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Missouri State Auditor

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DEPARTMENT OF SOCIAL SERVICES

CHILD SUPPORT DELINQUENCIES

Unpaid Child Support Owed By Non-custodial Parents Is Often Incorrect

The Department of Social Services, through its Family Support Division (the division), oversees the collection of child support owed to custodial parents, and tracks the amount of unpaid child support (arrears). As of June 30, 2006, the division's computerized system showed approximately 240,000 IV-D cases had IV-D arrears totaling approximately $2.2 billion. Because of the importance of having accurate arrears information, we focused review efforts on determining (1) the accuracy of division records regarding arrears owed by non-custodial parents, and (2) the misstated amount and reasons for incorrect arrears balances.

Arrears often misstated	Incorrect arrears balances existed on approximately 27 percent of IV-D child support cases with arrears over $1,000, as of June 30, 2006. In addition, incorrect arrears balances existed on 22 of 35 cases reviewed that had arrears greater than $100,000 on that date. In total, overstatements ranged from approximately $1 to $455,000, and understatements ranged from approximately $10 to $55,000, on 79 of 244 cases reviewed.
	Errors occurred on the cases with misstated balances because (1) obligations, judgments, payment or credits had not been recorded accurately or not at all; and (2) arrears balances transferred to the new computerized system in 1997 and 1998 were incorrect. (See page 5)
Errors and omissions caused inaccuracies	Our review disclosed arrears balances on 46 of 79 misstated cases occurred because (1) a judgment had not been recorded accurately, or not at all, (2) the obligation amount, or amount due, had not been recorded correctly, (3) division personnel had made errors when previously making adjustments to account balances on the Missouri Automated Child Support System (MACSS), (4) the pay history recorded on MACSS was incomplete or non-cash credits had not been recorded, and (5) the 10-year statute of limitations made some large amounts of arrears uncollectible. (See page 6)
Inaccurate data transferred to computerized system	Incorrect account balances occurred on 29 of 79 misstated cases because of errors at conversion. From 1997 through 1998, the division implemented a new computerized case management system. When automatically transferring case data on the old computer system to the new computerized system, account balances were transferred but the pay history detail remained on the old system. Therefore, if data entry errors or omissions causing a misstated arrears balance existed on the old system, the misstated balance would have been transferred to the new computerized system, and would have remained misstated until personnel reviewed the case file and records on the old computer system, and made corrections. (See page 8)
Incorrect arrears can cause improper or insufficient enforcement actions and affect federal reporting	Improper enforcement actions can be taken when arrears balances are overstated, and conversely, appropriate enforcement actions may not be used when arrears balances are understated. In addition, the department is required to report certain financial information annually to the federal Office of Child Support Enforcement that includes information on IV-D arrears. If the amount of unpaid child support reported is incorrect, it could affect the state's eligibility for incentive payments. (See page 10)

| Not terminating judicial orders of support could cause arrears errors | Although state law and division policy set forth criteria to terminate judicial support orders, state law has not clearly identified who shall terminate those orders when support is no longer due. The division has taken the position that circuit court clerks have this responsibility. However, court clerks are no longer responsible for IV-D cases and opinions differ on who has that responsibility. (See page 11) |

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Abbreviations

CFR   Code of Federal Regulations
IV-D   Title IV-D of the Federal Social Security Act
MACSS   Missouri Automated Child Support System
RSMo   Missouri Revised Statutes
SAO   State Auditor's Office

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Honorable Matt Blunt, Governor
     and
Members of the General Assembly
     and
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The Department of Social Services, through its Family Support Division (the division), oversees the collection of child support payments owed to custodial parents, and tracks the amount of unpaid child support (arrears). As of June 30, 2006, the division's computerized system showed approximately 240,000 IV-D cases with IV-D arrears totaling approximately $2.2 billion. Because of the importance of having accurate arrearage information on the department's computerized system, we focused review efforts on determining (1) the accuracy of division records regarding arrears owed by non-custodial parents, and (2) the misstated amount and reasons for incorrect arrears balances.

We found arrears shown on the division's computerized system, owed by non-custodial parents, have not always been accurate. Statistical sampling results disclosed incorrect arrears balances on 27 percent (57 of 209) of sampled cases. Therefore, out of a sampling universe of 187,033 IV-D cases, we estimate errors existed on approximately 51,000 cases on June 30, 2006. Overstatements on 35 cases totaled approximately $132,000, and understatements on 22 cases totaled approximately $39,000. Errors occurred on the majority of cases with misstated balances because (1) obligations, judgments, payments or credits had not been recorded accurately or not at all; and (2) arrears balances transferred to the new computerized system in 1997 and 1998 were incorrect.

We also found state law and division policy set forth criteria for terminating judicial orders of support and division policy places that responsibility on circuit court clerks instead of division personnel. However, we found division personnel have ended judicial orders originating in Missouri, opinions differ on who should end those orders, and state law has not clearly defined where responsibility should be placed.

We conducted our audit in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. This report was prepared under the direction of John Blattel and key contributors to this report included Robert Spence, Brenda Gierke Richardson, and Ryan F. Redel.

