

**STATE OF NEW HAMPSHIRE
HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES**

**PERFORMANCE AUDIT REPORT
OCTOBER 2015**



MICHAEL W. KANE, MPA
Legislative Budget Assistant
(603) 271-3161

CHRISTOPHER M. SHEA, MPA
Deputy Legislative Budget Assistant
(603) 271-3161

State of New Hampshire

OFFICE OF LEGISLATIVE BUDGET ASSISTANT
State House, Room 102
Concord, New Hampshire 03301

STEPHEN C. SMITH, CPA
Director, Audit Division
(603) 271-2785

To The Fiscal Committee Of The General Court:

We conducted a performance audit of the Division of Child Support Services to address the recommendation made to you by the joint Legislative Performance Audit and Oversight Committee. We conducted this audit in accordance with generally accepted government auditing standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions. The evidence we obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The purpose of the audit was to determine whether the Division of Child Support Services efficiently and effectively administered the child support program during federal fiscal years 2013 and 2014.

Office of Legislative Budget Assistant

Office Of Legislative Budget Assistant

October 2015

THIS PAGE INTENTIONALLY LEFT BLANK

**STATE OF NEW HAMPSHIRE
HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES**

TABLE OF CONTENTS

	<u>Page</u>
TRANSMITTAL LETTER	i
EXECUTIVE SUMMARY	1
RECOMMENDATION SUMMARY	3
BACKGROUND	5
CHILD SUPPORT ESTABLISHMENT, COLLECTION, AND DISBURSEMENT	13
Observation No. 1: Clarify Grandparents’ Liability For Supporting Grandchildren Born To Unwed Minors	16
Observation No. 2: Consider Centralizing Some Functions	17
CHILD SUPPORT ENFORCEMENT	23
Observation No. 3: Improve Enforcement Caseload Monitoring	25
Observation No. 4: Better Target Enforcement Remedies	27
Observation No. 5: Continue To Pursue Criminal Non-Support Cases.....	29
Observation No. 6: Consider Work-Oriented Programs Statewide As Alternatives To Enforcement Remedies.....	31
Observation No. 7: Consider Other Remedies To Collect Child Support Arrears	32
OTHER ISSUES AND CONCERNS	35
 APPENDICES	
Appendix A: Objective, Scope, And Methodology	A-1
Appendix B: Agency Response To Audit.....	B-1
Appendix C: Status Of Prior Audit Findings	C-1
 LIST OF TABLES	
Table 1: DCSS Child Support Case Information By FFY.....	8
Table 2: DCSS Ranking For Federal Incentive Performance Measures	9
Table 3: Incentive Payments To New England States.....	9
Table 4: Percent Of Cases With Collections, FFY 2014	16

LIST OF FIGURES

Figure 1: Establishing A Uniform Support Order.....14
Figure 2: Percent Of DCSS Child Support Collection By Source,
FFYs 2013 And 201424

ABBREVIATIONS AND GLOSSARY OF TERMS

Arrears Past Due, Unpaid Child Support
CIU Central Information Unit
CSO Child Support Officer
DAS Department Of Administrative Services
DCSS Division Of Child Support Services
DHHS Department Of Health And Human Services
DO District Office
FFY Federal Fiscal Year; October 1 To September 30
NECSES New England Child Support Enforcement System
NMSN National Medical Support Notice
NSG NECSES Support Group
Obligee Party Receiving Child Support
Obligor Party Responsible For Paying Child Support
OCSE Federal Office Of Child Support Enforcement
SDU State Disbursement Unit
TANF Temporary Assistance For Needy Families
Title IV-D Social Security Act, Title IV-D: Child Support And Establishment Of Paternity

**STATE OF NEW HAMPSHIRE
HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES**

EXECUTIVE SUMMARY

The Division of Child Support Services' (DCSS) processes for establishing and enforcing child support orders were generally effective during the audit period. Its paternity establishment rate ranked in the top ten nationally, and first among the New England states in federal fiscal years (FFY) 2013 and 2014. Since FFY 2010, its performance in establishing paternity and child support orders consistently made it eligible for the maximum share of incentive payments for these categories, illustrating its effectiveness in both of these categories. While it was effective in establishing child support orders, we found the DCSS may have been able to further increase its rate by utilizing its authority to establish support orders against grandparents for children born to unwed minors.

