



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**STACEY E. PICKERING**  
STATE AUDITOR

December 7, 2011

Dear Amanda Jones:

On November 15, 2010, at the request of your office, the Office of the State Auditor's Performance Audit Division (PAD) began a limited performance review of the Mississippi Department of Human Services' (MDHS) contract #51658 with Young-Williams, P.C.

Initially, PAD set out to make recommendations based on the performance of MDHS and Young-Williams as it relates to the contract. Performance Audit staff, including an experienced attorney and accountant, extensively reviewed documentation, laws, and regulations. PAD staff also interviewed employees from both entities to arrive at their findings and recommendations.

With certain qualifiers, and based on the review, PAD recommended that continuing the contract to completion is the best option at this point. However, it is important to note that Performance Audit staff found deficiencies in the contract language, in MDHS' implementation and oversight of the contract, and in Young Williams' overall performance of the existing contract. The details of the review, along with all findings and recommendations, can be found in the attached report.

Should you have any questions or concerns, please do not hesitate to contact me.

Serving Mississippi Together,

A handwritten signature in black ink, appearing to read "Stacey E. Pickering", is written over a horizontal line.

Stacey E. Pickering  
State Auditor



**Stacey E. Pickering**  
State Auditor

## **Review of the Contract for Child Support Services Between MDHS and Young Williams**

**Report #126**  
**December 7, 2011**

*A Performance Audit Division Report*

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### **Background**

The contractual agreement between the Mississippi Department of Human Services, Child Support Enforcement Division (MDHS/CSED), and the Independent Contractor, Young Williams, P.C. (Young Williams), was originally executed September 25, 2009<sup>1</sup> and scheduled to end by September 30, 2010. While there were several initial versions of the contract, the final executed copy disclosed the total amount of the contract would not exceed \$23,000,000. The objectives of the original MDHS contract were that Young Williams was to provide establishment services for Title IV-D child support cases in several counties<sup>2</sup> in the State of Mississippi and to establish a statewide customer service call center. MDHS/CSED's justification for the contract was inadequate staffing to perform these services efficiently and the federal ARRA<sup>3</sup> funding for the contract was time-limited. Per the contract, Young Williams was chosen because of its prior record of providing quality child support services to the State and local child support programs since 1993.

The objective of the review was to determine the effectiveness, efficiency, and economy of the performances of Young Williams and the MDHS/CSED under this contract. In addition, OSA was to provide information to both parties to aide in the decision to renew the contract as is, to extend the agreement with similar or different terms, or to terminate the contract all together. The methodology utilized in the review consisted of: content analysis of the contract; assessment of applicable policies, procedures, and processes; interviews of key personnel associated with the execution and performance of this contract; in-depth analysis of various financial records to determine if sufficient and adequate documentation existed; and site visits to MDHS/CSED and its various divisions, Young Williams legal processing center in Madison, Mississippi, and the Young Williams customer call center currently located in Yazoo City, Mississippi.

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<sup>1</sup> A portion of this original contract was modified on August 18, 2010, and the cost was inclusive of the original \$23,000,000. It is interesting to note that a subsequent new contract for the statewide customer service call center was entered on December 17, 2010, by MDHS/CSED and Young Williams. The duration of this contract was for three months at a cost of \$1,050,000.

<sup>2</sup> Hinds, Madison, Rankin, Warren, Washington, Sunflower, Leflore, Lauderdale, Forrest, Jones, Hancock, Harrison, and Jackson

<sup>3</sup> OSA determined that under ARRA guidelines, this funding was exempt from 1512 reporting and under OMB Circular A-133, Compliance Supplement Addendum #1, June 30, 2009, Page 2-9 Davis Bacon is NOT required for CFDA #93.563





PAD staff considered the following performance measures during the review: a) contract construction; b) contract cost; and c) contract performance and quality of service.

## **Contract Construction**

PAD began the review by examining the contract construction. This review entailed a detail evaluation of the contract components, the language of the contract, and the expectations and benchmarks in the contract. This revealed several deficiencies.