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Introduction

The Family Support Division (the division)[1] administers the state's child support program, which includes collecting child support payments from non-custodial parents and sending those payments to families. Orders for child support come from one of two sources. A judicial order for child support is obtained by a parent or custodian from a court, or an administrative order for child support is issued by the division on behalf of a parent or custodian. A IV-D case is a case where the custodial parent is receiving public assistance or simply applies for child support enforcement services pursuant to Title IV-D of the federal Social Security Act. A non IV-D case is a case where child support enforcement services are not provided by the division, and no action is taken to collect unpaid support. Total arrears on a case may contain IV-D arrears and non IV-D arrears.

The division maintains case files that include support order documents which contain pertinent information on the case such as the amount and frequency of the support obligation. The division also maintains electronic records[2] of that information, including the amount of child support owed, payments received and paid out, and the amount of arrears when non-custodial parents fail to make payments as ordered. Total arrears for a case represents the amount owed less the amount collected, as recorded on MACSS. If the amounts owed, or the amounts paid or credited are not recorded accurately on MACSS, arrears balances will be misstated until corrections are made. When a child support payment is missed, and the arrears balance on a IV-D case reaches a threshold required for a specific enforcement action, MACSS automatically initiates that action. As of June 30, 2006, the division had a total of 369,020 IV-D cases on MACSS. Of these MACSS cases, 240,453 were IV-D cases with IV-D arrears totaling approximately $2.2 billion.

Scope and Methodology

We interviewed division child support enforcement officials at the central office in Jefferson City and managers located at field offices. We reviewed state and federal laws related to the importance of accurate account balances; and division policy related to arrears, adjustments to arrears balances, and termination of support orders. We contacted circuit court clerks in seven Missouri counties to determine their procedures for terminating judicial orders of support.[3]

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[1]A division within the Department of Social Services.

[2]The Missouri Automated Child Support System (MACSS) is the electronic case management and tracking system that tracks payments, disbursements and unpaid amounts. Case information and account balances on existing cases were transferred to MACSS from the previous computer system in 1997 and 1998.

[3]Adair, Andrew, Caldwell, Greene, Grundy, Jackson, and Pike counties.

To determine the universe of IV-D cases with arrears, the division provided electronic file data containing IV-D case numbers and associated IV-D arrears balances, as of June 30, 2006. From that file data, a computer program randomly selected a statistical sample of 209 cases from a testing population of 187,033 IV-D cases with arrears totaling more than $1,000.[4] Using the same electronic data file, we also judgmentally selected an additional 35 IV-D cases with arrears greater than $100,000 for separate review. Approximately 89 percent of the 209 sample cases, and 77 percent of the judgmentally selected cases had at least one dependent under the age of 22 on June 30, 2006. We used RAT-STATS, a package of statistical software tools to assist in performing our random sample and to evaluate the results.[5]

To determine the accuracy of arrears balances on MACSS on June 30, 2006, we compared arrears balances on MACSS to arrears balances on debt recalculation worksheets provided by field office managers. To determine why arrears balances did not agree, we compared amounts owed and paid, as recorded on MACSS, to amounts owed and paid on the debt recalculation worksheets and support order documents provided by field office managers.

When field office personnel prepared debt recalculation worksheets for us and discovered misstated arrears balances, they updated records and made corrections to MACSS records. We verified corrections made by reviewing case records on MACSS, and confirmed adjustments made with field office managers. We also reviewed MACSS records documenting the reason arrears balances had been misstated, and contacted field office managers for further explanation, when necessary.

We conducted data reliability testing and determined that 99 percent of case information in support order documents had been correctly recorded onto MACSS. Data elements not recorded correctly on MACSS did not impact arrears balances because the errors related to non-financial data.

We requested comments on a draft of our report from the Director of the Department of Social Services. We conducted our review from November 2006 through May 2007.

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[4]We excluded cases with arrears balances of $1,000 or less from our study population.

[5]The U.S. Department of Health and Human Services, Office of Inspector General, Office of Audit Services uses this software in conducting federal audits.

Unpaid Child Support Owed by Non-custodial Parents Often Incorrect

Incorrect arrears balances likely existed on approximately 27 percent of IV-D child support cases with arrears over $1,000, on June 30, 2006. In addition, incorrect arrears balances existed on 22 of 35 cases reviewed that had arrears greater than $100,000. In total, overstatements ranged from approximately $1 to $455,000, and understatements ranged from approximately $10 to $55,000, on 79 of 244 cases reviewed. The misstatements occurred, in part, when (1) obligations, judgments, payments or credits had not been recorded accurately, or not at all, (2) the correct account balances did not always convert to the new computer system in 1997 and 1998, and (3) out-of-state and administrative orders had not been ended when support was no longer due.[6] As a result, incorrect arrears balances can cause improper or insufficient enforcement actions, and can affect the state's eligibility for federal incentive payments.

We also found arrears could be overstated if dependents are not emancipated or judicial orders of support are not terminated in a timely manner. State law and division policy set forth criteria for terminating judicial orders of support and division policy places that responsibility on circuit court clerks instead of child support personnel. However, division personnel have terminated Missouri judicial orders. Opinions differ on who has authority to end judicial orders because state law has not clearly defined where responsibility should be placed.

