

Audit Report Highlights

Office of Child Support Services July 2021

Total Potential Recoveries¹ **Negligible** Total Cost Savings² **None**

2019 County Child Support Collections³ = \$6.4 million County Annual Budget⁴ = \$1.4 billion

Why DIA Did This Audit



A comprehensive audit of the services performed by the Office of Child Support Services (OCSS) was approved as part of the 2020 audit plan. The child support determination and payment collection processes were identified as presenting high risk to the County due primarily to senior management turnover, stakeholder pressure, and reputational sensitivity. The audit period under review was January 1, 2019 through December 31, 2019. The purpose of this audit was to ensure:

1. Child support obligations are accurately determined,
2. Adequate controls exist over the collection of child support payments.

What DIA Found

Considering OCSS processed 15,973 child support orders and collected \$6,400,635 in obligations during the audit period, the process appears to be well managed. However, DIA did note the following internal control or compliance issues:

- Outdated or lack of formally documented policies and procedures;
- Deviations of existing policies are not formally documented;
- A lack of documented support of child support obligations;
- Inaccuracies in determining or recording child support obligations (Employer, Lump Sum, and Real Estate Liens);
- Incomplete recording of child support obligations;
- Record retention requirements were not met;
- A lack of segregation of duties in payment collections (cash and financial instruments);
- Payments are not consistently supported; and
- A manual cash receipting process is in practice.

Recommendations have been rated by priority: High, Moderate or Low. The report contains 25 recommendations:
11 **High** – 30 days to complete
14 **Moderate** – 90 days to complete
0 **Low** – 180 days to complete

¹ Total amount that could potentially be recovered from overpayments or other revenue sources.
The amount the County could potentially save annually by implementing recommendations. Cost savings may not be identified.
³ 2019 County child support collections is taken from OCSS internal records and reconciliations. This includes both cash and financial instruments collected by the County. Payments made directly to the State of Ohio are not included.
⁴ The County Annual Budget includes operating appropriations from all County funds.

Audit Report Highlights

Office of Child Support Services

July 2021

Background

OCSS helps families by establishing, maintaining, and modifying child support orders.

The office also assists with establishment of paternity, locating absent parents, and assisting with enforcement for health insurance coverage.

This includes the collection of money owed for support and ensuring health insurance coverage is in place.

OCSS works to engage non-custodial parents in effective co-parenting opportunities and enhance their capability to provide financial and emotional support for their children.



What DIA Recommended

DIA provided OCSS management with recommendations for improving internal controls. We provided these recommendations during fieldwork to lessen potential risks related to internal controls for child support determination, recording, and collection. Doing so during the course of the fieldwork rather than at the end allows the department a chance to remedy things immediately and have no surprises when the report is written.

OCSS is working to address the issues noted in this report. Based on their responses, we believe corrective action will be taken to mitigate the risks identified. Management responses follow each recommendation in the report. Recommendations we made included:

- OCSS should continue to draft and revise policies and procedures to reflect current processes for each of the respective divisions and areas. Policy and procedures should detail appropriate supporting documentation to include within case records. Supporting documentation should also include all determination calculations and justification for any policy deviation.
- OCSS should implement a formalized secondary review process over the child support order determination and recording to ensure accuracy and compliance with Ohio Administrative Code.
- OCSS should take corrective action regarding inaccurate and incomplete child support order determinations and recordings identified during this audit.
- OCSS should implement a reconciliation process to ensure that for every modification recommendation issued to the Courts, an adjudicated court support order is received.
- OCSS payment collection/recording procedures should include appropriate segregation of duties, monitoring, and documented sign offs as needed.
- OCSS should implement an electronic record-keeping system for all use in all County satellite locations.

Internal Audit would like to express our appreciation for the cooperation and assistance received from OCSS during this audit. The strides made help improve the County's efficiency and accountability.

Internal Audit Report

Cuyahoga County, Ohio
Department of Internal Auditing

Office of Child Support Services Audit
Department of Health and Human Services
January 1, 2019- December 31, 2019

Director of Internal Auditing: Monica Houston, CPA,
CGMA, CFE, CIDA

Internal Audit Manager: Joshua Ault, CIA

Staff Auditor: Tom Schneider, CPA





**CUYAHOGA COUNTY
DEPARTMENT OF INTERNAL AUDITING**

**INTERNAL AUDIT REPORT
Office of Child Support Services
Cover Letter**

July 12, 2021

To: Director of Health and Human Services David Merriman, Director of Office of Child Support Services Tiffany Dobbins-Brazelton, and current staff of the Office of Child Support Services:

The Department of Internal Auditing (DIA) has conducted an audit of the organization's processes and procedures relative to child support enforcement under the agency of Cuyahoga County Office of Child Support Services, (referred to throughout this report as "OCSS"), for the period of January 1, 2019 through December 31, 2019. Our objectives were to conduct an audit of OCSS's internal controls over the determination, recordation, and collection of child support payments, and to determine for the period of review if (1) child support obligations were accurately determined and recorded, (2) child support payments were properly and timely recorded, and (3) child support payments were appropriately and timely collected. We assessed and reviewed controls to ensure child support obligations are accurately determined and recorded and that adequate controls exist over the collection of payments. Specifically, we assessed and reviewed controls in place to ensure collection of payments are properly supported, recorded, deposited, and reported in their entirety and in accordance with governing laws and regulations. Additionally, we performed testing to determine the accuracy of support obligations recorded as well as the accuracy, appropriateness, and timeliness of collections.

To accomplish our objectives DIA conducted interviews with OCSS management and staff in regard to the determination, recordation, and collection processes for child support obligations and payments. We reviewed documented policies and procedures and performed walk-through observations of the controls. Further, we conducted control and substantive testing and assessed compliance with applicable law and regulations.

Our audit procedures disclosed internal control weaknesses related to child support determination, recordation, and collection. Additionally, we identified errors in the determination and recordation of child support obligations. This report provides the details of our findings. We are confident corrective action has been taken or will be taken to mitigate the risks identified in this audit report.

We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Our work was restricted by limitations on access to records and time constraints that did not permit the completion of all proscribed audit procedures. Specifically, due to technological difficulties not attributable to OCSS, DIA could not obtain supporting documentation of child support orders received by OCSS from Juvenile Court; these orders represent approximately 40% of the population. This scope limitation prevented us from concluding on whether all child support orders received are timely and accurately recorded in SETS.

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the internal control structure to future periods is subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may weaken.

DIA would like to express our appreciation to OCSS staff and management, and interrelated departments that assisted throughout the process for their courtesy and cooperation during this audit particularly as such occurred during time of national crisis related to COVID-19. A draft report was provided to OCSS management for review. Management responses are included within the audit report.

Respectfully,

A handwritten signature in cursive script, appearing to read "Monica Houston".

Monica Houston, CPA, CGMA, CFE, CIDA
Director of Internal Auditing

Cc: Cuyahoga County Council
William Mason, Chief of Staff
Greg Huth, Law Director
Michael C. O'Malley, Cuyahoga County Prosecutor
Catherine Tkachyk, Chief Innovation Officer (Executive Agency Audit Liaison)

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Glossary

Administrative Hearing Unit (AHU)	Unit within OCSS responsible for determining appropriate monthly child support obligations through a hearing process and issuing administrative support orders of children whose parents request OCSS's services.
Child Support Order	An order for the financial support of a child issued by a child support agency or court. Commonly referred to as "support orders". Each order has a monthly obligation, an amount of money an obligor is required to pay the obligee to provide support for a child.
Child Support Enforcement Agency (CSEA)	The County agencies that administer child support enforcement programs for each of Ohio's 88 counties. Cuyahoga County's Child Support Enforcement Agency is referred to as the Office of Child Support Services (OCSS).
Domestic Relations Court	Cuyahoga County's Domestic Relations Court has jurisdiction over determining judicial support orders of children whose parents' marriage has terminated or is in the process of being terminated. CSEA's Order & Balance Maintenance Unit retrieves support orders issued by Domestic Relations Court via the Clerk of Court's docket website to establish the case in SETS and initiate the collections process.
Establishment Unit	Unit within OCSS responsible for receiving notification from parties requesting child support through the administrative process, establishing paternity, collection of initial case data, and directing cases to the Administrative Hearing Unit (AHU) for the hearing and administrative order determination process.
Financial Operations Unit	Unit within OCSS responsible for collection of financial instrument payments, applying payments to support orders, determining support obligations and initiating collections through issuance of administrative orders (e.g. lump sums, property liens).
Interstate Unit	Unit within OCSS responsible for coordinating with out-of-State CSEAs and Courts to administer orders where one party resides out-of-State. The Interstate Unit registers interstate orders in the Interstate Central Registry System and refers the orders to the Order & Balance Maintenance Unit to enter in SETS.