Enforcing child support orders is a balance between selecting the most effective enforcement remedy and understanding the unique circumstances of each case. Child support officers (CSO) were given broad discretion to consider an obligor's payment history, level of cooperation, and available financial resources to shape individual enforcement strategies and ensure child support obligations were paid. During the audit period, DCSS overall collection decreased approximately one percent, while the amount of arrears had increased by two percent since 2010. We found CSOs did not use all available enforcement remedies, rarely used others, and used similar techniques for all obligors regardless of case characteristics. The DCSS could have improved its collection efforts by more proactively monitoring its caseload, using a broader range of enforcement remedies, and better targeting its enforcement techniques.

In the past two years, vacancies affected the Division's operations during a time when caseloads were slightly increasing. At the end of 2014, 14 of the DCSS' district office (DO) positions were vacant. Increasing caseloads combined with a decrease in the number of personnel available to process cases may have contributed to the slight decline in performance and forced the DCSS to re-evaluate some of its practices. For example, some DOs implemented procedures to assign cases being paid through income withholding and requiring no active enforcement actions, to case technicians for routine maintenance, allowing CSOs to focus on more difficult enforcement cases. Additionally, one unit developed a procedure for processing certain applications for four different DOs. While these initiatives were a good starting point, the DCSS has opportunities to further centralize some functions agency-wide, potentially gaining more efficiencies.

THIS PAGE INTENTIONALLY LEFT BLANK

**STATE OF NEW HAMPSHIRE
HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES**

RECOMMENDATION SUMMARY

Observation Number	Page	Legislative Action Required?	Recommendations	Agency Response
1	16	Yes	Clarify grandparents' liability for supporting their grandchildren born to unwed minors.	Concur
2	17	No	Centralize functions to allow child support officers (CSO) to focus on core activities.	Concur
3	25	No	Review policies and procedures to ensure consistent caseload monitoring techniques, provide guidance on supervisor oversight, and consider centralizing functions to allow enforcement CSOs to focus on core activities. Until issues with New England Child Support Enforcement System mail are resolved, issue guidance on which types of alerts should be reviewed and how frequently.	Concur
4	27	No	Determine whether cases can be differentiated by ability and willingness to pay, better align enforcement remedies to these categories, train staff to identify cases appropriate for specific remedies, and consider realigning staff to deal with more difficult cases.	Concur In Part
5	29	No	Continue to pursue criminal non-support cases; develop policies to reflect current procedures; revise case selection criteria; and train staff to recognize cases eligible for criminal non-support.	Concur
6	31	No	Formally explore additional work-oriented programs and include stakeholder input to identify needed services, population to be served, and potential partners. Also consider whether programs should include a judicial element.	Concur
7	32	Yes	Explore additional collection sources for reducing child support arrears, determine whether existing laws provide adequate authority to pursue these options, and work with the Legislature to amend existing laws if these options are found to be viable.	Concur

THIS PAGE INTENTIONALLY LEFT BLANK

**STATE OF NEW HAMPSHIRE
HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES**

BACKGROUND

Federal requirements have been the primary drivers for services for children receiving child support. Beginning in 1975, recognizing the importance of enforcing support obligations owed by obligors (the party responsible for paying child support) to their children, Congress enacted Title IV-D of the Social Security Act (Title IV-D), *Child Support and Establishment of Paternity*, and its subsequent revisions to help in locating obligors, establishing paternity, and obtaining child support for minor children. Title IV-D established the federal Office of Child Support Enforcement (OCSE) within the U.S. Department of Health and Human Services, Administration for Children and Families. The OCSE was tasked with overseeing state child support programs and ensuring compliance with federal requirements by establishing standards for state programs and minimum organizational and staffing standards, reviewing and evaluating state programs, helping states establish reporting procedures and maintain records, and operating the federal parent locator service. Title IV-D also required states to designate a separate entity responsible for child support enforcement and required the entity to provide services to all children receiving public assistance, Medicaid, and those in foster care, as well as any other child, if requested to do so by the obligee (the party receiving child support payments). In addition to monetary support, amendments to Title IV-D in 1984 required states to establish medical support orders and take steps to enforce medical support obligations. Federal law required the federal government pay 66 percent of the costs to administer the program and awarded incentive funds to states meeting established performance levels.