Arrears Often Misstated

Our review of 209 IV-D child support cases, with arrears greater than $1,000 on June 30, 2006, disclosed the unpaid balance on 57 sampled cases (27 percent) had been misstated. Overstatements on 35 cases ranged from approximately $1 to $35,000, and totaled approximately $132,000. Understatements on 22 sampled cases ranged from approximately $10 to $13,000, and totaled approximately $39,000. Details on the 57 cases are reported in Appendix I, page 20. Based on statistical sampling results, we estimate arrears balances on approximately 51,000 (27 percent) IV-D child support cases had been misstated,[7] out of a study population of 187,033 cases with arrears greater than $1,000.

We also reviewed 35[8] judgmentally selected cases with arrears greater than $100,000 on June 30, 2006, and found 22 (63 percent) cases had incorrect arrears balances on that date. Of the 35, 14 had overstatements ranging from

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[6]We found multiple problems contributed to misstated account balances on many cases reviewed. However, we are reporting what we considered to be the primary reason, or the only reason, for the misstatement.

[7]See statistical sampling results in Appendix III, page 23.

[8]These cases had not been randomly selected by the computer to be included in our sample of 209 cases.

approximately $1,200 to $455,000, and totaled approximately $1.5 million. Eight cases had understatements ranging from approximately $200 to $55,000, and totaled approximately $142,000. Details on the 22 cases are reported in Appendix II, page 22.

Errors and omissions caused inaccuracies

Our review disclosed arrears balances on 46 of 79 cases had been misstated because (1) a judgment had not been recorded accurately, or not at all, (2) the obligation amount, or amount due, had not been recorded correctly, (3) division personnel had made errors when previously making adjustments to account balances on MACSS, (4) the pay history recorded on MACSS was incomplete or non-cash credits had not been recorded, (5) the 10-year statute of limitations[9] made some large amounts of arrears uncollectible, and (6) other miscellaneous errors. For example:

- On 12 cases, a court had set arrears which changed the total unpaid account balance. However, division personnel had not adjusted MACSS records to reflect the judgment. Judgments on 5 of the 12 cases had been ordered by other states, and records of those out-of-state judgments were in case files. Some examples include the following:

  o Personnel did not update MACSS records when a June 2006 judgment set arrears at $84,347, thereby reducing arrears by approximately $309,000. In response to our audit work, in January 2007, personnel made corrections to MACSS records.

  o Personnel did not record an April 2003 judgment reducing arrears to $19,239 until March 2007, when personnel decreased arrears approximately $48,000.

- MACSS had incorrect obligation amounts for another eight cases. Some examples included:

  o Calculating the obligation as a weekly amount instead of a bi-weekly amount on one case, causing an overstatement.

  o Not decreasing a modified obligation amount and not recording the judgment decreasing arrears set by the court in April 2006.

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[9]Pursuant to Section 516.350, RSMo, as each support payment becomes due, it becomes a separate judgment that is collectible during the following 10 years. If this "judgment" remains unpaid for 10 years, unless revived, the law presumes the judgment has been satisfied.

- On 11 cases, division personnel had made errors in the past while making financial adjustments on MACSS, which caused arrears to be misstated. For example:

  o In February 2004, personnel made an error while making an adjustment based on an out-of-state judgment. Personnel increased arrears $12,820 on this case in January 2007 to correct this error.

  o On another case, personnel documented that an adjustment in May 2003 had been done in error. That erroneous adjustment decreased the account balance by $1,086. Division personnel reversed this transaction and made a second $10,000 adjustment to correct the arrears balance in April 2007.

- While preparing the debt recalculation worksheets for SAO auditors, division personnel discovered incomplete or inaccurate pay histories on three cases which had overstated arrears balances. As a result, personnel made adjustments in 2007 to reconcile MACSS records to the financial records on child support records in Illinois, Nebraska, and Alaska. For example:

  o The obligation to pay support on the Illinois case ended in 2005, but personnel had not terminated it on MACSS.

  o Arrears continued to accrue on a Nebraska order after it had ended in January 2006.

  o Payments made in 1999 and 2003 had been recorded on Alaska child support records, but not on MACSS.

- A non-cash credit[10] had not been recorded for a lump sum social security payment to the family in 2005. In March 2007, field office personnel made corrections to MACSS records. According to a division official, misstated arrears balances because of incomplete pay histories, cannot always be avoided since there are instances when Missouri may not be notified of non-cash credits.