Juvenile Court	Cuyahoga County’s Juvenile Court has jurisdiction over determining judicial support orders of children whose parents were never married. CSEA’s Order & Balance Maintenance Unit receives support orders issued by Juvenile Court via emails to establish the case in SETS and initiate the collections process.
Legal Services Assistant Division	Unit with OCSS responsible for the scheduling of administrative hearings for both the Administrative Hearing and Modification Units. In addition, the Legal Services Assistant Division is responsible for providing the Courts (Juvenile and Domestic Relations) with OCSS modification recommendations of child support obligations.
Modification Unit	Unit within OCSS responsible for assessing eligibility of support order modification and making determinations for recommendations to the Administrative Hearing Unit and Courts to initiate administrative and judicial modified orders, respectively.
Order & Balance Maintenance Unit (OBM)	Unit within OCSS responsible for building and maintaining child support cases in the SETS system based on administrative and judicial determinations. This will trigger the start, modification, or end of collection efforts.
Ohio Office of Child Support (OCS)	Division of Ohio Department of Job and Family Services. OCS is responsible for overseeing the 88 county Child Support Enforcement Agencies (CSEAs) and supporting the Support Enforcement Tracking System (SETS) and Child Support Payment Central (CSPC), a division of OCS that processes electronic child support payments and disbursements.
Office of Child Support Services (OCSS)	Cuyahoga County’s Child Support Enforcement Agency (CSEA). OCSS establishes paternity, locates absent parents on support orders, establishes support orders, modifies support orders, enforces support orders and collects child support and spousal support. OCSS also has a robust Fatherhood program to provide support to fathers and children.
Smart Remote System	SMART Remote is a secure online application that provides the State of Ohio with the ability to post payments received locally by counties. Payments are processed by scanning a check, money order, or Cash Substitute Ticket (when cash is received) and posting the payment information. This system was implemented as of July 2019.
Support Enforcement Tracking System (SETS)	The State of Ohio’s centralized computer system for managing all child support cases. Each CSEA has administrative responsibility to build and maintain records in SETS for all cases within its jurisdiction.

Report Details

Purpose

The purpose of this audit was to conduct a comprehensive examination of Office of Child Support Services' (OCSS) processes and procedures for the determination, recordation, and collection of child support.

The Audit Committee approved DIA's 2020 audit plan to include an audit of Child Support Enforcement. Child support enforcement was identified as an area of high risk on the Annual Risk Assessment due to senior management turnover, stakeholder pressure, and reputational sensitivity.

The audit included review and evaluation of procedures, practices, and controls as deemed necessary.

Audit Objectives

The objectives of this audit were to determine whether OCSS:

Control conscious environment

Adequate level of internal control awareness; proper separation of duties; existence of a proper monitoring system; appropriate authorization/approval of expenditures; and adequate safeguarding of financial, physical, and information assets.

- Accurately determines and records child support payment obligations.
- Is operating in a control conscious environment with adequate controls in place over the determination and collection of payments, and if controls do exist, determine if they were adequate to effectively and efficiently achieve OCSS's goals;
- Procedures currently being utilized for child support determination, recordation, and collection are in accordance with governing laws and regulations.

Scope

To accomplish our objectives, we focused on payment obligations determined and collected for the period of January 1, 2019 through December 31, 2019 as well as OCSS's operational controls and compliance with laws and regulations during that time frame. Interviews with management and staff were conducted to document the controls in place and determine if they were properly designed to mitigate the risk. Additionally, tests of controls were performed to determine their operational effectiveness. We further performed test of transactions to determine the (1) accuracy and proper recordation of payment obligations, (2) the proper application

and timely recordation of support payments, and (3) the timely and proper collection of support payments.

Methodology

DIA made inquiries to gain a general understanding of OCSS's processes. DIA tested OCSS's operational controls to ensure effectiveness, accuracy, and compliance with laws and regulations. We also performed control and substantive testing on child support order determinations to determine if controls were operating effectively and if child support payment obligations were determined correctly, accurately recorded, and timely as well as properly collected.

DIA reviewed child support order determinations including supporting documentation from OCSS's Administrative Hearing, Modification, and Financial Operations Units to justify the child support payment obligation determination. DIA verified approvals when applicable and confirmed the child support order for appropriate input into Ohio's Support Enforcement Tracking System ("SETS"). DIA also reviewed Ohio Revised Code and Ohio Administrative Code to assure that OCSS was following any applicable laws and regulations.

DIA performed control and substantive testing on the collection and recording of child support payments received by the County. To analyze and test collection and recording during the audit period, DIA used OCSS financial data from Smart Remote and SETS. We conducted observations of physical controls over financial instrument collection at OCSS's office and cash collection at the four satellite locations (Treasurer's Office, Juvenile Court, Clerk of Court, and Negotiable Items Unit). We followed AICPA guidance in terms of sample size and selected transactions from all four satellite locations.

Background

OCSS helps families by establishing, maintaining, and modifying child support orders including orders to ensure health insurance coverage. The office also assists with establishment of paternity, locating absent parents, and assisting with enforcement of child support orders. This includes both the collection of money owed for support and ensuring that ordered health insurance coverage is in place. OCSS works to engage non-custodial parents in effective co-parenting opportunities and enhance their capability to provide financial and emotional support for their children.

Below are the new and modified child support orders processed by OCSS in 2019, organized by order type and source:

Order Type – Source	Count	% of Grand Total
Administrative		
CSEA Administrative		
New – Administrative Hearing Unit	1,588	9.94%
Modified – Modification Unit	1,958	12.26%
CSEA Administrative Total	3,546	22.2%
Interstate Administrative		
New – Interstate Unit	3	0.02%
Modified – Interstate Unit	5	0.03%
Interstate Administrative Total	8	0.05%
Administrative Total	3,554	22.25%
Judicial		
Juvenile Court		
New – Juvenile Court	1,538	9.62%
Modified – Juvenile Court	3,685	23.07%
Modified – Interstate Unit	1	0.01%
Modified – Modification Unit	1,019	6.38%
Juvenile Court Total	6,243	39.08%
Domestic Relations Court		
New – Domestic Relations Court	1,333	8.35%
Modified – Domestic Relations Court	3,930	24.60%
Modified – Interstate Unit	159	1.00%
Modified – Modification Unit	575	3.60%
Domestic Relations Court Total	5,997	37.55%
Interstate Judicial		
New – Interstate Unit	54	0.34%
Modified – Interstate Unit	124	0.77%
Modified – Modification Unit	1	0.01%
Interstate Judicial Total	179	1.12%
Judicial Total	12,419	77.75%
Grand Total	15,973	100%

The most common method of collections is through issuance of an Income Withholding Order, which instructs the employer to withhold the monthly child support payment obligation amount from the obligor’s wages. Employers send these

payments to Ohio’s Child Support Payment Central (CSPC). However, obligors also have the ability to make payments at the County.

Below are the child support amounts collected by the County in 2019:

2019 County Collection	
Type	Amount
Cash	\$ 3,566,822
Financial Instrument	\$ 2,833,813
Total	\$ 6,400,635

If an obligor becomes unemployed and either cannot make payments or OCSS is unable to secure an alternative source of income (e.g. unemployment, social security), a case would go in default. A case is considered in default when it is at least one full month’s obligation is in arrears. In that situation, OCSS may initiate additional enforcement methods including, but not limited to:

- Interception of employer lump sum payments (i.e. bonuses).
- Interception of insurance settlements through the Child Support Lien Network (CSLN).
- Placing a lien on real property.