First and perhaps most important, **OSA found that the contract between MDHS and Young Williams for child support services should have been divided into two separate and distinct contracts.** The contract contained two different components – legal services and a customer service call center (non-legal services). These two components were very unique in that each requires its personnel to be trained in very different specialties.

In addition, the legal services were only for the counties of Hinds, Madison, Rankin, Warren, Washington, Sunflower, Leflore, Lauderdale, Forrest, Jones, Hancock, Harrison, and Jackson; while the customer service call center was a state-wide venture. Based on personal interviews with MDHS staff, OSA believes the inclusion of the legal and non-legal services in a single document was an effort to expedite the contract procurement process because legal services contracts (contracts with attorneys/law firms) are exempt from the purview of the State Personnel Board's Personal Services Contract Review Board (PSCRB) (MCA § 25-9-120 (3) (a)). As a result of this, *OSA recommends that MDHS ensure that only similar, substantive services are included in a single, distinctive contract to eliminate the improper circumvention of the PSCRB. In addition, OSA recommends that all future MDHS contracts for non-exempt services be properly divided, and those that do not qualify for exemptions be reviewed and approved by appropriate entities such as the PSCRB as required.*

Second, while examining the contract language, **OSA found several conflicting statements throughout the contract.** These conflicting statements generally appeared in different parts of the contract and not next to each other. Examples of such language include:

- Page 1 in Section 3(A)1, provides, "Independent contractor (Young Williams) was to provide its own office space, equipment, and supplies." However, on Page 6, Section 7(B)1, there is language stating that MDHS will pay the Independent Contractor (Young Williams) \$2.5 million for startup costs which include "all costs for facilities, furniture, equipment, programming, recruiting, training, receiving, shelving, inventorying, transporting, and downloading or inputting cases or data for purposes of startup, and all other costs necessary to establish a case processing center..."

*OSA recommends that MDHS more carefully review the language, terms and conditions of future iterations of the contract to remove and/or modify contradictory terms and language.*

In continuing the review of the contract language, **OSA also found vague, alternating, non-standardized, or defined terminology which later resulted in confusing documentation.** The contract references terms like "workable cases," "cases to be filed," and "legal referrals, orders, and judgments." However, this language was not used consistently by Young Williams and MDHS. The invoices that were submitted to MDHS used the terms "case filings" and "judgments entered." The monthly reports submitted by Young Williams used terms like "total cases received," "cases approved





for filing of paternity and support,” “cases approved for filing of support only,” and “cases approved for filing.” The inconsistent use of terms made it difficult to link contract requirements to work performed. In addition, during OSA interviews, both MDHS and Young Williams employees had difficulty explaining how their use of various terminologies related back to contract terms and requirements. If the contract had defined the terminology or required standardized usage of terms, this issue could have been avoided. Adding to this problem was the lack of parameters created by the use of vague, open-ended, non-definitive terms like “up to,” “reasonable,” “timely,” “any,” “adequate number,” and “appropriate.” *OSA recommends that MDHS ensure that the same terminology is consistently used throughout the contract and in any documentation by either party that relates to elements in the contract. This can easily be achieved by creating a terminology section of the contract and requiring (in the contract) that the same terms be used on various correspondences such as invoices, monthly reports, data requests, and other such documents. This will ensure a better audit trail for MDHS’ internal monitoring and oversight. OSA also recommends that, where possible, vague and open ended terms be followed by defining characteristics, or not be used in the contracts.*

Next, **OSA determined that the contract contained certain expectations and benchmarks which OSA believes to be unrealistic and difficult to achieve at best.** For example, on page 5, Section B (Scope of Services-MDHS), the agency is required to identify and refer a total of 30,000 workable cases to Young-Williams, with “not less than 10,000 by October 15, 2009.”

This means MDHS would have to identify 10,000 workable cases in less than 20 days from the time the contract was signed. A “workable case” is defined as one where there is a cooperative custodial parent and a verified address of the non-custodial parent. OSA believes that if MDHS had the capacity to identify 10,000 workable cases and transfer the paper and corresponding electronic files to a private entity within 20 days, the necessity for having an independent contractor would be negated.