- On one case, IV-D arrears had been overstated approximately $455,000 because personnel had not updated MACSS and reduced arrears subject to the 10-year statute of limitations. Approximately $308,000 of this amount has been uncollectible since December 2001 and could have been

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[10]Direct payments to families that have not been recorded on accounting records.

removed from MACSS. As a result of our review, field office personnel made adjustments reducing arrears by the total amount of uncollectible arrears in March 2007.[11]

MACSS does not track statute of limitation periods and automatically adjust arrearage balances affected by it. Rather, personnel must calculate the uncollectible amount and complete a manual adjustment to reduce the total amount owed.[12] According to one office manager that had a case with nearly $500,000 of uncollectible arrears, policy has not addressed how to identify cases where the statute of limitations has made arrears uncollectible. According to the manager, personnel have no way of knowing which cases have arrears that are uncollectible because of the statute of limitations. This situation is usually discovered when recalculating debt for various reasons, or when a case review is done prior to closing. A division official told us the division plans to correct this situation once MACSS records are 10 years old by automating MACSS to identify and remove arrears on MACSS that are subject to the statute of limitations.[13]

Other errors

Arrears balances on 10 other cases had been misstated because personnel had not updated MACSS or terminated the obligation when (1) a dependent had gone to live with the non-custodial parent, (2) a parent died, (3) emancipation of dependents occurred, and (4) arrears accrued as IV-D after the non-custodial parent started receiving Supplemental Security Income from the Social Security Administration. As a result of our review, personnel made adjustments to correct arrears balances on the 10 cases.

Inaccurate data transferred to MACSS

Incorrect account balances occurred on 29 of 79 cases because of errors at conversion.[14] From 1997 through 1998 the division implemented MACSS, the new computerized case management system. When case data on the old computer system was automatically transferred to MACSS, account balances were transferred but the pay history detail remained on the old system, according to a division official. Therefore, if data entry errors or omissions causing a misstated arrears balance existed on the old system, the misstated balance would have been transferred to MACSS, and would have

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[11]Adjustments made in 2007 to MACSS records for examples in this report were prompted by our review.

[12]Policy Manual Section V, Chapter 2.

[13]Automating MACSS to identify and remove arrears subject to the statute of limitations will not correct the situation on cases where arrears accrued on the previous computer system because only the account balance was transferred to MACSS, not individual accruals.

[14]At our request, division personnel corrected the arrears balances on the 29 cases.

remained misstated until personnel reviewed the case file and records on the old computer system, and made corrections.

Division not always terminating out of state and administrative orders when support no longer due

Of the 79 cases with incorrect arrears balances, child support personnel had not terminated judicial orders on 3 cases, or an administrative order on 1 case, when child support was no longer due.

- In March 2002, the state where a judicial order originated closed its case and ended enforcement because the custodial parent could not be located. According to MACSS, in January 2004, Missouri knew the other state had ended the order, but personnel did not end the order on MACSS. In response to our review of this case, field office personnel ended the order effective August 2001, and made appropriate adjustments to reduce IV-D arrears in April 2007.

- On another out-of-state judicial order, the dependent had been emancipated in July 2003 and the case had been closed. Missouri had been notified, but personnel did not terminate the order and reclassify the IV-D arrears as non IV-D.

- Personnel recorded a July 2000 out-of-state judicial order on MACSS in December 2003 when the custodial parent requested services. In March 2006, the custodial parent requested Missouri close the case before returning to the state where the order originated. However, personnel did not end the order, and IV-D arrears continued to accrue.

According to division policy, child support personnel are to end out-of-state obligations and close out-of-state orders in MACSS when the applicable state's termination of support criteria are met.[15]

Administrative order also not terminated

Personnel did not terminate the support obligation on one case with an administrative order in a timely manner. On that case, the dependent had gone to live with the non-custodial parent in 2003. Although support was not due for the time period the dependent lived with the non-custodial parent, the obligation continued to accrue during this time period. Those accruals were not abated until we requested a debt recalculation during our review. In February 2007 field office personnel ended the support obligation, retroactive to June 1, 2006 and reduced arrears on MACSS.

Child support policy states when it is determined the last, or only, dependent on an administrative order is no longer eligible for current support,

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[15]Policy Manual Section V, Chapter 12.

personnel will end the child support obligation on MACSS, effective the date the child no longer met criteria for support.[16]

Incorrect arrears can cause improper, insufficient enforcement actions and affect federal reporting

Enforcement action is usually triggered by the amount of unpaid support. Child support policy states, "MACSS automatically initiates some enforcement actions when the arrearage balance for an order on a IV–D case reaches a threshold required for a specific enforcement remedy. Therefore, it is imperative that arrearage information in MACSS be accurate." In discussing enforcement actions, a division official agreed that improper enforcement actions could be taken when the true arrears balance is overstated. Conversely, appropriate enforcement actions may not be used when the true balance is understated.

No policy on ensuring accuracy of arrears balances

As of May 2007, the division had not established policy for ensuring the accuracy of arrears balances. However, federal guidance for intercepting income tax refunds require IV-D agencies establish procedures to verify and ensure the accuracy of amounts before referring for state and federal tax offset.[17] Despite this guidance, a policy official told us child support personnel are not required to "recalculate" arrearages to ensure accuracy when they are submitted for tax offset.

Parents can request review of financial records

According to a division official, a parent can request child support personnel review financial records when he/she believes the arrears balance is incorrect, but policy states manual arrears calculations should be limited to non-MACSS periods. If the issue is not resolved informally, the parent can request a formal administrative hearing. However, a policy official told us policy does not explicitly state a non-custodial parent can request an informal recalculation just because he/she believes it to be incorrect.