Below are the determinations and collections in 2019 for the three bulleted enforcement methods:

2019 Lump Sum and Lien Determinations & Collections				
Type	Notices/ Referrals	Releases**	Orders Issued	Arrears Collected*
Employer Lump Sums	8,723	4,815	3,908	\$ 1,402,573
Insurance Lump Sums	1,185	-	1,185	\$ 1,362,472
Real Property Liens	164	82	82	\$ 46,715
		Total	5,175	\$ 2,811,760

* Years in which orders were issued not distinguished. Collections may occur years later.

** Releases represent determinations of no default or eligible lump sum or property to pursue enforcement and collection.

Commendable Practices

DIA commends OCSS for its work helping families by establishing, maintaining, and modifying child support orders in Cuyahoga County. DIA noted that OCSS managed to have good controls in place over the determination, collection, and reporting of child support orders. The OCSS staff also seemed very knowledgeable about legal requirements and appeared diligent in ensuring the work being performed was in compliance.



We commend and thank OCSS for their cooperation during the audit especially since in person meetings were not recommended during this time and the entire organization was constrained due to compliance with COVID regulations. Based on the results of our audit, we believe OCSS's processes are well-managed, especially considering the population served.

Priority Level Criteria for Recommendations

High (P1)	Highest-Ranking Officer’s immediate attention is required. Corrective action is strongly recommended (<u>30 days</u>).
	<ul style="list-style-type: none"> • Financially material loss or potential loss • Lack of or failure of internal controls requiring considerable time and resources to correct • Non-compliance with laws, regulations, and policies resulting in significant loss of funds, fines, or restrictions • Significantly negative effect on the County’s reputation or public perception
Moderate (P2)	Senior Management’s attention is required. Corrective action is recommended (<u>90 days</u>).
	<ul style="list-style-type: none"> • Financial loss or potential loss • Internal controls exist but they are not effective, or they are not consistently applied • Non-compliance with laws, regulations, and policies resulting in loss of funds, fines, or restrictions • Negative effect on the County’s reputation or public perception
Low (P3)	Management’s attention is required. Corrective action is recommended (<u>180 days</u>).
	<ul style="list-style-type: none"> • Financial loss or potential loss is minimal • Internal controls exist, but could be improved • Non-compliance with laws, regulations, and policies is a minimal risk • No effect on the County’s reputation or public perception

In an effort to assist the auditee in making the best use of their resources, we have prioritized the recommendations according to the table above.

Findings and Recommendations

Policy and Procedures

FINDING Outdated and Not Formally Documented Policies and Procedures

Formally documented and up-to-date Policies and Procedures is a best business practice. They promote compliance with laws, consistency of work, and serve as a training tool for employees. Policies and Procedures describe an overview of a process, whereas desk aids describe the specifics of how employees will complete tasks within each process. Desk aids are necessary to ensure that employees are following Policies and Procedures. Policies and Procedures are approved by upper management first to ensure that desk aids cover every process within the Policies and Procedures.

Further, the Ohio Administrative Code requires OCSS to maintain a handbook that will enable employees to complete tasks, in a similar effect with the desk aids. Per the OAC 5101:12-1-01(J), each CSEA shall:

Develop and maintain a handbook of internal procedures. The CSEA shall revise the handbook whenever a program change requires modification of local procedures. The CSEA shall submit such revisions to the handbook to OCS within thirty days of the revision. The CSEA shall ensure that the handbook contains sufficient detail to be useful in orienting new staff and serves as an up-to-date reference for all staff. At a minimum, the handbook must describe the local procedures in place to ensure that the program is in compliance with the Administrative Code, Revised Code, Code of Federal Regulations, and United States Code. Copies of all local forms used and instructions for completing the forms must be included. Upon request, the handbook must be available to OCS staff for program review.

During the audit, DIA conducted interviews with OCSS's divisions to document the entire child support process from case establishment to payment collection. By comparing the information collected from these interviews with OCSS's existing Policies and Procedures, DIA determined:

The following divisions had formally documented Policies and Procedures, but they were outdated:

1. Establishment Unit
2. Administrative Hearing Unit (AHU)
3. Modification Unit

4. Enforcement Division
5. Financial Division

The following divisions had Policies and Procedures in practice, but they were not formally documented:

1. Order & Balance Maintenance (OBM)
2. Calculation & Audit Unit
3. Interstate Unit

OCSS did not have adequate staff resources dedicated to writing Policies and Procedures and sufficient monitoring controls, such as targeted deadlines and regularly scheduled status update meetings, in place to prevent Policies and Procedures from becoming outdated or to ensure they are properly documented.

Risk to the County if Not Corrected

By not having formally documented and up-to-date Policies and Procedures, there could be process inconsistencies which negatively impact OCSS's ability to meet its goal to provide parents on time and consistent support. Also, this could result in potential non-compliance with the Ohio Administrative Code.

Recommendations

1. **(P2)** In compliance with Federal and State requirements, as mandated in OAC 5101:12-1-01(J), OCSS should continue to draft and revise the Policies and Procedures to reflect current processes for each of the respective divisions and areas.

Management's Response:

During Q2 2019, OCSS reviewed the existing process around the development of agency Policies and Procedures. The assessment revealed several opportunities to improve on the existing process. Since the initial assessment, new templates were developed to standardize the content and structure of agency Policies and Procedures. A goal was established to create Standard Operating Procedures for all agency departments to clearly document expectations and standardize practices across units. A Policy Review Group, consisting of volunteers across all agency departments, was established as a final review step on new/updated Policies and Procedures, as well as to provide input on existing needs. A new classification system is being applied to better organize information and will be aligned with the Child Support Program

Manual (Ohio Administrative Code), as well as the eventual delivery of Policies, Procedures, Desk Aids and related training material on the agency innerweb. Existing and new policies & procedures will be scheduled for regular review every 3-5 years and aligned with existing five-year code review dates.

OCSS will continue to draft and revise Policies and Procedures to reflect current processes for each of the respective divisions and areas. The agency's current timeline is to do a complete update and review of all the Policies & Procedures on a rolling 5-year calendar. This will be managed by the OCSS Continuous Quality Improvement (CQI) Unit.

Below is a summary of items that will occur within the next 90 days:

- **Continue to draft and revise Policies and Procedures currently scheduled or in development. This includes the Order & Balance Maintenance Unit, Calculation Unit and Interstate Unit as identified as not having policies during the audit process.**
- **Establish a schedule of all current Policies and Procedures for rolling review over the regular five-year timeframe. The establishment of the schedule will also identify any needs/gaps.**

Target Date for Completion:

October 13, 2021

2. **(P2)** OCSS should ask the divisions with practices not formally documented to draft Policies, Procedures, and desk aids to reflect current processes in a written format.

Management's Response:

Top priority for the Office will be the creation of Policies and Procedures for the Order & Balance Maintenance Unit, Calculation Unit and Interstate Unit. The goal of the department is to finalize those within the next 90 days, though do to staffing limitations, this goal will be a challenge. Over the next 90 days, the OCSS CQI Unit commits to the following being completed: Initiate and coordinate with the listed units to:

- a. **Provide any existing procedures, instructions, or desk aids;**
- b. **Review provided documents and research all relevant code to these departments;**
- c. **Identify all Policy and Procedure needs in these areas;**
- d. **Draft/Update Policies and Procedures relating to the three units listed above; and**
- e. **Distribute to the Policy Review Group for review prior to final review/approval.**

Target Date for Completion:

October 13, 2021

3. **(P2)** OCSS should reassess the adequacy of its staff resources dedicated to writing Policies and Procedures to ensure timelier updating and completion of the Policies and Procedures.

