



Department of Legislative Services
Office of Legislative Audits

Department of Human
Resources - Child Support
Enforcement Administration
(CSEA)

Report dated September 1, 2011



Department of Legislative Services Office of Legislative Audits

Audit Overview

- The Child Support Enforcement Administration (CSEA) is responsible for operating a statewide child support program and provides services to both the noncustodial and custodial parents, which include the establishment of paternity and child support orders, the collection of support payments, and the distribution of such funds.
 - Local child support offices, other state and local government agencies and a private contractor perform various child support services.
 - According to CSEA records, during federal fiscal year 2010 (October 2009 – September 2010), the Statewide child support collections totaled \$530 million and the caseload totaled approximately 248,000. As of September 30, 2010, the statewide unpaid child support due from noncustodial parents totaled \$1.72 billion relating to 165,403 cases.
 - The audit report included 11 findings, 5 of which were repeated from the preceding audit report.
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Key Audit Issues

- CSEA has a number of enforcement tools at its disposal to assist in the collection of unpaid child support owed to custodial parents; however, some of these were not used or not used as effectively as possible; including:
 - Wage withholding orders,
 - Federal Office of Child Support Enforcement (OCSE) match results,
 - Occupational license suspensions,
 - Bank account seizures, and
 - Driver's license suspensions

- Local office monitoring needs improvement; CSEA did not ensure that:
 - the Baltimore City contractor complied with all contract terms, and
 - sufficient procedures were established to identify payments to deceased custodial parents



Enforcement Procedures

Background:

- Child support services are generally performed in local offices throughout the State with oversight provided by CSEA. CSEA has a number of enforcement tools that it can utilize when noncustodial parents do not pay child support.
- The wage withholding enforcement tool accounted for 67% (or \$356 million) of all child support collections in federal fiscal year 2010. The primary sources for wage reporting are the State's new hire registry and the National Directory of New Hires and wage data from the Federal OSCE. By State law, all employers in Maryland are required to report their newly hired employees within 20 days.
- Other collection tools include seizing funds in personal bank accounts, suspending driver's and occupational licenses and intercepting State vendor payments.



Enforcement Procedures (continued)

CSEA did not utilize the wage withholding enforcement tool to the fullest extent possible.
(Finding 1)

- OLA matched a CSEA file of noncustodial delinquent parents with a file from the Department of Labor, Licensing and Regulation (DLLR) of employees with wages from the 3rd quarter of CY 2010. The match identified 8,763 individuals with \$88 million in child support arrearages who had \$43 million in wages, but had no wages withheld.
- OLA tested 22 of these cases, found that for 12 cases with 3rd quarter wages totaling \$191,000 and arrearages totaling \$336,000, wage withholding was appropriate, but was not used. OLA found that CSEA's automated system prompted these 12 cases for manual review by local child support offices based on Federal OCSE notification, but this was not done.



Enforcement Procedures (Finding 1 continued)

- For 8 of the aforementioned 12 cases, the employers failed to report the hiring of non-custodial parents via the State's new hire registry, as required by State law. These 8 cases had 3rd quarter wages of \$147,000 and arrearages of \$255,000.
- These conditions were the result of CSEA not effectively monitoring the local offices and the contractor who maintains the new hire registry. For example, a daily report from the Federal OCSE of cases prompted for manual review is available to each local office, but we were informed by two large jurisdictions that accounted for 61% of the delinquent child support owed as of September 2010 that this report was not used.



Enforcement Procedures (continued)

CSEA did not effectively use occupational license suspension as an enforcement tool. State law permits CSEA to request 15 State licensing authorities to suspend applicable licenses of noncustodial parents who are delinquent in support by >120 days. **(Finding 2)**

- Although CSEA matched delinquent accounts with licensee records from 7 authorities, the matches were not properly designed (e.g., CSEA set a high precision level that limited the matches' usefulness).
 - CSEA did not obtain licensing data from 8 licensing authorities (see **Exhibit A**). OLA obtained data from 4 of the 8 authorities, which contained 477,837 licensees.
 - OLA's match of files from these 4 authorities and 6 others to CSEA records identified 6,966 individuals with occupational licenses who owed child support totaling \$47 million. OLA tested 25 individuals and found 17 with delinquent payments totaling \$966,000, who were in arrears beyond 120 days and eligible, but not referred, for suspension.
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Enforcement Procedures (continued)

CSEA was not identifying or seizing certain obligor bank account funds to satisfy unpaid child support balances as permitted by State law. **(Finding 3)**