Financial specialists recalculate arrears when cases are referred

With the recent implementation of the new workflow structure, which began in January 2006, each field office has one or more financial specialists—personnel considered to be experts in financial records on MACSS. Cases with arrears are to be referred to the specialists for review when a debt recalculation has never been done, when a parent complains about the accuracy of the arrears balance, or when a child support technician has concerns about the accuracy of the balance, according to a division official. Enforcement action is supposed to stop until a financial review has been completed.

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[16]Policy Manual Section V, Chapter 12.

[17]45 CFR Section 303.72 and Section 303.102.

However, the division has not established policy for case referral, procedures specialists should follow, and no systematic method to review all cases with arrears has been implemented. The specialists are supposed to (1) review financial information on the old system, (2) review order documents in case files, (3) complete a debt recalculation of charges and credits since issuance of the order, and (4) make appropriate corrections on MACSS so that appropriate enforcement actions are used.

In discussing this issue, an official stated the division prepared a July 2007 report showing financial specialists reviewed and corrected account balances on approximately 15,000 cases that had been referred to financial specialists since January 2006. The adjustments caused a net increase in arrears of approximately $5.5 million.

Federal reporting consequences for overstating arrears

The federal Office of Child Support Enforcement requires state agencies to report certain data annually, including the total amount of IV-D child support that remains uncollected. According to a division official, reporting overstated amounts of uncollected child support to the federal oversight agency is "not good" because if the amount of unpaid support reported is incorrect to the extent it affects the reliability of data used by the federal office to measure performance and award incentives, it could affect the state's eligibility for incentive payments for the affected measure.

In federal fiscal year 2005, federal incentives paid to Missouri totaled $10.2 million. The amount of federal incentives paid to a state is based on multiple measures and factors, which includes cases with unpaid support, and cases with unpaid support where a payment had been received during the fiscal year. Since 2001, total federal dollars available to pay incentives to the states has been capped, so Missouri is now competing with other states for a share of those dollars.

Not Terminating Judicial Orders of Support Could Cause Arrears Errors

Our review of sampled cases did not disclose any cases in which IV-D arrears had been misstated because personnel had not ended judicial orders of support originating in Missouri. However, IV-D arrears, or non IV-D arrears could be misstated if dependents are not emancipated, or judicial orders of support are not terminated in a timely manner. Division policy, which mirrors language in state law, sets forth criteria for terminating judicial orders of support.[18] In addition, division policy also states circuit court clerks are responsible for ending Missouri judicial orders, not child support personnel. However, we found division personnel terminated

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[18]Policy Manual Section V, Chapter 12.

judicial orders of support originating in Missouri on 29 of 244 cases reviewed, and we found conflicting opinions exist on this issue.

Not terminating judicial orders causes inaccurate records

Not terminating judicial orders and removing the obligation amount from MACSS when support is no longer due causes arrears to continue accruing. If an emancipation date has been recorded, arrears continue to accrue non IV-D, and if an emancipation date has not been recorded, the arrears continue to accrue IV-D. Although the division is not responsible for collecting non IV-D monies, when non IV-D arrears continue to accrue, division records are incorrect and the overstatement can cause problems for non-custodial parents and circuit court clerks. For example:

- On one of our test cases where the order had not been terminated, but emancipation dates had been recorded for each of three dependents, arrears have continued to accrue non IV-D since 1999, the year the last dependent reached age 22. Accruals since 1999 totaled approximately $12,971, as of June 30, 2006, when the dependents were age 28, 33 and 35 years old.[19]

- On another test case, child support personnel emancipated the dependent in November 2001. However, emancipation should have occurred in August 2001, when support was no longer due. This error caused arrears to accrue IV-D, when, according to division policy the unpaid amount should have been accruing non IV-D for those 3 months. As a result of our review of this case, personnel made corrections on MACSS and reclassified the accruals for the 3 months as non IV-D arrears. Since August 2001 arrears continue to accrue non IV-D.[20]

Division personnel did not terminate these orders because division policy states circuit court clerks are responsible for terminating judicial orders of support. As a result, the monthly obligation will continue to accrue non IV-D on cases like these until the judicial order is terminated and the obligation removed from MACSS, even though the dependents are well past the age of emancipation.

Inaccurate arrears causes more problems

Inaccurate arrears can cause problems for court clerks and non-custodial parents. For example, three of seven circuit court clerks we contacted told us they have had problems when non IV-D arrears are overstated because a

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[19] This test item and the associated arrears were not included as an error in this report because it involves non IV-D monies only.

[20] This test item and the associated misstatements were included as an error in this report because it involves misstated IV-D monies. This case is test item number 29 in Appendix I.

support order had not been ended, and two of those clerks said they have had to manually recalculate the amount of unpaid support when abstractors or lenders made inquiries.

Policy and state law provide criteria to terminate orders	According to division policy,[21] for child support orders entered before August 13, 1988, that are silent on the subject of when support terminates, statutory criteria applies. For orders that state support continues:

- "until 21 unless otherwise emancipated," or
- "until 21, unless otherwise legally emancipated," or has a similar qualifying clause, or
- "until 18," or "until 21," or another age, with no qualifying language

the support obligation continues until the age specified in the order, or until age 22, if the child meets educational requirements. Otherwise, current statutory criteria applies.

