



Lawrence F. Alwin, CPA
State Auditor

An Audit Report on
The Office of the Attorney
General's Compliance With
Debt Collection Requirements

September 26, 2001

Members of the Legislative Audit Committee:

The Office of the Attorney General (Attorney General) complied with debt collection requirements for the 2000-2001 biennium as specified in the General Appropriations Act, Rider 6 (76th Legislature). The Attorney General is required to collect all delinquent debts owed to the State of Texas. Its target performance measure for debt collections was \$84 million for the biennium. It reported collections of \$90 million for that period. The Attorney General also reported that the balance of debts it is currently pursuing totals \$302.6 million.

The majority of debt collections are typically remitted to the Comptroller of Public Accounts while the rest are set aside for specific purposes. The Attorney General complied with rider requirements that define the scope of its Bankruptcy and Collection Division (Division) responsibilities:

- Debts collected were from qualifying judgments that were at least one year old or were certified for collection to the Division.
- Debts collected were the result of direct Division action.
- Debts collected by the Division did not include child support collections.

In addition, the Attorney General complied with limits on the use of the collected funds:

- Only \$16.6 million was retained by the Attorney General for operations.
- \$18 million was set aside to pay workers' compensation claims.

According to previous audits performed by the State Auditor's Office, the Attorney General also complied with rider requirements during the 1996-1997 and 1998-1999 bienniums.

In addition to compliance testing, this audit included a limited test to assess the accuracy of the Case Management System and the Appropriations Database, which are internal databases used by the Division to manage and report its debt collections. For the files tested, information in these databases was accurate and documented.

We appreciate the Office of the Attorney General's courtesy and cooperation. If you have any questions, please contact Valerie Hill, Audit Manager, at (512) 936-9500.

Sincerely,

Lawrence F. Alwin, CPA
State Auditor

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cc: The Honorable John Cornyn, Attorney General
Mr. Howard G. Baldwin, First Assistant Attorney General

Objective, Scope, and Methodology

Our objective was to determine if the Attorney General complied with the debt collection rider in the General Appropriations Act, Rider 6, page I-10 (76th Legislature).

Our scope included all debt collected by the Attorney General from September 1999 to June 2001.

We reviewed documents, performed analyses, tested debt collections for required attributes, and interviewed staff. Fieldwork was performed between July and August 2001. All work was conducted in accordance with government auditing standards.