Management's Response:

The OCSS CQI Unit continues to refine the process to provide detailed Policies and Procedures in the least amount of time possible. Resources, multiple critical priorities and three vacancies contribute to delays in the area of Policy and Procedure development.

The OCSS CQI recognized the need to provide more staff resources to assist in policy and procedure development. OCSS has requested the reclassification of two staff positions to assist in the updates of existing policy and the development of new policy and procedures. The hiring process is currently underway for these additional staff. CQI will develop a system to coordinate the review/update of policies and procedures on a five-year rolling basis.

Target Date for Completion:

October 13, 2021

4. (P2) OCSS should implement monitoring controls, such as target deadlines and regularly scheduled status update meetings with the divisions, to ensure the timely updating and completion of the Policies and Procedures.

Management's Response:

As referenced above, the OCSS CQI Unit implemented significant changes to the framework and structure around Policy and Procedure development since late 2019. Progress and status are regularly assessed and adjustments to the current process will continue to be implemented with the goal of improving timeliness of completion, while still ensuring a detailed and accurate final product.

Target Date for Completion:

October 13, 2021

5. (P2) OCSS should incorporate any requisite updates to its handbook, and per OAC 5101:12-1-01(J), submit such revisions to the handbook to OCS for review.

Management's Response:

In the next 90 days, OCSS will contact and coordinate with the Ohio Office of Child Support to determine the appropriate department and preferred method of delivery, as well as the preferred frequency of delivery of updates to the OCSS handbook.

Target Date for Completion:

October 13, 2021

Child Support Order Determination Process

FINDING Inaccurate Order Determinations

Inaccurate order determinations are not detected. Review and approval is a best business practice and routine control that ensures accurate and timely completion of work. There should be an adequate level of review and approval performed by a knowledgeable individual independent of the process. A standard form should be used by staff and supervisors to ensure the review is sufficient to identify inaccuracies and omissions. Policies should address the appropriate level of review necessary to ensure accuracy.

Ohio Administrative Code (OAC) 5101:12-1-17 requires OCSS use the basic child support schedule, worksheets, and JFS 07766, "Child Support Guideline Manual" when calculating child support and cash medical support obligations. Administrative Hearing Unit's (AHU's) policy provides further guidance to Hearing Officers on sourcing the inputs for the basic child support schedule and worksheets used to make the order determination. The Hearing Officers are expected to follow policy and make accurate order determinations.

OCSS's Administrative Hearing Unit (AHU) policy does not require review of new child support order determinations to ensure accuracy. DIA noted inaccuracies that occurred and were not detected by OCSS during AHU's determination process in 3 out of the 60 (5%) new orders tested.

The inaccuracies resulted in improper monthly payment amounts being billed to obligors as noted below:

Order Number	Inaccuracy	Monthly Payments Overbilled/(Underbilled)	
		Child Support	Cash Medical
1	Typographical errors of income amounts from support documents onto the Computation Worksheet.	(\$ 28.00)	(\$ 0.45)
2	Typographical errors of income amounts from support documents onto the Computation Worksheet.**	(\$ 451.70)	(\$ 8.47)
3	Computation error on an Addendum to Administrative Child Support Order*	\$ 3.00	\$ -

*The addendum was used to calculate prison wages eligible to input as the parent's income on the Computation Worksheet. DIA inquired with OCSS whether this worksheet with the computation error was used for any other orders. OCSS determined there are as many as 160

active cases (as of 4/9/2021) which could potentially have been miscalculated resulting in overbillings.

** This case requires any cash medical portion of child support to be reimbursed to Medicaid.

The inaccuracies occurred and were not detected by OCSS due to a lack of a formalized and documented secondary review process in Administrative Hearing Unit to ensure accuracy of new child support order determinations.

Risk to the County if Not Corrected

Inaccuracies in order determinations could result in the billing of improper monthly payments, which would adversely affect one or more parties of child support cases. Also, inaccurate order determinations could result in potential non-compliance with the Ohio Administrative Code.

Recommendations

1. **(P1)** OCSS should implement a formalized and documented secondary review process over Administrative Hearing Unit's (AHU's) determination process to ensure accuracy of the inputs on the basic child support schedule, compliance with Ohio Administrative Code and OCSS's policies. OCSS should determine a reasonable percentage of order determinations from each of its Hearing Officers for secondary review.

Management's Response:

OCSS agrees with the recommendation referenced above. The Continuous Quality Improvement Unit will coordinate with the AHU Supervisor and document the procedure for a secondary review of order determinations. The process will also define the frequency, sample size, protocol for reporting results (including the immediate correction of errors), and the mechanism for tracking all reviewed items with outcomes.

Target Date for Completion:

August 21, 2021

2. **(P1)** For the orders identified in DIA's testing with inaccuracies resulting in improper monthly payment amounts billed to obligors, OCSS should issue corrective orders and make the necessary billing adjustments in SETS. This would include any of the 160 cases OCSS identified as potential overbillings.

Management's Response:

For orders identified in DIA's testing with inaccuracies, there is not a pathway to correct these errors as they are now final orders. Recommendations are sent to both case parties with an opportunity to object and receive an administrative hearing. If a request for an administrative hearing is not received, it becomes a final order. OCSS will explore other alternatives to remedy the cases with inaccuracies.

Target Date for Completion:

August 21, 2021

- 3. (P1)** OCSS should recover the underbilled amount of cash medical which should be reimbursed to Medicaid.

Management's Response:

After consulting legal counsel (Cuyahoga County Prosecutor's Office) OCSS has no legal authority to retroactively modify an administrative support order to "correct" figures used in the guideline worksheet after the order was issued. Per the O.R.C. 3119.84, an administrative support order in this case became a final and binding support order 14 days after the date it was issued. The parties did not object to the order within the 14-day objection period, so the order became final. The statute further states that with an objection within the 14-day period still results in a final and enforceable order that requires the court to issue a stay of the order.

With the testing period being 2019, OCSS is not authorized to adhere to the recommendation in this part to change the order due to a possible underbilling of cash medical. The recommendation to make substantive changes to a final and binding administrative support order is not authorized by statute.

Furthermore, administrative hearing officers are quasi-judicial and have the authority to issue final and binding orders. The hearing officer has the authority to use discretion in determining orders based on the information provided during a hearing. It is unclear whether the information provided would have demonstrated an underbilled cash medical order based on the information available to the hearing officer at the time.

Target Date for Completion:

Not applicable

FINDING Lack of Order Determination Support

Order determinations were not consistently supported in the case records. Ohio Revised Code 5101:12-10-05(A) states “The child support enforcement agency (CSEA) shall maintain a case record for each case for which it has administrative responsibility. The case record shall principally be maintained in the support enforcement tracking system (SETS), in accordance with rule 5101:12-1-15 of the Administrative Code, and as necessary on paper, microfilm or other electronic format, or a combination thereof.”

It is necessary to maintain all support documentation used in payment determinations, including screenshots from systems, in the case record to verify the information in SETS agrees to the source and is accurate.

When utilizing systems to obtain information to support parent income, support (i.e. “screenshots”) was not consistently included in the case records. DIA noted for 2 out of the 40 modification child support orders (5%) tested, that screenshots, when utilized for the determination, were not included in the case records.

OCSS’s policies lack a requirement that instructs which documents the employees must include in the case records to be scanned into the document management system for retention.

Risk to the County if Not Corrected

By not maintaining full support in the case records, inaccuracies in the determinations and processing of child support orders could go undetected and result in inaccurate payments, which would adversely affect parties of child support cases. Also, this could result in potential non-compliance with the Ohio Administrative Code.

Recommendations

1. (P2) OCSS should add a requirement in its policies that details which documents must be included in the case records and scanned into the document management system for retention.

Management’s Response:

OCSS agrees with the recommendation referenced above. The Continuous Quality Improvement Unit will review and make appropriate updates to language in existing policies and procedures, in coordination with subject matter experts in the business unit. The process implementation will include keeping a complete case record of all evidentiary support used in child support order modifications.