Division policy also states, for orders entered on or after August 13, 1988, statutory authority applies unless the court order states a termination date with no qualifying clause. For example, if the court order states "until age 21," with no qualifications, support continues until age 21.

Section 452.340.3, RSMo, states the support obligation shall end when the child:

- dies;
- marries;
- enters active duty in the military;
- becomes self-supporting, provided that the custodial parent has relinquished the child from parental control by express or implied consent;
- reaches age 18, unless the provisions of the order specifically extend the support order past the child's 18th birthday because the child is unmarried, insolvent and physically or mentally incapacitated from supporting himself; or
- reaches age 22,[22] if the child meets educational requirements.

Section 452.340.11, RSMo, states support orders "shall be deemed terminated without further judicial or administrative process" when:

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[21] Policy Manual Section V, Chapter 12.

[22] Senate Bill 25, effective August 28, 2007, lowers the age when child support is no longer due from 22 to 21.

- the child reaches age 22 according to birthdates in the order, and the order does not require support past the age of 22 because the child is physically or mentally incapacitated from supporting himself, and insolvent and unmarried; or

- sworn statements or affidavits attesting the dependent has reached age 22, or has been emancipated, are filed with the court which entered the order, or the division.

Opinions differ on terminating judicial orders of support

Our review disclosed child support personnel had terminated judicial orders of support on 29 of 244[23] cases reviewed.[24] In discussing termination of judicial orders with officials, and reviewing policy guidance and statutes, we found opinions differed on whether judicial orders could be terminated by the division. For example:

- One division official told us division personnel have the authority to end judicial support orders when criteria for terminating support has been met. However, the official told us circuit court clerks in some counties have told division personnel they are not authorized to end judicial orders of support. The official could not identify all counties where circuit clerks have told child support personnel not to end judicial orders because the division does not maintain a list of these counties. However some of those counties include Adair, Andrew, Caldwell, Greene, Jackson[25] and Pike County, according to the official.[26]

- According to another division official, the division does not have the authority to end judicial support orders because of the division's interpretation of Section 454.557, RSMo. With its interpretation, the division has taken the most conservative approach for ending judicial support orders, according to the official. However, that section of law deals in situations where public assistance has been provided to families, thereby creating debt owed to the state, and does not address statutory criteria for terminating support. Furthermore, the division has chosen to disregard another subsection of this same law, which says in all cases where the child is 22 years old, unless a court orders support to continue, a current obligation shall not be recorded (maintained) on the division's

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[23]Includes the 209 sampled cases and the 35 cases with arrears greater than $100,000.

[24]Twenty-six of the 29 orders originated in Missouri.

[25]We found the division had terminated two judicial orders of support that originated in Jackson County.

[26]Another source told us the circuit court clerk in Grundy County had told division personnel not to terminate judicial orders of support.

automated system. As discussed on page 13, state statutes and division policy set forth criteria when child support is no longer due. However, the statutes have not identified who has the authority and responsibility to terminate judicial orders of support and remove the obligation from the automated system, ending further accruals of unpaid support. Also, division policy[27] has not addressed the portion of Section 452.340.11, RSMo, which discusses how and when a child support obligation shall be terminated, and clearly sets forth criteria and procedures for terminating a parent's obligation to make child support payments. The division has taken the position that section of law applies only to circuit court clerks and makes the clerks responsible for ending judicial orders of support. However, court clerks we contacted offered differing opinions on terminating judicial orders.

We contacted circuit court clerks in seven Missouri counties[28] that reportedly told child support personnel not to end judicial orders of support. Clerks in five of the seven counties told us they did not remember telling child support personnel not to end judicial support orders, and clerks in four of these five counties told us they did not care if division personnel end judicial orders of support originating in their counties. Six of seven court clerks contacted told us they have not been responsible for IV-D cases for several years and would not know when a support order should be ended.

Clerks in six of seven courts (not Adair County) require a parent to provide something in writing, such as a notarized letter or an affidavit, attesting the dependent is emancipated before a judicial order can be ended. The courts in Jackson and Andrew counties require a judge to terminate judicial orders of support. Jackson County circuit court judges require a parent file a "Motion to Terminate", which must be approved by the judge before a judicial order of support can be ended. According to a court official, the filing of this motion can cost as much as $137 in filing fees. Andrew County circuit court judges require a parent to file, at no cost, an Affidavit of Emancipation which has to be approved and signed by the judge before a judicial order of support can be ended.

As discussed on page 12, clerks in three of the seven counties told us they have experienced problems with overstated arrears balances when judicial orders have not been ended in a timely manner. Two clerks told us they had to make adjustments on MACSS to correct the total amount of unpaid

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[27]Policy Manual Section V, Chapter 12.

[28]Adair, Andrew, Caldwell, Greene, Grundy, Jackson, and Pike counties.

support. The third clerk told us she lacks authority to end judicial support orders or to make corrections reducing arrears.