Originally established to help offset the cost of public assistance, the child support enforcement program's core functions were to locate parents, establish paternity, establish child support orders, review and seek modification of support orders, and collect child support. While cost recovery remained important, the OCSE's service approach has expanded since 1975, with its core functions shifting to a broader focus on family-centered strategies. This included keeping obligors engaged with their children, promoting economic stability, promoting healthy family relationships, helping children secure health care coverage, collaborating with programs to prevent family violence, and preventing the need for child support.

New Hampshire Division Of Child Support Services (DCSS)

To comply with these federal initiatives, in 1977 the New Hampshire Legislature established the child support services program. The act authorized the Department of Health and Human Services (DHHS) to establish, direct, and maintain a program of child support based on Title IV-D, as well as a system of collecting and disbursing child support payments. To carry out its duties, during the audit period, DCSS personnel helped locate obligors, established paternity, pursued the establishment of child support and medical support orders, enforced legal child support orders, and periodically reviewed child support orders, while the contracted State Disbursement Unit (SDU) collected and disbursed child support payments.

DCSS Organization

The DCSS was overseen by a Director responsible for overall operations and reported to the DHHS Associate Commissioner of Human Services. DCSS staff were primarily organized into five functional units with each area providing support and services as described below:

- *Field Operations (109 staff)*: Eleven district offices (DO) in Berlin, Claremont, Concord, Conway, Keene, Laconia, Littleton, Manchester, Nashua, Portsmouth, and Rochester worked directly with clients throughout the State. DO staff consisting of child support officers (CSO), case technicians, and clerical staff, were responsible for processing applications, locating obligors, establishing paternity and child support orders, monitoring child support payments, and enforcing child support orders when necessary. Two regional administrators oversaw the 11 DOs and Interstate Unit.
- *Legal (19 staff)*: Legal Unit staff, centrally located in Concord, were responsible for representing the State's interest in child support cases. The Unit's 13 attorneys, three paralegals, a paralegal supervisor, and two support staff assisted DO personnel in handling contested paternity and support obligation cases, or other instances when court action was needed. Staff attorneys were assigned to Family Division courts throughout the State and supported the DO in the court's catchment area.
- *Central Information (CIU) (four staff)*: The CIU's four staff, centrally located in Concord, addressed questions and complaints from parents, employers, private attorneys, and the general public as well as other State and federal agencies. The CIU was designed as the main contact point for general questions and referred more specific questions to the DO or other staff as needed.
- *NECSES Support Group (NSG) (eight staff)*: New England Child Support Enforcement System (NECSES) personnel supported the statewide automated system. The NSG provided helpdesk functions, coordinated training, and planned and implemented enhancements to the system. In October 2014, the NSG implemented an upgraded version of NECSES, replacing the system which had been in place since 1991.
- *Policy, Planning, And Training (nine staff)*: Nine staff located in Concord were responsible for developing division-wide policies, procedures, and forms used by DCSS staff. Four of the Unit's staff traveled to DOs to provide support as needed, provided orientation to new staff, trained existing staff on new policies, and provided refresher training courses. Unit staff were also utilized to provide training to other DCSS staff during the implementation of NECSES.

