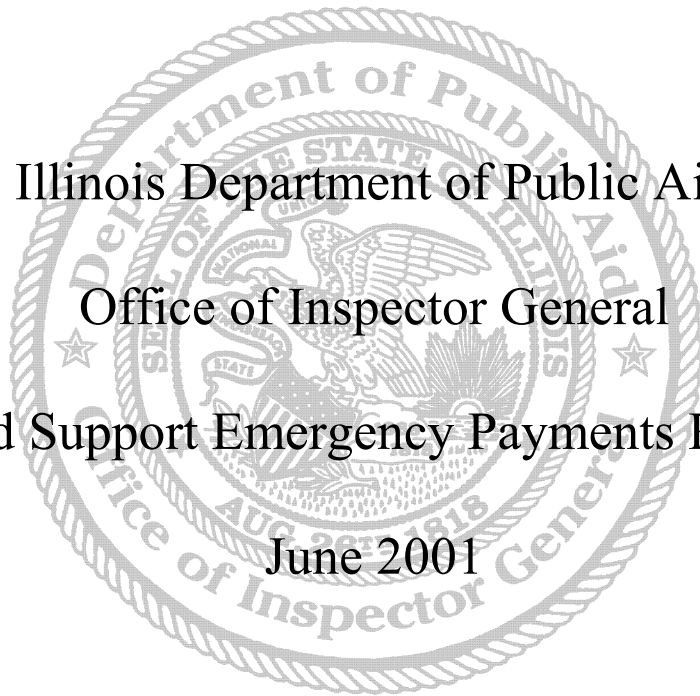


Illinois Department of Public Aid

Office of Inspector General

Child Support Emergency Payments Review

June 2001



SUMMARY

Between October 1999 and January 2000, the Child Support State Disbursement Unit (SDU) issued nearly \$14 million in emergency payments. Public Aid's Office of Inspector General (OIG) reviewed every emergency payment to determine the possible existence of fraud. The review began in January 2000 and was completed in May 2001.

- After reviewing all 35,568 checks issued during that time, the OIG has verified that: 31,454 (88.4%) were issued to persons who are child support payees in established child support cases. These checks accounted for \$9,206,339.31 (65.8%) of the total \$13,992,564.03 issued in emergency payments.
- 2,660 (7.5%) of those checks were, in all likelihood sent to the proper payee of an established child support case although the OIG was not able to resolve inconsequential discrepancies. These checks represented \$797,183.22 (5.7%) of the total funds processed through emergency checks.
- 1,416 (4.0%) checks were never cashed at all. These represented \$3,974,616.16 (28.4%) of the funds processed.
- 38 (0.1%) checks for a total \$14,425.34 (0.1%) were either issued improperly or have yet to be conclusively resolved. The recipient of three of those checks has already been convicted of fraud. A second check recipient has been referred for prosecution.

BACKGROUND

IDPA contracted with the Clerk of the Circuit Clerk of DuPage County to operate the SDU to serve as a statewide clearinghouse to receive child support payments from employers and non-custodial parents and to disburse checks to child support payees. Federal law required Illinois' SDU to be operational by October 1, 1999. Before that date, most child support payments were processed by circuit clerks in the state's 102 counties.

Soon after its start of operation, the SDU became backlogged. The unit could not process many of the child support payments it received from employers and non-custodial parents because of incorrect or incomplete information about individual child support cases. Without this information, the SDU could not, in turn, promptly issue regular child support checks to child support payees. SDU was also sent information and support payments for direct payment cases that were not intended to be processed through the SDU. In other cases, the SDU did issue regular checks but to the wrong person or the wrong address.

To provide immediate relief to child support payees, many of whom complained of imminent financial disaster, IDPA initiated a system of emergency payments, which began October 19, 1999, and ended January 5, 2000. During that period, the SDU issued emergency checks worth a total of \$13,992,564.03. These checks were intended for payees of active,

legitimate child support cases. It was also implicit that payments should be made only to payees who actually had payments in the SDU system. At any given time, thousands of payees in active, legitimate child support cases do not receive payments because the non-custodial parent is not making any contributions to the children's support.