Conclusions

As of June 30, 2006, we estimate misstated arrears balances existed on approximately 27 percent of child support cases with arrears greater than $1,000. Ensuring arrears balances on IV-D cases are correct should be a high priority for the division because misstated balances can cause improper or insufficient enforcement actions.

Except for incorrect balances transferred to MACSS at the time of conversion, most misstatements occurred because the division did not record judgments and modified obligation amounts accurately, or staff had made errors when previously adjusting the account balance. The failure to record judgments or support order modifications, when they occur, or making errors while adjusting balances, results in incorrect arrears balances because MACSS calculates arrears balances based on the amount due and the amount paid, as recorded on MACSS. Limiting manual recalculations to non-MACSS periods will not detect such things as unrecorded judgments and modifications, or other errors which occurred after conversion to MACSS.

When non-custodial parents are ordered to pay support payments, and they are not made, arrears increase quickly and, the amount that is uncollectible can also increase because of the statute of limitations. Devising a method to identify and review cases with arrears greater than $100,000 could dramatically, and immediately, decrease total arrears reported to the federal oversight agency by removing the uncollectible amounts. The division's plan to automate MACSS to remove the uncollectible amount of arrears, if implemented, would correct some of the overstated account balances.

The division has taken action to review cases when concerns arise regarding the accuracy of arrears balances, and in July 2007, the division reported it had reviewed and made adjustments on approximately 15,000 cases that had been referred to financial specialists. However, the division has not taken corrective action since the conversion to MACSS, approximately 10 years ago, to systematically identify cases with misstated arrears and make necessary corrections.

Division policy stresses the importance of accurate arrears balances, and federal regulations require IV-D agencies to develop procedures to ensure the accuracy before starting certain enforcement actions. Accurate arrears balances are needed because improper enforcement actions could be taken when the true arrears balance is overstated, or appropriate enforcement actions may not be used when the true balance is understated. However, the

division has not established adequate procedures to verify and ensure the accuracy of unpaid child support balances. Having financial specialists in field offices review records and make corrections to misstated arrears balances is a step in the right direction, but does not meet federal requirements to develop procedures to ensure accuracy of arrears balances. The division needs to develop procedures and implement a corrective action plan to systematically review and correct arrears balances on IV-D cases.

The department reports the total amount of unpaid IV-D child support to the federal oversight agency annually, and if the amount reported is overstated, it could affect the state's eligibility for incentive payments if the amount is incorrect to the extent it affects the reliability of data used by the federal office to measure performance and award incentives. Because Missouri is now competing with other states for a share of those dollars, it is imperative that Missouri's child support records be as accurate as possible.

Clarifying state law to clearly identify who shall be responsible for terminating judicial support orders and obligations on the automated system would provide uniformity and consistency, and ensure arrears do not continue to accrue when child support is no longer due. As it stands now, division policy states circuit court clerks have the responsibility to terminate judicial support orders, but the court clerks have told us they are no longer responsible for IV-D support orders and would not be in the position to know when an order should be terminated. In addition, most court clerks we talked to told us they do not care if division personnel terminate support orders originating in their courts once statutory criteria has been met. Until state law is clarified, the division should identify courts where judges have stated they do not want division personnel terminating judicial orders, and amend policy to require division personnel to terminate judicial support orders originating in all other courts once statutory criteria has been met.

Recommendations

We recommend the General Assembly:

2.1 Clarify state law to clearly identify who has the authority and responsibility to terminate judicial orders of support and end further accruals of unpaid support on the automated system, when child support is no longer due.

We recommend the Director of the Department of Social Services:

2.2 Establish procedures to ensure the accuracy of arrears balances and compliance with federal regulations and the spirit of division policy.

2.3 Amend policy to require division personnel to terminate judicial orders of support when dependents reach age 22, or the statutory age of emancipation, unless the court orders support beyond age 22.

2.4 Identify courts where judges require court action to end a support obligation. Terminate judicial orders of support originating in all other Missouri courts once dependents have reached age 22, or the statutory age of emancipation, and end further accruals of unpaid support.

Agency Comments

Department of Social Services comments

2.1 This recommendation is not for the Family Support Division (FSD).

2.2 The division agrees with this recommendation. The division has sought and will continue to seek improvement in the accuracy of arrearage balances in the automated system. In January 2007, FSD implemented a statewide work structure that provides for financial specialists. These staff receive specialized financial training and focus their work efforts on ensuring accurate arrearage balances. As of July 2007, financial reviews had been completed on 67,926 cases for the purpose of ensuring accurate balances. These reviews were initiated during the course of normal business or at the request of an enforcement specialist or customer who raised a question concerning the arrearage balance. The division is committed to providing additional training to staff and to ensuring financial reviews are completed on all cases to help ensure accuracy.