Title IV-D required states to work together and provide the same level of service to other states' residents requesting its services. To assist in establishing and enforcing child support orders when one parent lived out-of-State, the DCSS' Interstate Unit and Central Registry worked with other jurisdictions to establish, modify, and enforce child support orders. The Interstate Unit's 19 staff, located within the Field Operations Unit (considered the 12th DO), initiated requests to other states and countries to establish, modify, and enforce child support orders when the obligee lived in New Hampshire and the obligor lived in another jurisdiction. The Interstate Unit served as a liaison between the obligee and the state where the obligor resided, exchanging information

on the status of the case, monitoring payments, and requesting the responding state initiate enforcement action when needed. The Central Registry's five staff, located within the Legal Unit, processed applications for services when the obligor resided in New Hampshire and the obligee lived outside of the State. Central Registry personnel were responsible for registering foreign child support orders with New Hampshire courts, establishing an order through the New Hampshire courts if one did not exist, modifying a New Hampshire support order, and redirecting payments to other jurisdictions. Once orders were established or registered, cases were transferred to the DOs for enforcement.

By law, applicants applying for public assistance such as Temporary Assistance For Needy Families (TANF) and Medicaid were required to assign their child support or right to collect medical support to the State in exchange for benefits. To facilitate this, the DHHS division responsible for processing public assistance applications was required to refer the case to the DCSS. Federal laws required the obligee to cooperate with the DCSS to establish paternity and a child support order, with some exceptions.

In 1988, Congress required states to establish one set of guidelines for setting child support amounts in the state. In the same year, the New Hampshire Legislature established a uniform system for determining the appropriate amount of child support. Known as the child support guidelines, the law was based on the principle that both parents must share the financial responsibility of supporting their children, children in the obligor's initial family were entitled to a standard of living equal to the obligor's subsequent families, and required the amount to vary according to the number of children and the parents' income level. Additionally, the law established the percent of combined parental income which reasonably would be devoted to financial support of a child and required support obligations be divided between parents in proportion to their respective incomes. In other words, a higher-income parent would be responsible for a larger percentage of the total support obligation.

Trends In DCSS Caseloads

DCSS data shows the number of child support cases increased slightly from the end of federal fiscal year (FFY) 2012 to 2014. The percentage of cases with established child support orders remained stable at approximately 85 percent while the percent of child support collected, including arrears, remained between 28 and 30 percent for the past five years. Table 1 shows the number of cases, amount of support due and collected, as well as the amount of arrears owed at the end of each fiscal year.

As shown in Table 1, the amount of arrears due had been increasing at approximately two percent each year since 2010. Collections also decreased from a high of \$90 million in FFY 2011 to a low of \$88 million in 2014. Although the overall workload increased slightly, the DCSS experienced increased vacant positions between 2012 and 2014, with 10 vacancies at the end of 2012, to 17 vacancies in 2014. Increasing caseloads, combined with decreased number of personnel available to process them, may have contributed to this slight decline in performance.

Table 1

DCSS Child Support Case Information By FFY¹

	2010	2011	2012	2013	2014
Open Cases ²	35,929	35,106	34,585	34,832	35,122
Case With Established Orders ²	30,556	30,342	29,877	29,695	30,015
Number Of Children ²	40,284	39,100	38,313	38,374	38,345
Current Support Due ^{3,5}	\$ 104	\$ 104	\$ 101	\$ 100	\$ 99
Arrears Due ^{4,5}	\$ 197	\$ 202	\$ 207	\$ 211	\$ 216
Support Collected ⁵	\$ 89	\$ 90	\$ 89	\$ 89	\$ 88
Percent Of Support Due Collected ⁶	30	29	29	29	28

Notes:

1. The FFY starts on October 1 and ends on September 30.
2. Number on the last day of each FFY.
3. Cumulative amount during the FFY.
4. Total cumulative arrears due at the end of each FFY.
5. Represented in millions.
6. "Support Collected" divided by sum of "Current Support Due" and "Arrears Due."

Source: LBA analysis of DCSS data reports.