IDPA set up a hotline phone system on October 18, 1999 to receive requests for emergency relief and to forward those requests to the SDU. Hotline operators did not verify the caller's information or determine if the child support order was valid, if the payment was correct and if it was being mailed to the correct address. Hotline personnel initially collected the inquiry forms and faxed or transported them in batches to the SDU, which wrote and sent the checks to child support payees. This manual process bogged down as the emergency relief requests rose dramatically. An automated hotline system was put into action later in October so that scores of temporary workers could log the requests directly into the computer. In the later stages, there were limited verification steps performed before the information went to SDU.

Given the volume of the emergency checks being written and the speed in which they were being issued, questions arose over whether IDPA and the SDU had implemented sufficient controls for the payment process. Nothing in the payment process guaranteed that only eligible child support payees received the emergency payments. Questions about the emergency payments arose against a backdrop of an ever-expanding backlog, clients' clamor for child support checks and public calls for a solution to the SDU's processing problems.

OAG Findings

In March 2000, the Office of Auditor General (OAG) released the results of its own review of the SDU operation. One part of its audit included the examination of two different samples of emergency checks. The OAG shared its findings with the OIG to assist us in our review.

The OAG's first sample of 68 checks revealed the existence of one check issued to Evelyn Williams, who was subsequently convicted of States Benefit Fraud. Her case is discussed in greater detail later in this report.¹

The second sample of 400 checks identified two checks which did not appear to be issued to legitimate child support payees. The OIG thoroughly investigated both those cases and determined each was legitimate. The OIG found one case had a misspelled name and one digit wrong in the docket number; the other had a misspelled name and a different docket number.

The OAG criticized IDPA for the manner in which it handled the emergency check disbursements. In part, the OAG wrote in its report:

¹ Even if the OAG had not discovered this check, the OIG's review process would have revealed this situation.

Public Aid lacked adequate controls over the issuing of emergency checks. For example, before authorizing emergency payments, the Department did not verify that the support order given was valid or that regular child support payments had not been received. These lapses in controls resulted in individuals receiving emergency checks who did not have a valid support order, who were current in receiving regular child support payments or who had received emergency payments significantly exceeding the amount of overdue regular support payments.²

APPROACH

On its own initiative, the OIG launched this review in late January 2000 to determine if persons who did not have child support cases in the IDPA system fraudulently received emergency payments. The OIG's review did not focus on whether the level of emergency payments received by eligible payees was too high or too low. No effort was made to reconcile the amounts paid to child support payees to the amount of child support payments received by the SDU. The review's focus was whether the check recipient was the child support payee in an established child support case.

The OIG began its review by collecting computer files from different sources and matching those files to identify individual emergency payments that required further examination. This collection process spanned several months because of the multitude of sources and complexities of each system. The OIG collected specific data from or about:

- SDU's emergency check file.
- SDU's regular file containing payee/payor names and addresses.
- Employee lists from DuPage County.
- All IDPA full, part and contractual temporary employees.
- Child Support Key Information Delivery System (KIDS).
- IDPA Emergency Check Hotline Database.

The initial match compared the list of people who received the emergency payments against individuals who were employed by IDPA and its private contractors. A second match focused on emergency check recipients who were potentially the payor, either linked by name or address. Subsequently, matches were also performed on various combinations of name, address and docket number to produce reports of persons receiving checks without a valid name, address or docket number. The ultimate directive was to verify each of the 35,568 emergency checks.

The OIG quickly discovered that the quality of the information used to issue the emergency checks was inadequate. It appears that there was ineffective quality assurance during the early days of the emergency check issuance period. While the later creation of a database to track the requests somewhat improved the quality of the process, the OIG had an extreme challenge in simply making sense of the check issuance records.

² Page 47 of the OAG's Report on the Child Support State Disbursement Unit (LAC 117)

To assist the process, the OIG used Vality® software to perform more complex matching with each of the data files collected.³ It performed the following tasks:

- Data investigation: Unknown data formats, such as docket number, were investigated for patterns to standardize for matching.
- Standardization: Pre-defined routines that search for known abbreviations and misspelling of names and addresses were applied. (Bob becomes Robert; APT becomes apartment.)
- Matching: Matches were performed with greater success since the data was standardized into common formats. (Weights were assigned to less reliable fields, such as East or West for street addresses, to allow for fuzzy matching.)