***Target Date for Completion:
September 28, 2021***

FINDING Inaccurate Order Recordation

The accuracy of child support obligations is not appropriately ensured. Review and approval is a best business practice. There should be an adequate level of review and approval performed by a knowledgeable individual independent of the process. Documenting the review process should occur to ensure the review is sufficient to identify inaccuracies and omissions. Policies should address the appropriate level of review necessary to ensure accuracy.

Per Ohio Administrative Code 5101:12, the CSEA is responsible for the establishment and administration of a child support program. With that, the State requires the CSEA to enter in SETS all child support orders within the CSEA's jurisdiction. OCSS's Order & Balance Maintenance Unit (OBM) receives notifications of new and modified child support orders that require input into SETS. OBM staff are expected to input all assigned orders accurately and in a timely manner.

Controls that ensure the accuracy of information input into SETS do not exist. During test work performed on the Order & Balance Maintenance's (OBM's) recordation process DIA noted that 1 of 60 (1.7%) new orders tested had an input error that was not timely detected. The inaccuracy was a typographical error OBM made in the system ("SETS") of a monthly child support payment amount when health insurance is provided.

It should be noted that this error did not result in an underbilling of the obligor. Health insurance was not being provided to the child, so SETS was not billing the amount in error.

The inaccuracy occurred and was not detected by OCSS due to a lack of a formal review process or policy in the Order & Balance Maintenance Unit to ensure accuracy of order recordation.

Risk to the County if Not Corrected

Although SETS was not billing the amount when health insurance is provided, DIA noted the inaccuracy could result in a potential improper monthly payment amounts billed to the obligor in the future. If OCSS later determines health insurance is to be provided and allows SETS to bill the improper amount, the effect to the obligor would be an underbilling in child support payments each month. Also, this could result in potential non-compliance with the Ohio Administrative Code.

Recommendations

1. (P1) OCSS should implement a formalized and documented secondary review process over Order & Balance Unit's (OBM's) recordation to ensure accuracy of the inputs in SETS. OCSS should determine a reasonable percentage of orders from each of its OBM employees for secondary review.

Management's Response:

OCSS agrees with the recommendation referenced above. The Continuous Quality Improvement Unit will coordinate with the OBM Supervisor and document the procedure for a secondary review of orders recorded in SETS. The process will also define the frequency, sample size, protocol for reporting results (including the immediate correction of errors), and the mechanism for tracking all reviewed items with outcomes.

Target Date for Completion:

August 21, 2021

2. (P1) OCSS should correct the improper amount entered in SETS to prevent future billing inaccuracies. DIA noted although SETS was not billing this amount, as health insurance was provided, potential billing inaccuracies could occur if OCSS later determines health insurance is provided and does not correct the improper input in SETS.

Management's Response:

For any cases that charges have not already been corrected, OCSS will correct the amounts entered into SETS to avoid potential billing inaccuracies as a result of insurance coverage change.

Target Date for Completion:

August 21, 2021

FINDING Incomplete Order Recordation

All modification requests for cases may not be received, reviewed, and adjudicated by the court. Reconciliation is a best business practice. The reconciliation process ensures that all determinations result in a recordation.

Courts have jurisdiction over court support orders, so the Modification Unit's determinations are recommendations to the Court. Per Ohio Administrative Code 5101:12-60-05.5, when the order

is a court support order, the child support enforcement agency (CSEA) shall submit the JFS 07724 to the court for inclusion in a revised court support order. As part of OCSS's duty to administer court support orders, LSA is tasked to send Modification Unit's recommendation paperwork to the Court and OBM to retrieve court support orders from the Court docket to enter into SETS.

OCSS lacks a control to ensure all modification recommendations to court support orders are provided to the Court. DIA noted an order recordation was incomplete and was not detected by OCSS in 1 out of the 40 (2.5%) modification child support orders tested; the modification was to a court support order. Although a modification was requested and the Modification Unit completed its determination process, the Legal Services Assistant Division (LSA) did not send the Modification Unit's recommendation paperwork to the Court for a Judge to adjudicate. Consequently, Order & Balance Maintenance Unit (OBM) did not receive a revised court order from the Court docket in order to complete its recordation process.

During the audit, upon DIA notifying OCSS of the paperwork not being sent to the Court in 2019, OCSS sent the Court the paperwork to proceed with a judge's decision so OBM could complete the entry in SETS.

OBM processes all orders it receives from the Court docket, but does not have a process to verify that LSA sent all orders to the Court. There is not a reconciliation process within the LSA to ensure that for every modification recommendation issued by the Modification Unit the Legal Services Assistant Unit sends all paperwork to the Courts and OBM receives an adjudicated court support order back from the Courts to enter into SETS.

Risk to the County if Not Corrected

Failure to ensure all modifications are adjudicated and the relative rulings recorded may result in the inaccurate billing and collection of child support and medical payments. Also, such could result in potential non-compliance with the Ohio Administrative Code.

Recommendations

1. (P1) OCSS should implement a reconciliation process to ensure that for every modification recommendation issued by the Modification Unit the Legal Services Assistant Unit sends all paperwork to the Courts and OBM receives an adjudicated court support order back from the Courts to enter into SETS.

Management's Response:

OCSS agrees with the recommendation referenced above. The Continuous Quality Improvement Unit will coordinate with the OCSS departments involved in the modification process and develop a mechanism to ensure that modification recommendations are ultimately recorded in SETS after a final order is issued. The reconciliation process will be determined by the date below with implementation to follow.

***Target Date for Completion:
August 31, 2021***

2. (P1) Depending on the resulting modified order by Juvenile Court, OCSS should make the necessary billing adjustments in SETS.

***Management's Response:
Additionally, when a missing order is detected, OCSS will investigate and initiate action with the appropriate area to locate or ensure that a final order is issued. Upon location or issuance, the order will be updated appropriately in SETS.***

***Target Date for Completion:
August 31, 2021***

FINDING Records Retention Requirements Not Met

Records are not retained for periods that meet the requirements of the OCSS Records Retention Schedule or the Ohio Administrative Code (OAC). Pursuant to OAC 5101:12-50-12, employers are required to notify the CSEA of any lump sum payment of one hundred fifty dollars or more that is to be made to an obligor for whom the employer has received an income withholding notice. OCSS uses these notifications to enforce support obligations by issuing an Administrative Order for Release or Transmittal of Lump Sum Payment ordering the employer pay OCSS the lump sum listed on the notification toward an obligor's arrears.

Pursuant to OAC 5101:12-10-05

- (B)(8), these notifications constitute the definition of a case record (Case Record) as it is a record of any action taken to enforce or modify support obligations. Case Records should include the dates and results of such actions, when applicable.
- (D) requires the CSEA to follow the procedures of retention, disposal, and destruction of Case Records in accordance with rule 5101:12-1-25. OAC 5101:12-1-25(C) requires retention:

- (1) For a minimum of three years from the end of the fiscal year to which the records are applicable; or
- (2) In accordance with the county records commission in the county in which the CSEA serves, when the county records commission requires a retention period more than three years.

Per OCSS's Records Retention Schedule filed with the county records commission on 6/13/2013, Schedule Number 2013-CS01, Active Case Files (includes journal entries, correspondence, calculations, etc.) states that active case files should be imaged to retain indefinitely before the hard copies are destroyed after 30 days.

Records are not retained for periods that meet the requirements of the OCSS Records Retention Schedule or the Ohio Administrative Code (OAC). For its testing, DIA requested employer notifications of lump sums from 2019 including Administrative Orders for Release and Transmittal of Lump Sum Payments. OCSS determined that a significant amount of the requested documentation could not be retrieved because they were not imaged and the hard copies were shredded after one year, which was prior to DIA's request date. Per OCSS, items mailed or faxed were not retained for a period greater than one year and only notifications received by email were retrievable past a one-year period. DIA determined based on this occurrence OCSS did not meet requirements within its Records Retention Schedule or OAC.