DCSS Performance Measures And Performance Incentive Payments

The OCSE provided states with incentive payments to encourage the operation of effective programs and required states to reinvest these funds into the child support program or related activities. To qualify for incentive funding, the OCSE required states to meet certain performance benchmarks including establishing paternity and support orders, collecting current child support and arrears, and cost effectiveness. The DCSS ranked among the middle for establishing support orders and collecting current support and arrears, when compared to programs in the other 49 states, and ranked in the top 10 for paternity establishment in both FFYs 2013 and 2014. From FFY 2013 to 2014, the DCSS cost effectiveness ratio decreased from collecting \$4.79 for every dollar spent to \$3.97. According to DCSS management, this was primarily due to the costs of developing and implementing its new case management system. Two-thirds of other states also experienced a drop in cost effectiveness during the same timeframe. Compared to the other New England states, the DCSS also ranked towards the middle in most performance measure categories. In FFYs 2013 and 2014 the DCSS ranked first in the percent of cases with paternity established and second in the percent of cases in which payment was collected towards arrears among the New England states. Table 2 shows where the DCSS ranks among the other states, as well as among the New England states.

Table 2**DCSS Ranking For Federal Incentive Performance Measures**

	Among Other States		Among New England States	
	2013	2014	2013	2014
Cost Effectiveness Ratio	34	42	3	3
Percent Of Paternity Established	8	9	1	1
Percent Of Cases With Orders Established	25	28	3	4
Percent Of Cases With Current Collections	20	21	3	2
Percent Of Cases With Arrears Collection	23	23	2	2

Source: LBA analysis of OCSE FFY 2013 and 2014 *Preliminary Reports* to Congress.

The OCSE distributed estimated incentive payments to states quarterly based on: the amount of incentive funding available each fiscal year, the state's success in collecting payments, the state's performance in the five areas identified in Table 2, reliability of the state's data, and other states' performance. At the end of each FFY, the OCSE audited program data and reconciled incentive payments earned with amounts previously paid. According to the Congressional Research Service, incentive payments were not directly correlated with the performance measures identified above but rather by the actual amount of child support collected, which was largely dependent on the state's population and caseload size.

In FFY 2013, the OCSE paid \$538 million in total incentive payments to U.S. states and territories ranging from \$67.6 million in Texas to \$79,100 in the Virgin Islands. In FFY 2013 the DCSS earned \$1.7 million in incentive funding and anticipated receiving \$1.2 million for 2014. While the actual amount earned in FFY 2014 was not yet available, the DCSS has historically earned approximately \$1.7 million since FFY 2010. While New Hampshire ranked fourth in incentive payments earned in FFY 2013, when compared to caseloads, it earned the most per case of all the New England states. Table 3 shows the actual 2013 and estimated 2014 incentive payments to the New England states, as well as the incentive payment per case for FFY 2013.

Table 3**Incentive Payments To New England States**

	FFY 2013	FFY 2013 Incentive Payment Per Case	FFY 2014 (Estimated)
Massachusetts	\$ 10,654,424	\$ 24.11	\$ 8,000,000
Connecticut	4,971,790	30.85	4,400,000
Maine	1,957,750	44.07	1,250,000
New Hampshire	1,714,791	49.23	1,200,000
Rhode Island	1,395,806	24.10	1,200,000
Vermont	839,285	44.71	915,232

Source: LBA analysis of FFYs 2013 and 2014 *Preliminary Report to Congress*.

New England Child Support Enforcement System

In addition to granting states broad discretion in collecting and enforcing child support obligations, Title IV-D also required states to have a computerized system to support enforcement goals and meet federal requirements. The system must be able to control and account for federal, state, and local funds used to administer the program; maintain data necessary to meet federal reporting requirements timely; calculate performance indicators; provide for information integrity and security; and maintain a complete case registry. States were required to: 1) use the automated system to facilitate collecting and distributing support payments and have the ability to transmit orders and notices to employers to institute income withholding, 2) conduct ongoing monitoring to identify when payments were not made timely, and 3) automatically initiate enforcement procedures if payments were not made timely.

