Employees			778	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Children Receiving ARKids 1st Application	N/A	N	N	10,000	Public information and convenience
Custodial & Non-Custodial Parent Questionnaire	45 CFR 302.33a(2)	N	N	28,000	Federal law requiring information to be gathered from Custodial & Non-Custodial Parents
Custodial Parent Application	N/A	N	N	15,000	Public information and convenience

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Direct Deposit Form and Instructions	N/A	N	N	5,000	Public information and convenience
Financial Institution Data Match Notebook	N/A	N	N	800	Keep financial institutions informed as to law, policy and procedures on liens
Give Your Child a Gift that Lasts a Lifetime	20-18-408 (2) (3)	N	N	8,000	Federal and State law require Hospital based Paternity Acknowledgement Program and issuance of a form and information
Got Kids? General Information Brochure	N/A	N	N	5,000	Public information and convenience
Non Custodial Parent Handbook	N/A	N	N	5,000	Customer Education
Paternity Acknowledgement Brochure	20-18-408(2)	N	N	20,000	Public information and convenience
Paternity Acknowledgement Form	20-18-408 (2) (3)	N	N	15,000	Federal and State law require Hospital based Paternity Acknowledgement Program and issuance of a form and information

Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
876	819	3	822	54	6.51 %	876	793	49	842	34	9.47 %	876	779	63	842	34	11.07 %

Analysis of Budget Request

Appropriation: 120 - Child Support Enforcement - Operations

Funding Sources: MCE - Child Support Enforcement Fund

The Office of Child Support Enforcement (OCSE) is a federal/state effort to collect child support from non-custodial parents. OCSE establishes and enforces orders to collect child support. The Agency determines on a case-by-case basis which of the following services will be utilized:

- Locating the non-custodial parent
- Establishing paternity
- Establishing, modifying, and terminating support/medical obligations
- Collecting and disbursing support obligations
- Enforcing delinquent child support obligations

Funding for this appropriation consists of a combination of federal funds (66%), general revenue, fees, federal incentive payments, and state share of Temporary Assistance for Needy Families (TANF) collections (34%). Currently 55% of the Agency's budget is personnel related costs with the remaining 45% operating expenses.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. Base Level is \$62,897,873 in each year of the 2011-2013 biennium.

The Agency requests a Change Level increase over Base Level of the following for each year of the biennium:

- An additional \$801,014 in Regular Salaries and \$323,245 in Personal Services Matching to cover restoration of 34 currently authorized positions. These positions are needed to maintain normal operations, to ensure services continue at the current level without interruption and so hiring delays are not experienced throughout the Agency due to normal employee turnover;
- Restore \$100,000 in Capital Outlay to the current authorized level to replace equipment that is beyond repair, becomes obsolete or is too expensive to maintain.

Current funding levels will sufficiently cover the Agency Request.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 120 - Child Support Enforcement - Operations

Funding Sources: MCE - Child Support Enforcement Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	25,820,323	27,090,072	27,815,430	26,902,766	27,703,780	27,703,780	26,902,766	27,703,780	27,703,780
#Positions		864	842	876	842	876	876	842	876	876
Extra Help	5010001	7,205	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
#Extra Help		11	15	15	15	15	15	15	15	15
Personal Services Matching	5010003	8,585,763	9,248,040	9,682,352	9,460,970	9,784,215	9,784,215	9,460,970	9,784,215	9,784,215
Operating Expenses	5020002	13,432,547	14,535,654	14,535,654	14,535,654	14,535,654	14,535,654	14,535,654	14,535,654	14,535,654
Conference & Travel Expenses	5050009	1,668	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Professional Fees	5060010	252,414	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	21,585	100,000	100,000	0	100,000	100,000	0	100,000	100,000
Data Processing and Equipment E	5900046	9,225,557	11,348,483	11,348,483	11,348,483	11,348,483	11,348,483	11,348,483	11,348,483	11,348,483
ARRA of 2009	5900052	7,786,369	13,669,543	0	0	0	0	0	0	0
Total		65,133,431	76,641,792	64,131,919	62,897,873	64,122,132	64,122,132	62,897,873	64,122,132	64,122,132

Funding Sources										
Fund Balance	4000005	12,925,135	11,066,659		10,045,738	10,045,738	10,045,738	7,874,934	7,874,934	7,874,934
General Revenue	4000010	12,506,845	12,951,328		12,951,328	12,951,328	12,951,328	12,951,328	12,951,328	12,951,328
Federal Revenue	4000020	28,882,460	38,000,000		36,775,741	38,000,000	38,000,000	38,775,741	40,000,000	40,000,000
Non-Revenue Receipts	4000040	17,622,749	11,000,000		11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Federal Funds-ARRA	4000244	4,262,627	13,669,543		0	0	0	0	0	0
M & R Sales	4000340	274	0		0	0	0	0	0	0
Total Funding		76,200,090	86,687,530		70,772,807	71,997,066	71,997,066	70,602,003	71,826,262	71,826,262
Excess Appropriation/(Funding)		(11,066,659)	(10,045,738)		(7,874,934)	(7,874,934)	(7,874,934)	(7,704,130)	(7,704,130)	(7,704,130)
Grand Total		65,133,431	76,641,792		62,897,873	64,122,132	64,122,132	62,897,873	64,122,132	64,122,132

Change Level by Appropriation

Appropriation: 120 - Child Support Enforcement - Operations
Funding Sources: MCE - Child Support Enforcement Fund

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	62,897,873	842	62,897,873	100.0	62,897,873	842	62,897,873	100.0
C01	Existing Program	1,224,259	34	64,122,132	101.9	1,224,259	34	64,122,132	101.9

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	62,897,873	842	62,897,873	100.0	62,897,873	842	62,897,873	100.0
C01	Existing Program	1,224,259	34	64,122,132	101.9	1,224,259	34	64,122,132	101.9

Justification

C01	Restoration of 34 currently authorized positions and restoration of \$100,000 Capital Outlay. The 34 positions are currently authorized but not budgeted in FY11 due to Personnel Cap level restrictions, and are needed to maintain normal operations. Shortages of positions throughout Child Support and hiring delays due to normal employee turnover would be the repercussions if positions were not restored. Current funding levels will sufficiently cover the restored appropriation of the 34 positions. The Capital Outlay amount of \$100,000 is authorized in the current Biennium and is needed in each year of the upcoming Biennium to replace equipment that is beyond repair, becomes obsolete or is too expensive to maintain. Current funding levels will sufficiently cover the restored Capital Outlay appropriation.
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