OCSS's Process Summary for Lump Sums did not specify to image the employer notifications of lump sums for record retention. The Process Summary only stated that the Support Officer shall forward a copy of the Administrative Order for Release or Transmittal of Lump Sum Payment to the Document Management Unit for archiving in OnBase.

Risk to the County if Not Corrected

By not imaging all case files, management lacks the ability to ensure that support obligations are determined accurately and enforced properly. In the absence of a law or retention schedule permitting disposal of particular records, OCSS lacks the required authority to dispose of those records.

Recommendations

1. **(P1)** To comply with the retention requirements of case files in OAC 5101:12-1-25, OCSS should revise its Process Summary for Lump Sums to include employer notifications of

lump sums with the documents forwarded to the Document Management Unit for archiving in OnBase.

Management's Response:

OCSS agrees with the recommendation referenced above. The Continuous Quality Improvement Unit will review and make appropriate updates to language in the existing Lump Sum Process Summary, in coordination with subject matter experts in the business unit. The resulting Process Summary will meet the records retention requirement for the inclusion of lump sum notifications as part of the case record.

Target Date for Completion:

August 23, 2021

FINDING Policy Deviations Not Formally Documented

Deviations from standard policy are not appropriately documented in the case records for imputed annualized income. OCSS's Imputed Income policy requires the employee use thirty-five (35) hours per week as a baseline potential number of weekly work hours when imputing income for an obligor or obligee who is determined to be voluntarily unemployed or underemployed. Further, the policy notes that the employee has the discretion, based on the evidence available, to impute income using a different number of hours of potential work. Documentation of the use of discretion and retainment of the evidence relied upon provides the appropriate control structure to ensure the policy was adhered to.

Deviations from standard policy are not appropriately documented in the case records for imputed annualized income. DIA noted a lack of documentation supporting deviations from the thirty-five (35) hours per week baseline in 2 out of the 60 (3.3%) new child support orders tested.

OCSS's Imputed Income policy lacks a requirement that instructs the employee to document in the case records the use of their discretion and evidence that supports their decision.

Risk to the County if Not Corrected

Lack of sufficient documentation supporting policy deviations may result in inconsistent application of policy and varying outcomes for parties with similar circumstances. Additionally, lack of documentation results in the organization having insufficient evidence of policy compliance.

Recommendations

1. (P2) OCSS should add to its Imputed Income policy a requirement for the employees to document in the case records the evidence used for their discretion to deviate from the thirty-five (35) hours. OCSS should also consider including examples of the types of evidence that could be available (e.g. qualified disabilities, industry standard) and how each could be documented.

Management's Response:

OCSS agrees with the recommendation referenced above. The Continuous Quality Improvement Unit will review and make appropriate updates to language in the existing Imputing Income Policy, in coordination with subject matter experts in the Administrative Hearing Unit.

Target Date for Completion:

October 1, 2021

FINDING Inaccurate and Incomplete Lump Sum and Lien Determinations

Lump sum and lien determinations were inaccurate and incomplete. Support Officers do not document their calculations and determinations for review. Review is a best business practice to ensure accuracy and adequate oversight. There should be a documented level of review performed by a knowledgeable individual independent of the process. The level of support accompanying the reports should enable the reviewer to identify errors and omissions.

Per Ohio Revised Code (ORC):

- ORC 3121.12 – When CSEA becomes aware that a payor/employer has a pending lump sum payment (i.e. bonus) of at least \$150 owed to an obligor, CSEA shall take appropriate steps to determine the proper disposition of that lump sum and issue an administrative order. As of February 11, 2019, the JFS 07726 Form (Administrative Order for Release or Transmittal of Lump Sum Payment) is used both to direct a payor/employer to release to the obligor a lump sum payment being held as well as to remit the payment to Ohio Child Support Payment Central.
- ORC 3123.67 – When CSEA becomes aware that an obligor has an amount of arrearage due determined to be in default, a lien shall be placed against all real property of the obligor situated in this state. The lien may be filed with the county recorder in each

county of the state in which the real property is located. Per Ohio Revised Code 3123.72, CSEA shall file a notice requesting that the county recorder discharge the lien if the obligor makes a full payment of the arrearage.

- ORC 3121.23 – The State shall implement a program to collect arrearages owed under child support orders from insurance claims, settlements, and awards. The State of Ohio Office of Child Support provides a monthly list of delinquent child support cases to the Child Support Lien Network (CSLN). CSLN alerts CSEA’s CSLN Coordinator via email as to which obligors have pending insurance claims. When the CSLN Coordinator becomes aware that an obligor has a pending insurance claim, the CSLN Coordinator shall take appropriate steps to determine proper disposition of the insurance claim.

During its testing of 60 employer lump sum and 17 real property lien determinations (14 liens issued and 3 liens discharged) filed in 2019, DIA noted the following determination inaccuracies:

Employer Lump Sums

- 1 out of 60 (1.6%) was incomplete as no order was issued in response to the employer notice of a lump sum, and thus did not comply with Ohio Revised Code 3121.12.
- 3 out of 60 (5%) had orders issued with improper instructions to the employers due to clerical errors of checking the wrong box on the form. Of the three, two instructed employers to release the lump sum instead of hold, and one to hold the lump sum instead of release.
- 3 out of 60 (5%) had inaccurate arrears balance calculations resulting in orders with improper instructions to the employer. Of the three, two instructed employers to hold an overstated arrears balance and one to hold an understated arrears balance.

Real Property

- 1 of 3 (33%) lien discharges was not filed with the County Recorder upon CSEA’s receipt of the full payoff amount, and thus did not comply with Ohio Revised Code 3123.72.
- 3 out of 14 (21%) liens issued had inaccurate arrears balance calculations attached to the filed lien. Of the three, two reported understated arrears balances and one an overstated arrears balance.

During the audit, DIA noted that the CSEA filed the lien discharge with the County Recorder and is now in compliance. DIA also noted for the 3 liens filed, the errors do not have any potential impact on the accuracy of payments to satisfy the lien arrearage for release, because as stated on the liens, CSEA instructs the obligor to call for an up-to-date payoff amount and the Support

Officer will recalculate based on current arrearage. The recalculations however would have a potential impact on the accuracy of payments, and the errors suggest the risk of inaccurate arrears exists for the recalculations as well.

DIA also tested 60 Child Support Lien Network (CSLN) insurance lump sum determinations filed in 2019, but did not note any determination inaccuracies.

Risk to the County if Not Corrected

Without adequate documentation and review of lump sum and lien calculations and determinations, missing or inaccurate lump sum or lien payments could go undetected or become unrecoverable after an extended period. This would adversely affect parties of child support cases. Also, this could result in potential non-compliance with the Ohio Revised Code.

Recommendations

1. **(P2)** Support Officers should document their calculations and determinations, preferably in spreadsheets with standardized inputs and formulas. The spreadsheets should assist the Support Officers in verifying that all notices result in a determination, calculations and determinations are accurate, and all required filings were made timely. The spreadsheets should be made available to the Financial Supervisor for review.

Management's Response:

OCSS agrees with the recommendations referenced above. A documentation and review process will be developed, including the probable use of a spreadsheet as a tool to document and confirm arrears determinations. This will ensure the lump sums and liens are processed accurately and completely

Target Date for Completion:

10/12/21

2. **(P2)** The Financial Supervisor should review the spreadsheets on a periodic basis, perhaps monthly, to ensure complete and accurate lump sum and lien determinations.

Management's Response:

OCSS agrees with the recommendations referenced above. The process and spreadsheet will also include the review of completed cases by a supervisor, which will occur a minimum of monthly.

Target Date for Completion:

10/12/21

FINDING Lack of Segregation of Duties – Cash Collection

The cash receipts process for one of the four agencies collecting cash child support payments lacks appropriate segregation of duties. Segregation of duties is a best business practice and a primary concept in a system of internal control. Duties within a department should be segregated so that a single person is unable to affect the results of a process on their own. Segregation of duties is an internal control procedure implemented to reduce the risk of errors and fraud. The balancing of cash receipts should be performed by a person independent of the process.