In addition, the definition of “workable case” triggered certain performance measures for Young Williams. Once the 10,000 workable cases are provided to Young Williams, in a paper and electronic format, they have 30 days to assess the caseload, review the cases, meet with MDHS to agree on which ones are workable (and then MDHS must submit substitutes for all that are not workable), prepare a plan of case actions, and present the plan to MDHS for approval. Even if they had marginally sufficient staff, Young-Williams would have to review and prepare a plan of action for at least 350 cases per day.

Another unattainable mandate of the contract<sup>4</sup> required Young Williams to file orders of paternity or support in not less than 55% of the referred cases by the end of the contract. OSA found no evidence that the selection of this percentage amount took into account the fact that orders are products of the courts (not attorneys or even the State agency) and move at a speed independent of the contractor. There are so many extenuating factors involved in obtaining child support orders<sup>5</sup> that to require any number that high to be filed would be difficult to obtain at best. OSA found no evidence of this percentage having been reached in other states enforcement efforts. OSA has verified that as of November 30, 2010, Young Williams had received 28,496 cases while only 6,114 orders had been filed, which is the equivalent of only 21.5% orders filed.

<sup>4</sup> Page 18, Attachment A (Performance Measures)

<sup>5</sup> i.e. the location of noncustodial parent, service of process on that parent, appearance in court, and willingness of custodial parent to come to court, etc.





A third mandate OSA determined to be unrealistic relates to Young Williams obtaining a child support order in not less than 80% of the workable cases in which process is successful.<sup>6</sup> There are so many variables - location of the noncustodial parent, service of process on that parent, custodial and non custodial parents' willingness to appear in court - that are beyond the control of Young Williams and that also directly affect when a child support order will be issued by the judge. Taking this into consideration, it is unlikely that this requirement would be met.

A fourth example of a deliverable that should be reexamined for modification or elimination required Young Williams to answer a minimum of 90% of all calls, which do not hang up, within 60 seconds of receipt of the call.<sup>7</sup> Because there are days during the month when customer service call volume is much higher than others and there is no way to predict the number of lengthy or complex calls the call center might receive at any given time, it is very possible that such a goal would be unattainable on a regular basis.

In retrospect, MDHS and Young Williams performance measures were unattainable. A careful review of the contract expectations and knowledge for how the child support system works may have eliminated the addition of such unrealistic goals. *Therefore, OSA recommends that future MDHS contracts be constructed with achievable, realistic goals that take into consideration any processes that may delay or impede any party from meeting minimum established standards.* Achievable goals can be based on past experiences and performance.

## **Contract Cost**

The second part of the review involved PAD determining the contract cost efficiency and effectiveness. This component required an in depth look at the total cost of the contract in relation to the amount of the contract that directly benefited MDHS and their clients. In addition, OSA also examined how the funds were used in relation to the purpose and scope of work outlined in the contract. *As a result, OSA found that the costs associated with the contract were not as beneficial as possible to the MDHS, the client, or the purpose of the contract.*

As of November 30, 2010, only 6,114 orders had been generated. This number yields approximately \$2,154 per order for the child support legal services that Young Williams provided. Had the county offices been awarded such a substantial amount to procure additional personnel, OSA believes there is a high likelihood that just as many, if not more, orders could have been generated to eradicate a back log of cases. Since Young Williams had to temporarily hire additional attorneys and staff, the same pool of applicants would have been available to the State as well. Further, the amount of money collected in child support payments from October 1, 2009 to September 30, 2010, totaled \$297,120,367.08 using Young Williams, while the money collected from October 1, 2008, to September 20, 2009 totaled \$282,749,433.07 using existing MDHS staff. The difference in the amounts—\$14,370,934.01—is smaller than the amount of the total contract that was awarded Young Williams (\$23,000,000). With this contract, the State expended approximately \$8.6 million more than it collected in the federal fiscal year of 2009-2010. *OSA recommends before MDHS contracts with an outside vendor, a study is done to determine if investing in their own facilities/agency would be effective and if the desired results can be achieved.*

<sup>6</sup> Page 18, Attachment A, Performance Measures

<sup>7</sup> Page 18, Attachment A, Performance Measures





Additionally, the total start up costs for Young Williams were \$4,053,614, of which \$2,500,000 was committed to establishing child support legal services under the contract, and \$1,553,614 was committed to the establishment of the customer service call center currently located in Yazoo City, MS. This was approximately 18% of the \$23 Million contract that did not directly benefit the client or MDHS.

