



**Lawrence F. Alwin, CPA**  
**State Auditor**

December 30, 2002

An Audit Report on

# The Office of the Attorney General's Compliance With Debt Collection Requirements

Members of the Legislative Audit Committee:

For fiscal year 2002, the Office of the Attorney General (Attorney General) complied with debt collection requirements in the General Appropriations Act (Rider 6, page I-11, 77th Legislature). The Attorney General is required to attempt to collect all delinquent debts owed to the State. Its fiscal year 2002 target for debt collections was \$44 million; it collected \$53.5 million for that period. The Attorney General also reported that, at fiscal year end, it was pursuing debts totaling \$245.8 million.

The debts that the Attorney General collected met the following rider requirements:

- Debts collected were from qualifying judgments that were at least one year old or that were certified for collection to the Attorney General's Bankruptcy and Collections Division (Division).
- Debts collected were the result of direct actions of the Division.
- Debts collected did not include child support collections.

The majority of debt collections are remitted to the Comptroller of Public Accounts. The Attorney General can retain a percentage of debt collections as part of its method of financing up to a maximum of \$16.6 million for the biennium. The Attorney General did not exceed this maximum. In addition, \$16.9 million was collected during fiscal year 2002 for the payment of workers' compensation claims, which have a limit of \$18 million for the biennium.

According to previous audits performed by the State Auditor's Office, the Attorney General also complied with rider requirements during fiscal years 1996 through 2001.

In addition to compliance testing, this audit included tests to assess the accuracy of the Appropriations Database and its access controls. The Division uses the database to manage and report its debt collections. For the files tested, information in this database was accurate and documented. Moreover, controls over access are sufficient to adequately protect the data.

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 Greg Abbott, Attorney General  
Mr. Barry R. McBee, First Assistant Attorney General

#### Objective Scope and Methodology

Our objective was to determine whether the Attorney General complied with the debt collection rider in the General Appropriations Act, Rider 6, page I-11 (77th Legislature).

Our scope included all debt collected by the Attorney General from September 2001 through August 2002.

We reviewed documents, performed analyses, tested debt collections for required attributes, and interviewed staff. Fieldwork was performed during December 2002. All work was conducted in accordance with generally accepted government auditing standards.