OCSS has a policy for the four agencies (“Cash Payment Receipts Process”) which includes requirements that ensure adequate segregation of duties:

- Section II. A. At the end of each day, each cashier will transfer OCSS collection to the designated fiscal team member (“balancer(s)”) who shall reconcile the child support payments. The balancer will reconcile the cashier’s drawer to the “Reconciliation Spreadsheet”. This spreadsheet must be completed daily and emailed weekly to the contact listing in “Cash Receipts Control, Section A.”
- Section II. B. Deposits are to be made into the established OCSS bank account, which is entitled “Child Support Enforcement Agency – Cash Support Payments.” This is the depository account with PNC Bank. All Cash receipts must be deposited with the bank (PNC) within one business day of receipt.
- Section II. C. A calculator tape listing the cash total for each denomination along with a grand total for each must accompany deposits.
- Section II. D. All deposits should be accompanied by a deposit slip. A copy of the deposit slip and adding machine tape should be included with the cash receipts to OCSS.

DIA performed on-site observations to ensure that adequate controls existed over the collection of payments. During the observation at one agency, DIA noted cashiers are balancing their own receipts to cash, preparing the deposit, and making the deposit with Brinks. There is not documented evidence that the supervisor is also counting and balancing the cash received. Furthermore, the cashier is completing the weekly spreadsheets sent to OCSS, so there does not appear to be adequate involvement by the supervisor for appropriate segregation of duties.

Last, during the observation at the remaining three agencies, DIA noted that although there was appropriate segregation of duties, there was a lack of documented evidence to substantiate the supervisor's counting and balancing of the cash receipts.

Although OCSS's Cash Payment Receipts Process for the four agencies includes requirements over segregation of duties, it does not require the agencies to document compliance with the requirements. Doing so would enable OCSS to monitor that segregation of duties occurred for each deposit of the daily cash child support payments receipts.

Risk to the County if Not Corrected

A lack of segregation of duties could result in missing or inaccurate payments going undetected or becoming unrecoverable after an extended period, which would adversely affect parties of child support cases.

Recommendations

1. **(P1)** In its Cash Payment Receipts Process to the four agencies, OCSS should require the balancer to sign off indicating that the work was performed. Appropriate signoff would include the signature and name of the balancer as well as the date the work was performed. Evidence of the completion of each step (such as the initialing of key documents) would also help to ensure compliance with the requirements.

Management's Response:

OCSS agrees with the recommendation referenced above. The Continuous Quality Improvement Unit will review and make appropriate updates to language in the existing Cash Payment Receipts Process, in coordination with subject matter experts in the business unit. The Financial Manager will discuss the recommended changes with the representatives from the four case payment locations.

Target Date for Completion:

August 21, 2021

2. **(P1)** OCSS's Accounts Services employee (when balancing and posting payments in SETS) should monitor the documentation submitted for evidence of appropriate segregation of duties (signoff of balancer and appropriate initialization of key documents).

The Accounts Services employee's supervisor should be notified if any discrepancies are noted, so it can be addressed with the agency.

Management's Response:

The Accounts Services employee will monitor the documentation for appropriate signatures suggesting recommended monitoring of the cash payments received. If any discrepancies are noted, the Account Services supervisor will be notified.

Target Date for Completion:

August 21, 2021

3. (P1) In its Cash Payment Receipts Process, OCSS should specify that the balancer (not the cashier) is required to prepare and email the "Reconciliation Spreadsheet". Although the balancer may be balancing the cashier's drawer daily, the balancer must also be the independent person to verify that all receipt numbers are accounted for by preparing and emailing the spreadsheet.

Management's Response:

The Continuous Quality Improvement Unit will review and make appropriate updates to language in the existing Cash Payment Receipts Process, in coordination with subject matter experts in the business unit. The Financial Manager will discuss the recommended changes with the representatives from the four case payment locations.

Target Date for Completion:

August 21, 2021

FINDING Lack of Segregation of Duties – Financial Instruments

There is a lack of segregation of duties over financial instruments collected. Segregation of duties is a best business practice and primary concept in a system of internal control. Duties within a department should be segregated so that one person does not perform processing from the beginning to end of a process. Balancing should be performed by a person independent of the process.

DIA observed the OCSS employee who collects financial instruments from the drop box and mailroom was the same employee to post the payment in the SMART Remote system, balance, and prepare the deposit for release to CSPC.

The only record of the financial instruments was the deposit summary based on the information entered into the SMART Remote system by the OCSS employee. Therefore, there was not an independent record of financial instruments collected from the drop box and mailroom that the OCSS employee's supervisor could use to add up the financial instruments and balance to the deposit summary for completeness and accuracy.

The Financial Division was not aware of the necessity for segregation of duties over financial instrument payments to prevent missing, forged, or altered financial instruments.

Risk to the County if Not Corrected

Without adequate segregation of duties, missing, forged, or altered financial instruments could go undetected, which would adversely affect parties of child support cases.

Recommendations

1. (P2) OCSS should assign a separate individual to collect financial instruments from the drop box and mailroom and complete an independent record that the supervisor can use to add up the financial instruments and balance to the deposit summaries for completeness and accuracy. The independent record should distinguish which financial instruments are from the drop box or mailroom.

Management's Response:

OCSS agrees with the recommendation referenced above. The Senior Account Clerk and Support Specialists are trained in collecting financial instruments from the drop box daily. The mailroom staff will be advised to forward any checks received via regular or interoffice mail to the assigned employee tasked with retrieving financial instruments from the drop box daily. Upon receipt of the financial instruments, this employee will enter them on a spreadsheet daily which will be created as an independent record of the financial instruments received. A non-editable copy of the spreadsheet with the logged financial instruments received for the day will be sent to the supervisor and the employee assigned to post the payments in the Smart Remote system. After the financial instruments are posted for the day, the supervisor will review the spreadsheet and posted payments for completeness and accuracy. The spreadsheet will be maintained in the Account Services electronic folder.

Target Date for Completion:

August 21, 2021

FINDING Payments Not Consistently Supported

Based on the testing results it appears that adequate controls over the collection and recordation of payments exist and are properly designed but are not operating effectively. The Ohio's Office of Child Support County Walk-in Payment Manual (Manual) includes process requirements the County must follow while depositing payments with the Smart Scan system. Some of the requirements include:

- The County must print and retain a Payment Receipt for every payment while scanning financial instruments for deposit and posting payments to a SETS case within a batch. The Payment Receipt is a Smart Scan generated receipt identifying the SETS case number to verify that the payment would be posted to the proper case and amount in SETS as designated by the payor on the support. The payments entered in Smart Scan are posted to SETS by the next business day through a batch process (or same day if in Smart Scan before 2:00 pm). The Payment Receipt serves as backup if there is an issue with posting payments to SETS.
- Each business day, after scanning and posting all payments to cases within a batch, an employee must print a Confirmation Summary to facilitate balancing a batch of payments to the SETS system and bank. This allows for corrections before the transfer of funds to the State within two business days.
- The employee preparing the deposit must verify each payment matches the amount on the report, date and initial the Confirmation Summary. The employee must note on the Confirmation Summary if there is a difference with the payments.
- A separate employee must review the Payment Receipts, instruments, and deposit slips to verify the payments balance to the SETS system and bank. The Confirmation Summary is to be dated and initialed again by the reviewing employee to document completion and agreement everything balances.

DIA tested for the existence and operating effectiveness of adequate controls over the collection and recordation of payments by reviewing deposit and payment support. During its testing of 60 deposits of cash and instrument payments processed at OCSS, the following deviations from the procedures prescribed by the Ohio's Office of Child Support County Walk-in Payment Manual (Manual) were observed:

- Fourteen out of 60 (23%) deposit slips were not accompanied with a printed Confirmation Summary.
- Of the 46 deposits with Confirmation Summaries, all 46 (100%) Confirmation Summaries did not have a second set of initials by a supervisor to evidence a review of the deposit for accuracy.