OIG staff also manually identified obvious non-matches that had not been pinpointed by the Vality® software. The staff then electronically matched all SDU regular files. If a match was made on a name, address and docket number, the SDU emergency check was considered verified, and the individual review stopped. For the remaining emergency checks not verified, an electronic match was performed against KIDS. Again, the review stopped on individual cases only when all three elements (name, address and docket number) matched.

Any emergency check that could not be verified electronically was assigned for further investigation and validation efforts. On-line inquiries, using variations on the name and docket number, were attempted against the SDU Regular file, KIDS and other on-line sources such as other state agencies' data information system and the Internet, in an attempt to link all three elements on the emergency check to an established child support case. The protocols used were determined by each case.

Extensive communications with circuit clerks and local post offices also helped identify established child support cases. In the end, investigators also conducted field visits on a number of check recipients to identify potential fraud.

TIME LINE

This review took longer than anyone expected. The most difficult hurdle was transforming the check disbursement data into useful information. Several internal databases had to be created. Staff needed training. The Vality® software required modifications to be effective.⁴ Electronic matching identified most of the checks as being legitimate fairly quickly. Manual examination was much more time consuming and extremely tedious. Significant periods of inactivity occurred while staff waited for responses from circuit clerks and postal authorities. The field investigations were also demanding. All these activities had to be conducted without significantly detracting from the many other critical tasks the

³ This was the first time any state agency had used this innovative software package.

⁴ Vality® even sent a software specialist to Springfield from its Boston headquarters to assist CMS and us in this task.

OIG is statutorily mandated to conduct. By the end of March 2001, the OIG had examined every check. The following time line depicts the major events in the course of this review.

January 2000	Developed the review plan. Interview child support and SDU staff.
February 2000	Received electronic emergency check file and IDPA employee database as well as paper files on contractual and temporary employees and DuPage County Circuit Clerk staff.
March 2000	Received SDU file with 1,600,000 child support records. Began data matching of files with Vality®.
April 2000	Generated several reports to facilitate elimination of legitimate checks.
May 2000 - August 2000	Received KIDS file with 400,000 child support records. Additional matching reports produced. Manual research consumed much of this time.
September 2000 - March 2001	Correspondence with Circuit Clerks and postal authorities on checks we were unable to eliminate. Field work began with personal contacts with check recipients who had not yet been eliminated from consideration.
March 2001 - Present	Field work continued on a handful of checks. Final report development.

OIG FINDINGS

- 31,454 (88.4%) of the checks were confirmed as issued to child support payees in established child support cases.
- 2,660 (7.5%) of the checks not confirmed can be reasonably assumed to have been issued to the correct payees in established cases.
- 1,416 (4%) of the checks were never negotiated.
- 38 (0.1%) of the checks have been confirmed either to be fraudulent or we have been unable to resolve it yet.
- Evelyn Williams worked for six weeks in the child support unit handling emergency check requests. During this time, three checks totaling \$2,367.95 were issued to her. The OIG's investigation confirmed that she received these checks and failed to report them as income to her Department of Human Services caseworker. The Sangamon County State's Attorney's Office charged her with one count of State Benefits Fraud on July 7, 2000. On October 27, 2000, Ms.

Williams pled guilty to that charge and was sentenced to 30 months probation, fined, assessed the court costs, and ordered to make restitution in the amount of \$5,555.⁵

- In a case involving one check for \$504, the child support payee admitted to OIG investigators that he requested the emergency payment even though he is the payor of the child support case, not the payee. He justified doing so to help cover his expenses when the children were visiting him. This case has been referred to the DuPage County State's Attorney's Office and further investigation is underway.
- With the remaining 34 checks, a variety of circumstances exist. Examples include:
 - The child support payees are out of state, and investigators have not yet been able to contact them;
 - The identity and/or the address of the recipient cannot be verified;
 - The child support payee denies receipt of the check even though it was cashed; and
 - The recipient of the check admits receiving the check even though there is no established child support case.

CONCLUSION

In the final analysis, 99.9% of the checks issued in the emergency system either went to legitimate payees or were never cashed. Of the 0.1% of the checks that remain unresolved, only four of them have been confirmed as fraudulent. In a few cases of the remaining 34 unresolved checks, review is continuing. However, in the majority of them, we have exhausted all reasonable efforts to conclude the review.

⁵ Ms. Williams was involved in the issuance of five other checks, each of which has been validated as being issued legitimately through this review.