Further, OSA questions the legality of how MDHS paid these start up costs. This money was provided up-front at the time of the contract signing and not as a reimbursement for actual costs incurred after the fact—in essence payment was made before services were rendered. According to the Mississippi Constitution of 1890, Article 4, Sections 66 and 96, the payment of these start-up costs constituted an unauthorized donation of public funds, and therefore, such payment should not have occurred.<sup>8</sup> In addition, there was no provision in the contract to cover the prospect of potential interest income accumulating on these funds as they were deposited and used at the discretion of Young Williams. After multiple requests made by OSA, MDHS has not provided documents, data, or research justifying the \$4.5 million for start up costs on the day of signing this contract. *OSA recommends that in the future, MDHS take into account necessary start-up costs prior to awarding a contract that is based on a vendor's ability to begin a project immediately.*

Additionally, Young Williams was never required by MDHS to bid out the various subcontracts it used. This was not specified in the contract nor was it a requirement of MDHS that competitive bidding be used to ensure efficient use of contract funds. Not requiring competitive bidding could result in an inefficient use of taxpayer dollars.

Furthermore, no reimbursement details were spelled out for travel, lodging, cell phone usage, meals, and mileage in the contract. In fact, at the end of the initial contract, MDHS' internal audit division had identified approximately \$1,755,701 of questionable costs incurred by Young Williams and billed to MDHS/CSED. *OSA recommends that MDHS require in any State contract that vendors adhere to state procurement rules, as well as placing the same reasonable limits on travel and other reimbursements that State agencies and employees are required to follow.*

In addition to all of the above, the fiscal oversight provided by MDHS/CSED in this contract was also questionable. As of March 2011, there were at least six (6) documented instances where Young Williams was required to make remittance back to MDHS/CSED for overpayments or duplicate payments that Young Williams had received. These instances are noted as follows in Table 1:

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<sup>8</sup> An interpretation of these constitutional provisions can be found in *Clark v. Miller*, 105 So. 502, (Miss. 1925) and *Golding v. Salter*, 107 S348, (Miss. 1958).



**Table 1: Financial Control Issues**

Date	Amount	Justification
2/28/2010	\$132,767.22	Adjustments made to reclassify the Jan. 8th payroll from Start-up to Operations; SEE CREDIT MEMO February 28, 2010
3/31/200	\$60,289.05	Adjustment to Invoice # MS CC 38, Start up Invoice
3/31/2010	\$602,736.29	Adjustment to invoice # MS CSE 39, Start up Invoice
3/11/2010	\$11,554.61	Call Center Operations Credit Memo for Unreimbursed Expenses Incurred October 1, 2009 thru March 31, 2010 March True-up, Per MDHS Internal Audit
9/30/2010	\$242,673.55	To refund overpayment for services provided by Young Williams at the MS Call Center for April 2010 to September 2010 per Contract Reconciliation Requirement
2/8/2011	\$225,000.00	To satisfy and settle all differences, disagreements on number of orders/judgments that could be billed under contract; Per February 8, 2011 letter to Earl Scales, Assistant Attorney General

*OSA recommends that MDHS utilize cost control measures in future contracts to limit the inefficient or potential misuse of taxpayer funds. Further, OSA recommends that as an internal and financial control measure, MDHS should not provide funds to vendors prior to expenses being incurred.*

### **Contract Performance and Quality of Service**

OSA identified approximately 24 deliverables required of Young Williams and another 14 deliverables required of MDHS within the entire contract for legal services and the call center. Below is a table summarizing the Young Williams deliverables. Of the Young Williams tasks tested, OSA identified 12 that are regarded as major tasks. These items include:

1. Maintenance of sufficient levels of personnel
2. Informing MDHS/CSED of all Young Williams' legal counsel within 10 working days of their employment
3. Training its own personnel
4. Providing full and complete customer service reports of all calls at the Call Center
5. Submission of monthly progress reports to MDHS/CSED
6. Providing legal service on all referred cases
7. Entrance of requisite data into the METSS for case tracking
8. Compliance with all confidentiality laws
9. Usage of attorneys that are licensed to practice in Mississippi
10. Usage of subcontractors who are licensed to do business in Mississippi
11. Forwarding of all child support payments received by Young Williams to MDHS/CSED
12. Maintenance of accurate case records





Table 2 shows each of the deliverables OSA identified from the contract:

**TABLE 2: Contract Performance of Young Williams**

Task:	Adequately Performed	Not Adequately Performed	OSA/Performance Audit's Comment:
1. Provide its own office space, equipment, and supplies;	X		Up-front start-up funds awarded by MDHS/CSED facilitated this requirement.
2. Maintain sufficient levels of key personnel, including but not limited to clerks, case workers, paralegals, and attorneys;	X		
3. Provide services for said cases in a timely manner;	X		
4. Maintain and furnish to the State a listing of all legal counsel employed or contracted to represent the State;	X		However, there was a potential risk in using the MS Bar website as the verification source because it not always kept current. An official document from the MS Bar should be obtained to attest the attorney's standing status.
5. Train its own personnel;	X		
6. Maintain its own insurance and bond as required by this contract;	X		However, MDHS/CSED funds were used to facilitate this requirement.
7. Provide monthly progress reports to MDHS;	X		OSA observed that not all monthly progress reports were consistent in presentation, and content.
8. Provide full and complete customer service for inquiries pertaining to cases referred to Young Williams;	X		
9. Provide technical support for Young Williams P.C. equipment including, but not limited to providing technical support for an interface with the MDHS Child Support System known as METSS;		X	Per discussion with the MDHS, Management Information Systems, there was considerable confusion over the procurement process and the lack of interface.
10. Provide establishment and enforcement services for cases referred to Young Williams (i.e., interviewing the noncustodial parent; obtaining necessary documentation and verification, and other elements as required in the contract)		X	OSA determined that this task and other related contractual requirements were not adequately performed due to lack of communication, subjective performance measurements, and impractical benchmarks given required time constraints.
11. Provide legal services for referred cases by employing an adequate number of paralegals and attorneys, working with appropriate court personnel, bringing all court actions in the name of the State with proper notification to MDHS for any settlements or offers, etc.;		X	OSA observed and determined that significant deficiencies exist between MDHS and Young Williams that impaired adequate performance of this contractual requirement. And further constrains the effectiveness and efficiency of this requirement.
12. Enter all necessary and relevant data into the METTS system for tracking cases referred by MDHS;	X		Per interviews conducted, OSA observed weaknesses in communication that delayed the initiation of this contractual requirement.





Task:	Adequately Performed	Not Adequately Performed	OSA/Performance Audit's Comment:
13. Submit monitoring reports to MDHS State Office on the first working day of each month and no later than the 5 <sup>th</sup> working day;	X		As these reports were submitted in a timely manner, their content was sometimes inconsistent.
14. Respond to all requests for case status information from MDHS, the Division of Child Support Enforcement by the end of the next business day;			Could not be sufficiently tested.
15. Comply with all federal, state, and MDHS regulations regarding confidentiality of data;	X		
16. Ensure that all attorneys employed or subcontracted by Young Williams are licensed to practice law in Mississippi, in good standing with the Mississippi Bar, and in compliance with Mississippi Rules of Professional Conduct;	X		OSA recommends that official supporting documentation from the MS Bar Association be used in future contracts, as opposed to verification on the MS Bar website.
17. Ensure that all attorneys employed or subcontracted by Young Williams take such actions to represent and vigorously advocate the interests of the State, MDHS/CSED, consistent with all rules and regulations;		X	Through interviews with judiciary and other pertinent participants, this requirement was not adequately performed due to significantly deficient staff competencies and lack of sufficient planning, coordination, and oversight.
18. Ensure that all subcontractors are licensed or registered to do business in the Mississippi;	X		
19. Ensure that no employee or subcontractor if contacted by the media concerning Young Williams' services provides any information to the media;	X		OSA is not aware of any complaints filed by either party to this agreement regarding unauthorized communication to the media.
20. Forward any payments received for referred cases to the Central Receipting and Disbursement Unit (CRDU) at MDHS;	X		
21. Maintain accurate case records for all referred cases during the period of performance;	X		
22. Transport files from MDHS to Young Williams P.C.'s operations site;			These deliverables were unavailable and could not be easily measured; OSA could not adequately test this requirement.
23. Inventorying, packing of all case files and returning them to the appropriate MDHS county office; and,			These deliverables were unavailable and could not be easily measured; OSA could not adequately test this requirement
24. Prepare a listing of all files that are returned to MDHS.			As these deliverables were unavailable, and could not be easily measured, OSA could not adequately test this requirement