- Twelve of 60 (20%) deposits were not accompanied with Smart Scan printed Payment Receipts for each of the payments listed on the Confirmation Summaries.

DIA further noted based upon the walkthroughs performed that monthly bank statements were used to reconcile the deposits, as the Financial Supervisor did not have online bank access during the audit period. Subsequently, the Finance Manager indicated that access has been issued to the Financial Supervisor to facilitate the timely review of the deposits for accuracy and dating/initialing the Confirmation Summaries, as required in the Manual.

DIA also tested controls for operating effectiveness by re-performing the employee's balance process for each of the 60 deposits to ensure proper collection and matching the SETS case information between the support and system for 60 cash payments and 60 instrument payments to ensure proper recordation.

DIA determined that the deposits were recorded correctly for all but 1 (2%) of the 60 deposits. For this deposit, the payments balanced to the bank, but not to the Confirmation Summary. The Confirmation Summary was missing one cash payment for \$350.01. However, the employee still indicated the deposit was balanced, as evidenced by the initials on the Confirmation Summary. The employee did not note on the Confirmation Summary as to why there was a difference with the payments, as required by the Manual. The deposit did not provide any indication that it was out of balance, an explanation, or correction within the support.

It should be noted OCSS was able to provide DIA additional support to verify that the missing payment was posted on a Confirmation Summary of a later deposit.

DIA determined that the lack of support was due to insufficient supervisory review over deposits as required in the Manual. The reason the employee did not note on the Confirmation Summary why there is a difference with the payments, as required by the Manual, was a lack of a policy and procedure over Payment Processing of financial instruments and cash payments to ensure employees understand and follow the process consistently, as required in the Manual and any additional OCSS policies over this process.

Risk to the County if Not Corrected

Without adequate support and timely review and approval, missing or inaccurate payments could go undetected or become unrecoverable after an extended period, which would adversely affect parties of child support cases.

Recommendations

1. (P2) Each business day, the Financial Supervisor should review deposits for accuracy and sufficient support. Evidence of this review should be documented by dating and initialing the Confirmation Summary as required in the Manual.

Management's Response:

Each day, upon receipt of the Cash Payment Receipts (CPRs) from the prior day's cash collections, the Account Services worker will continue to access the SMART Remote system to post each payment. Upon posting each payment, a Payment Receipt will be printed and attached to the CPR. Upon completion of posting each batch (as identified from each payment location), the worker will print the Confirmation Summary and date and initial it. After which, the batch will be given to the Financial Supervisor to review the payments and deposits for accuracy and also date and initial the Confirmation Summary. This will serve as evidence and sufficient support.

Financial Manager will ensure that the Financial Supervisor has online access to the bank account. Once confirmed, the Financial Supervisor will access the bank account each day to confirm that the total deposits from the previous day's payment posting batches have been made and notate any discrepancies on the Confirmation Summary. In addition, the Financial Supervisor must also check 2 days later (from the day of the payment receipts) to confirm that the total amount withdrawn from the account to be applied to child support cases matches the total deposits from all payment locations. This too can be noted on the Confirmation Summary for each batch as well.

**Target Date for Completion:
September 13, 2021**

2. (P2) OCSS should create a policy and procedure over Payment Processing of financial instrument and cash payments.

The policy and procedure should require the employee print from Smart Scan the:

- Confirmation Summary, and
- Payment Receipt for every payment;

Include instructions for how the employee must handle and document situations within the payment support when the:

- SETS case is not provided in the customer's remittance,
- SETS case or payment proration between orders is applied in the system that differs from the customer's remittance, and

- Deposit is out of balance with the Confirmation Summary due to issues with posting payments to SETS; and,

Require the Financial Supervisor review deposits for accuracy and sufficient support, and date and initial the Confirmation Summary as evidence.

Management's Response:

The Financial Supervisor and Financial Manager will work with the Continuous Quality Improvement (CQI) team to document an updated Payment Processing Policy and Standard Operating Procedure (SOP) to document existing practices and recommendations herein, specifically over Payment Processing of financial instrument and cash payments. This will also include instructions for how the employee must handle and document situations within the payment support when the:

- ***SETS case is not provided in the customer's remittance,***
- ***SETS case or payment proration between orders is applied in the system that differs from the customer's remittance, and***
- ***Deposit is out of balance with the Confirmation Summary due to issues with posting payments to SETS.***

Target Date for Completion:

September 13, 2021

FINDING Manual Cash Receipting

The cash receipts process is overly manual and lacks efficiency in areas. In accordance with Generally Accepted Accounting Principles all cash received must be recorded accurately and timely. Additionally, OAC 5101:12-80-05.1 requires agencies to collect and post payments using procedures in accordance with this rule and based on generally accepted business and accounting practices as authorized under section 117.43 of the Revised Code. Electronic record-keeping is a best business practice. Electronic record-keeping systems have the proper level of input and processing controls to ensure the integrity and legibility of the payments being recorded in real time. This enables supervisors to compare the system log with receipts and verify that all payments are properly applied and deposited in full in a timely manner.

Three of the four satellite locations use handwritten receipts that at times result in illegible information being provided during the payment posting process. Additionally, the use of a manual cash receipting process by these three locations further increases the risk of inaccurate recordation of payments due to lost cash receipts and missing payments.

DIA observed the OCSS employee who posts cash payments in SETS. The employee receives the bottom carbon copies of the Cash Payment Receipts from the three agencies. It was noted that sometimes the carbon copies had illegible information. The employee cross-references any legible information to find a matching case and order for the payor. Once a match is found, the employee handwrites any illegible information on the carbon copy.

OCSS was not aware of the best business practice for electronic record-keeping for each of the County's satellite locations. Such recommendations were directed to two of the County's satellite locations (Treasurer's Office and Juvenile Court) in prior audit findings, however OCSS was not notified of the concern or included in the action plan provided by management in response to the recommendations.

Risk to the County if Not Corrected

The exclusive use of handwritten receipts is prone to illegible information and missing receipts. Without an electronic record-keeping system to verify information or reproduce receipts, missing payments could go undetected or become unrecoverable after an extended period. This would adversely affect parties of child support cases.

Recommendations

1. (P2) OCSS should implement an electronic record-keeping system for all its County's satellite locations. In making its decision, OCSS should consider input from the IT department and stakeholders in evaluating both existing and new technologies.

Management's Response:

Until the agency can implement an electronic record-keeping system for all of the Cash Payment locations, each site will be required to remit the top (white) copy of the Cash Payment Receipt (CPR) as record of the cash payment received. The middle carbon copy (yellow) will continue to be provided to the customer as their receipt. The last carbon copy (which varies in color by location) will be maintained by each site. This should improve legibility of the information for the Account Services worker responsible for posting the payment to the proper case and order.

The Financial Manager will notify each location of this change, in addition to updating the Cash Payment Process document as well to include this change in procedure.

It is also important to note, that the CPRs from each location are printed with a unique receipt number whose prefix differs to identify the site. For example, CPRs used by

Juvenile Court are prefixed with the letter “J,” Treasurer’s Office with the letter “T,” Negotiable Items Unit located at VEB with the letter “V,” and the Common Pleas Court’s Clerk’s Office with the letter “C.” In lieu of the colors that identify each location site, these unique receipt numbers will also assist the Account Services worker in identifying the CPR batches from each location.

***Target Date for Completion:
August 1, 2021***

2. (P2) Until OCSS can implement the first recommendation, OCSS should reorder the triplicate copy forms in a revised sequence, where the copy for OCSS is in the middle. This should improve legibility of the information for the OCSS employee responsible for posting the payment to the proper case and order.

Management’s Response:

The agency submitted a project request to the Department of Information Technology HHS Team to update and expand the electronic record-keeping system for all CSEA cash payment locations. The project is scheduled to begin in 2021 after some additional updates to the SETS mainframe at the state level.

The permanent solution of implementing the cash log system to all four of our cash payment locations may not be available until early 2022 due to HHS IT awaiting the completion of the SETS mainframe refactoring project at the state IT.

***Target Date for Completion:
January 31, 2022***