However, despite the arduous efforts of division staff, the division also recognizes that factors beyond the control of the division can necessitate adjustments to arrearage balances. Entry of new or modified court orders, payments not made through the Family Support Payment Center, changes in custody of a child, changes in a child's educational status, arrearage settlements and satisfactions of judgments are just a few examples of factors beyond the control of the division that can necessitate adjustments to balances. To the extent that the division is aware of such factors, it can make necessary adjustments to balances. The division relies on parents and the courts to report these circumstances to help ensure updated arrearage balances. The division is committed to working with Missouri's courts to improve communications and data sharing in accordance with sections 452.347 and 454.412, RSMo, which require the courts to provide the division with a copy of any order establishing or modifying child support within 14 days of issuance and to provide the support order data elements for the automated child support system.

2.3 *The division disagrees with this recommendation. The General Assembly has not granted the division administrative authority under chapter 454 of the statutes to "terminate" judicial orders. Only a court can terminate its order.*

*Absent specific authority in section 454.557, RSMo, FSD is not authorized to end judicial child support obligations for children between the ages of 18 and 22 who meet termination of support criteria provided in section 452.340, RSMo. Subdivision 454.557.1(2), RSMo, provides that a current support obligation shall not be recorded in the automated system, "In a IV–D case with a support order entered by a court **when the court that issued the support order terminates such order and notifies the division.**" (emphasis added) Further, inconsistencies between section 452.340 and section 454.557, RSMo, prevent the division from ending support obligations when a child meets the maximum statutory age of emancipation, which is now 21 (Senate Bill 25, signed into law on July 13, 2007, and effective August 28, 2007).*

In 1998, after statewide implementation of the automated child support system, the division worked with the Office of State Courts Administrator and circuit clerks to develop agreed upon procedures for circuit clerks and division staff regarding the division of responsibilities for adding and updating data in the automated system. Those procedures, based on the agreed upon interpretation of state law, remain in effect today and clearly state that circuit clerks update the automated system to end judicial obligations for Missouri orders.

2.4 *The division disagrees with this recommendation. The division believes this recommendation is inconsistent with state law for reasons stated in response to recommendation 2.3. Further, the 115 counties and the city of St. Louis have multiple judges within jurisdictions who decide support matters.*

Misstatements on Sampled Cases

Table I.1 displays the IV-D portion of misstated arrears on sampled cases, as of June 30, 2006.

Table I.1: Misstatements on Cases with Arrears Greater Than $1,000

Sampled Cases	Amount
Overstated	
1	$ 35,432
2	15,560
3	9,936
4	9,690
5	7,538
6	6,408
7	5,441
8	4,966
9	4,440
10	4,123
11	3,922
12	3,900
13	3,609
14	2,905
15	2,432
16	1,703
17	1,550
18	1,541
19	1,438
20	973
21	740
22	587
23	580
24	418
25	337
26	308
27	303
28	302
29	300
30	261
31	241
32	239
33	100
34	1
35	1

Appendix I
Misstatements on Sampled Cases

Sampled Cases	Amount
Understated	
36	$ (12,820)
37	(9,522)
38	(7,360)
39	(2,278)
40	(2,246)
41	(1,424)
42	(1,044)
43	(648)
44	(400)
45	(290)
46	(250)
47	(210)
48	(146)
49	(108)
50	(100)
51	(100)
52	(89)
53	(74)
54	(50)
55	(50)
56	(23)
57	(10)
Total Overstated	$ 132,224
Total Understated	(39,242)

Source: SAO analysis of sampled cases.

Misstatements on Cases with Arrears Greater Than $100,000

Table II.1 displays the IV-D portion of misstated arrears on cases with arrears greater than $100,000, as of June 30, 2006.

Table II.1: Misstatements on Cases with Arrears Greater Than $100,000

Test Cases	Amount
Overstated	
1	$ 454,647
2	454,050
3	309,409
4	89,026
5	65,892
6	53,280
7	35,099
8	26,752
9	18,100
10	8,250
11	8,220
12	2,856
13	1,484
14	1,165
Understated	
15	$ (54,691)
16	(44,272)
17	(12,860)
18	(11,532)
19	(11,086)
20	(4,153)
21	(2,800)
22	(183)
Total Overstated	$ 1,528,327
Total Understated	(141,578)

Source: SAO analysis of test cases.

Statistical Sampling Results For Study Population

To measure the number of child support cases with misstated account balances, we reviewed a probability sample of 209 cases from a study population of 187,033 cases with arrears balances greater than $1,000 on June 30, 2006. We based sample size on a 90 percent confidence level, plus or minus 5 percent precision, and an expected error rate of 23 percent.

Based on our sample size of 209 from a study population of 187,033, we are 90 percent confident that 51,009 cases, or 27 percent of the study population, had incorrect account balances on June 30, 2006. We are 90 percent confident the error rate is between 22 and 33 percent. Table III.1 displays sample results for 209 cases reviewed.

Table III.1: Statistical Sampling Results for Study Population

Sample Evaluation	
Universe Size	187,033
Sample Size	209
Cases with Incorrect Account Balances	
Quantity Identified in Sample	57
Projected Quantity in Universe	51,009
Percent	27%
Confidence Limits	
Lower Limit Quantity	41,588
Lower Limit Percent	22%
Upper Limit Quantity	61,345
Upper Limit Percent	33%

Source: RAT-STATS evaluation.