Review procedures were applied by PAD to ascertain Young Williams' performance of these tasks. Deficiencies were discovered when assessing the effectiveness of internal controls governing these task areas.

Although OSA verified the success or completion of these items, OSA still has concerns as to how the requirements were satisfied for several items. For example, there was a provision in the contract requiring Young Williams to provide its own office space, equipment, and supplies. Young Williams' fulfilled this task by using start-up money from MDHS to acquire all of the office space, equipment, and supplies. A second task which has concerned OSA, based on the contractor justification provided to the State, was the timeliness with which Young Williams was to provide its services. The initial performance period for this contract was October 1, 2009 to September 30, 2010. OSA determined through interviews and document reviews that the first filing of a child support case did not occur until January 2010; some four months into the contract, and (per the monthly reports reviewed by OSA) the receipt of customer service calls did not occur until December 2009; some three months into the contractual performance period. A third verified obligation, which concerns OSA from a contractual standpoint, was Young Williams using a portion of the startup costs to obtain its insurance and bonding. The contract failed to address the independent nature of this requirement. *OSA recommends that in future contracts, MDHS specify the independent nature of such requirements and limit the use of State funds to pay for normal business expenses such as the examples provided above. In addition, OSA recommends that any MDHS contract contain "claw back" or penalty features for non-performance, late performance, or poor performance.*

In reviewing contract administration, OSA noted that items on invoices for the call center and the legal services were difficult to distinguish. Such areas of concern that appeared almost too similar to differentiate included reconciliation of the start-up costs, the simultaneous payment of both services, and remittance for overpayments. Auditors had to examine invoices closely to discern which process (start-up cost reconciliation, invoice for payment of services rendered, or an overpayment remittance) was taking place on a particular invoice. The difficulty distinguishing the invoices led to MDHS erroneously paying Young Williams on or around December 31, 2009, \$602,736.29 for start-up costs when such amount had already been included in the \$2,500,000 previously awarded prior to any expenses being incurred. *OSA recommends that MDHS consider requiring detailed payment documentation be attached to all invoices or other such clarifying information. Such documentation should clearly identify the items being requested for reimbursement or credit on the invoice. Further, MDHS should always carefully review each request for payment from a vendor and question any unusual or undocumented items.*

OSA reviewed the provision for technical support to establish an interface with Mississippi Enforcement and Tracking of Support System (METSS), MDHS' internal computer system. Interviews with Young Williams personnel and MDHS Management Informational Services Division revealed that there was never an established interface with MDHS's system and the system developed by Young Williams, CS Legal. *OSA recommends that when MDHS constructs a contract requiring outside vendors to connect and/or share software or an internal computer network capability that all pertinent divisions be contacted ahead of time to review the appropriateness and feasibility of such connections. Further, OSA recommends that any MDHS division or department mentioned in a contract have a person appointed to act as a point of contact for the vendor and the primary contracting division.*