- State law allows the seizure of bank account funds when a noncustodial parent owes more than \$500 and has not paid for >60 days, yet CSEA's policy was to only match its records to financial institutions for individuals owing >\$2,500. As of December 2010, there were 25,550 cases, which owed \$33.6 million in arrearage, but were not subject to matching since they owed between \$500 and \$2,500.
 - CSEA seized funds from obligor savings accounts, but did not seize funds from checking accounts even though such garnishments were allowed by State law. From July 2009 – October 2010, obligors owned 1,052 checking accounts with balances totaling \$3.8 million (including 51 with balances > \$10,000).
 - According to CSEA, bank account seizures totaled \$600,000 from November 2009 to October 2011.
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Enforcement Procedures (continued)

CSEA did not ensure that two large local offices investigated and resolved inaccurate noncustodial parent social security numbers (SSNs) recorded in the automated Child Support Enforcement System (CSES). Accurate SSNs is a required element of CSES and key to enforcing payments through various automated processes and matches. **(Finding 4)**

- Although the Federal OCSE provided daily reports of incorrect SSNs recorded in CSEA's records, these reports were not used by two large local offices to investigate and resolve incorrect SSNs.
 - OLA's test of 17 noncustodial parents' SSNs that the Federal OCSE reported to CSEA as being incorrect, found that the local offices did not follow-up on 16 (with arrearages totaling \$292,000). In 7 of the 16 instances the Federal OCSE informed CSEA of the correct SSNs, but the local offices only corrected 2 of these and this occurred 3 and 7 years later. The other 9 inaccurate SSNs remained uncorrected.
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Enforcement Procedures (continued)

CSEA did not adequately review and process driver's license suspension referrals rejected by the MVA. When rejected, MVA's system has an edit that provides CSEA with information and possible matches to resolve the rejected referrals. **(Finding 5)**

- OLA tested 20 rejected referrals of noncustodial parents (with outstanding child support totaling \$1.5 million) and found that for 18, CSEA did not take proper follow-up action, such as correcting the submission based on the new information from MVA and resubmitting it to the MVA. For 12 of the accounts, with arrearages totaling \$780,000, OLA noted only minor variances between the records and found that MVA provided CSEA with sufficient information to readily correct and resubmit the referrals.
 - According to MVA records, 30,361 licenses were suspended in FY 2010 and 7,929 referrals were rejected by MVA.
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Local Office Monitoring Issues

- CSEA did not take sufficient actions to ensure that the contractor hired to provide child support functions in Baltimore City complied with certain contract requirements. For example, in one quarterly report it was noted that all appropriate enforcement remedies and resources were not used to enforce delinquent court orders in 42% of the cases reviewed. However, a comprehensive corrective action plan was not required. This contractor was paid \$7.7 million in FY 2010. **(Finding 7)**
- Sufficient procedures were not established to identify payments made to deceased custodial parents. Although CSEA matches custodial parents with State death records, OLA's match to Federal death records noted numerous payments > 30 days after the payees' date of death. **(Finding 9)**



Conclusion

CSEA should:

- Ensure that wage withholding orders are pursued to the fullest extent possible.
- Effectively use occupational license suspension as an enforcement tool for obligors.
- Enhance its use of other collection tools such as seizing delinquent obligors' bank accounts.
- Investigate and resolve incorrect obligor social security numbers recorded in its automated records.
- Adequately investigate driver's license suspension referrals that were rejected by the MVA.
- Implement adequate procedures and controls to address the other deficiencies noted in the report.



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Exhibit A – Finding 2

Schedule of State Licensing Authorities Permitted by State Law to Suspend Licenses of Delinquent Child Support Obligor

	State Licensing Authority	Example of License or Certification Issued by Licensing Authority	Did CSEA Obtain Licensee Files as of December 2010?
1	Clerks of the Court	Business License	No
2	Comptroller of Maryland	Motor Fuel	No
3	Department of Agriculture	Veterinarian	Yes
4	Department of Health and Mental Hygiene	Physician	Yes
5	Department of Human Resources	Foster or Group Home Provider	No
6	Department of Labor, Licensing, and Regulation	Certified Public Accountant	Yes
7	Department of Natural Resources	Commercial Fisherman	Yes
8	Department of the Environment	Well Driller	Yes
9	Department of Transportation	Dealership Salesman	Yes
10	Maryland Insurance Administration	Insurance Agent	No
11	Office of the Attorney General	Stock Broker	No
12	Public Service Commission	Cab Driver	Yes
13	Secretary of State	Notary Public	No
14	State Department of Education	Educator	No
15	Court of Appeals	Attorney	No