Three (3) tasks reviewed by OSA showed that although Young Williams made a good faith effort, they were not able to accomplish the deliverables. One such task related to Young Williams ensuring all services performed under the contract were compliant with applicable law. An external evaluator/monitor of this contract hired by MDHS, Letitia Johnson, noted in her report criticisms from the judges leveled at the Young Williams child support enforcement attorneys because some of them apparently either sought to circumvent the law (Rule 81 actions)<sup>9</sup> or they were not knowledgeable enough about how Rule 81 actions (procedurally or substantively) worked.<sup>10</sup> According to Johnson's report, one of the recurring complaints the chancellors had regarding Young Williams' child support attorneys was that they did not always follow local court rules and procedures. In a survey of the chancellors in the counties in which Young Williams submitted case filings, similar discontentment was conveyed. During the audit process, OSA staff observed a Young Williams attorney in action. The attorney exhibited comprehensive knowledge of the relevant Mississippi child support laws and demonstrated a high level of professionalism and business insight.

PAD also reviewed the reports required by the contract. OSA found that Young Williams submitted monthly reports without all of the required information. Essential information that was missing included the number of:

- cases referred to Young Williams by MDHS categorized by type;
- stipulated agreements that were file stamped by the appropriate court clerk and entered into METTS;
- wage withholding orders that were entered each month;
- cases referred to MDHS for license suspension, tax offset, and credit bureau reporting each month;
- type of cases filed with the courts each month (i.e. paternity or support); and
- court orders filed and entered in METSS according to type.

OSA determined that MDHS did not take action to correct this deficiency. *OSA recommends MDHS take corrective action and also find a way to evaluate monthly reports when they are submitted to ensure that the required information is provided.* A checklist of reporting requirements can aid in this endeavor.

The third task that Young Williams did not perform successfully was the "service of process" on noncustodial parents. Instances of poor quality service by Young Williams contractors indicated that process had been served at the residences of individuals who were actually incarcerated at the time. Still other discrepancies occurred with the process servers such that litigation is still on-going now that the contract has ended. A number of judges, in their response to the OSA survey, noted this inadequacy by Young Williams contractors often resulted in dismissals, delay of actions, and created great expense for the courts. *OSA recommends in any MDHS contract for such services, that the Agency take steps to require (as part of the contract) the vendor to have strong internal controls over such activity, whether it is undertaken as an in-house function of the vendor, or whether the vendor sub contracts such services. OSA further recommends that MDHS consider penalty features in the contract for failure to maintain a high level of professionalism and work ethic in any activity associated with State services.*

<sup>9</sup> Rule 81 is a Mississippi Rule of Civil Procedure which specifies that matters of child support and child custody are to be facilitated a particular way in the state's chancery courts. The Rule 81 provisions pertain to security costs, the form of summons, methods of service of process, notice procedures, motions, discovery, subpoenas, and judgments.

<sup>10</sup> Define Rule 81





There were several tasks in the scope of services in this contract that were not tested by OSA for this review. These tasks were not believed to be material to the overall scope of the contract and therefore not material to the requested scope of this review. Examples of the un-tested deliverables included: ensuring that no employee or subcontractor of Young Williams contact the media or responded to a media request, inventorying and packing of all case files that were to be returned to the appropriate MDHS office, and lastly, preparing a listing of all files that were returned to MDHS.

As the following chart denotes, Performance Audit staff identified thirteen (13) deliverables required of MDHS under this contract. Of this number, auditors noted that MDHS failed to adequately perform five (5) of them.

- MDHS did not approve all office locations and facilities. However, OSA found that Young Williams continually invoiced MDHS for the rental of the building in Yazoo City after the building had been purchased by Young Williams.
- MDHS did not properly referred Young Williams' attorneys for approval by the Attorney General's office.
- MDHS failed to identify and refer no less than 30,000 workable cases by the dates established in the contract. In addition, OSA determined through interviews with Young Williams staff that often the case referrals would only have a single sheet of paper in the file with no more than demographic information of the custodial parent. No non-custodial parent information was in the files.
- MDHS did not provide case statistics and data on cases referred to Young Williams. There was no information about whether paternity had been established or whether the case had even been adjudicated.
- MDHS did not determine the date for the call center operations to begin.

**TABLE 3: Contract Performance of the Mississippi Department of Human Services**

Task:	Adequately Performed	Not Adequately Performed	OSA/Performance Audit's Comment:
1. Approve all office locations and facilities of YW		X	
2. Refer attorneys for approval by Office of Attorney General		X	
3. Identify and refer not less than 30,000 establishment cases which are "workable"		X	
a. 10,000 or more by Oct. 15, 2009		X	
b. 10,000 or more by Nov. 15, 2009		X	
c. 10,000 or more by Dec. 15, 2009		X	
4. Identity, inventory, and pack the case files for transport and Independent Contractor will be responsible for transporting the case files from the MDHS county offices to Independent Contractor's operations;	X		
5. Provide a paper list containing the MDHS case number for each case file delivered to YW	X		
6. Provide appropriate personnel to offer testimony at hearings when required	X		





Task:	Adequately Performed	Not Adequately Performed	OSA/Performance Audit's Comment:
7. Provide YW with a contact person for scheduling court ordered genetic tests	X		OSA observed that not all monthly progress reports were consistent in presentation, and content.
8. Provide a contact person for answering questions regarding interpretations and other issues	X		
9. Provide YW with copies of all applicable policies, rules, regulations, procedures	X		
10. Provide case statistics and data on cases referred to Independent Contractor from METSS and data in OCSE Form 157		X	
11. Director of CSED will approve all start up costs for a case processing center	X		Approval, however, did not comport with MS Constitution, Article 4, Sections 66 and 96
12. Director of CSED will approve all start up costs for the Customer Service Call Center	X		Approval, however, did not comport with MS Constitution, Article 4, Sections 66 and 96
13. Director of CSED will determine a reasonable date for the Call Center to begin operations		X	Director of CSED could not make this determination as he nor did YW know when the call center would go live due to remodeling the building in Yazoo City.

A memo, dated May 18, 2010, stated Young Williams received 2,178 file folders that did not have any documents in them, only had a METSS number, or only contained a copy of the computer screen of METSS. It was also noted that 3,712 of the file folders received did not include the necessary documents - application for child support, affidavit of the custodial parent, address of noncustodial parent. The contractor also stated that 5,481 of the file folders received had unique legal issues that prevented the filing of the cases at that time. This last assertion, however, denotes the inability of this private vendor to facilitate the essential legal action.

## **Rankin County**

Per a response from Young Williams to a set of questions submitted by OSA in January of this year, it was determined that Young Williams was instructed by MDHS to return the Rankin County child support cases on June 23, 2010. Young Williams, however, was not sure if the directive was verbal or written. The reasons given for the return of these files included (1) a refusal of the chancellors in Rankin County to hear the cases; (2) the county office of MDHS in Rankin County needed files to work on; and (3) a year-end budget decision to ensure a cost saving measure so that Young Williams would not exceed \$16.5 million prior to June 30, 2010. The number of files returned was approximately 3190.

The chancellors in Rankin County had serious concerns and problems with the cases presented by Young Williams. One specific chancellor in Rankin County expressed that the case presentation made by Young Williams was not complete and was false and misleading. The judges communicated that no filings were made in Rankin County because Young Williams file any.

In the OSA survey to the chancellors in the counties in which Young Williams submitted case filings, similar dissatisfaction was reported. *OSA recommends that MDHS continue to conduct customer satisfaction surveys in order to determine the quality of service being provided and be able to understand, modify, and redirect their vendors based on problem areas or deficiencies.*





## **Conclusion**

OSA/Performance Audit Division concludes that significant deficiencies and material weaknesses in internal controls existed in the construction, implementation, and execution of the contractual agreement between MDHS/CSED and the Independent Contractor; Young Williams. These deficiencies impeded the intended efficiency and effectiveness of this agreement. In other words, both MDHS and Young Williams failed to achieve the maximum benefit of the contract and the \$23,000,000 expenditure. As stated in the report, OSA believes that with the recommendations in this report, an extension or renewal of this contract could work to benefit the taxpayers of Mississippi. Because of the initial start-up investment, as well as the public funds expended to-date, OSA believes that it would not be cost-effective at this point to seek another vendor or to bring the process in-house. OSA strongly urges MDHS/CSED to modify the contract and to provide more effective oversight to ensure a higher quality product in the future.