To satisfy these requirements, the DCSS used the NECSES to support its daily activities. The statewide, automated case management system provided DCSS staff with tools to establish, enforce, and monitor cases through all steps of the process from initiation to case closure. This included locating an obligor, establishing paternity, establishing a support order, monitoring payments, or executing enforcement action. The NECSES was electronically connected to some federal and state databases, allowing it to automatically query them for missing obligors or putative fathers. Through the NECSES, staff edited and reviewed current or historical support orders, as well as financial, employment, enforcement, and address information. Other capabilities included the ability to enter case notes and generate documents and notices through the NECSES. Some enforcement actions, when activated through the NECSES, became automated and alerted the child support officer when follow up action was required.

Originally implemented in 1991, the system was upgraded in October 2014 to help the DCSS comply with forthcoming federal requirements, enhance management capabilities, and allow the DCSS to implement federally-required applications such as electronic income withholding and interstate case query software. Staff reported improvements in the updated version of the NECSES (NECSES 2.0) including built-in activity chains which streamlined some processes, easier generation of income withholding orders, more streamlined templates for scheduling court hearings, and automated date stamps and signatures on case notes. However, they also reported many issues needing resolution including: difficulties organizing and deleting mail in the system, lengthy process for requesting a referral to the Legal Unit, inability to close cases or utilize some interstate functions, protracted case initiation from a one-day to a two-day process, some forms populating with incorrect names, and difficulty going back and forth between screens. Additionally, DCSS management and staff reported reporting capabilities were in the process of being developed and were not yet functional. By the end of August 2015, DCSS staff had identified over 630 issues requiring resolution, over 380 of which had been resolved including a quicker legal referral process. According to the NSG Supervisor, many of the issues identified will be implemented when a contract for the second phase of implementation is approved. This will include implementing reporting capabilities, as well as resolving issues surrounding case initiation and NECSES mail.

Prior Performance Audit

In our 1995 *Child Support Services Performance Audit*, we issued 28 observations identifying deficiencies in organization and staffing, caseload management, case processing, collection and distribution of support payments, enforcing child support orders, the NECSES, and other areas. We followed-up on all 28 observations and found the majority (21 of 28) had been substantially or completely resolved as shown in Appendix C. Three Observations in this audit report address issues identified in the 1995 audit.

THIS PAGE INTENTIONALLY LEFT BLANK

**STATE OF NEW HAMPSHIRE
HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES**

CHILD SUPPORT ESTABLISHMENT, COLLECTION, AND DISBURSEMENT

Were Division of Child Support Services processes for establishing, collecting, and disbursing child support efficient and effective?

Division of Child Support Services (DCSS) processes for establishing paternity and child support orders, as well as collecting and disbursing child support payments were generally effective and efficient. Federal law established performance levels for shares of incentive payments for each category. For instance, a state establishing paternity in at least 80 percent of its cases was eligible for 100 percent of the incentive payment share available to it for that particular category. Since federal fiscal year (FFY) 2010, the DCSS has been eligible for the maximum share of incentive payments for both establishing paternity and establishing child support orders, illustrating its effectiveness in both of these categories. Based on its FFY 2013 cost effectiveness ratio, New Hampshire was eligible for 90 percent of the incentive payment shares available to it.

While the DCSS established support orders in 85 percent of its caseload, we found it may have been able to improve its performance, and potentially increase its collections, by utilizing its statutory authority to establish support orders against grandparents for children born to unwed minors. We also found areas where the DCSS could centralize functions to gain efficiency.

Child Support Process

Obligees requesting services were required to file an application with one of the 11 district offices (DO). Once received, staff determined which services were needed in the case including whether the obligor or putative father had to be located, paternity needed to be established, a support order needed to be established, or if the case could be sent directly to enforcement. If an existing support order was in place through a divorce decree or other court-ordered agreement, was ordered to be payable to the DCSS, and included a provision for medical support, the case could be immediately assigned to an enforcement child support officer (CSO) who would monitor the case to ensure the obligor was making payments to the State Disbursement Unit (SDU). The SDU, in turn, disbursed the payment to the obligee. However, if the support order was not payable to the DCSS or if a medical support order was not included, the CSO must work with the obligee to notice the court to modify the order. To request an order be made payable to the DCSS, an obligor must be least one month in arrears. The obligor has the opportunity to request a hearing to contest the arrears.

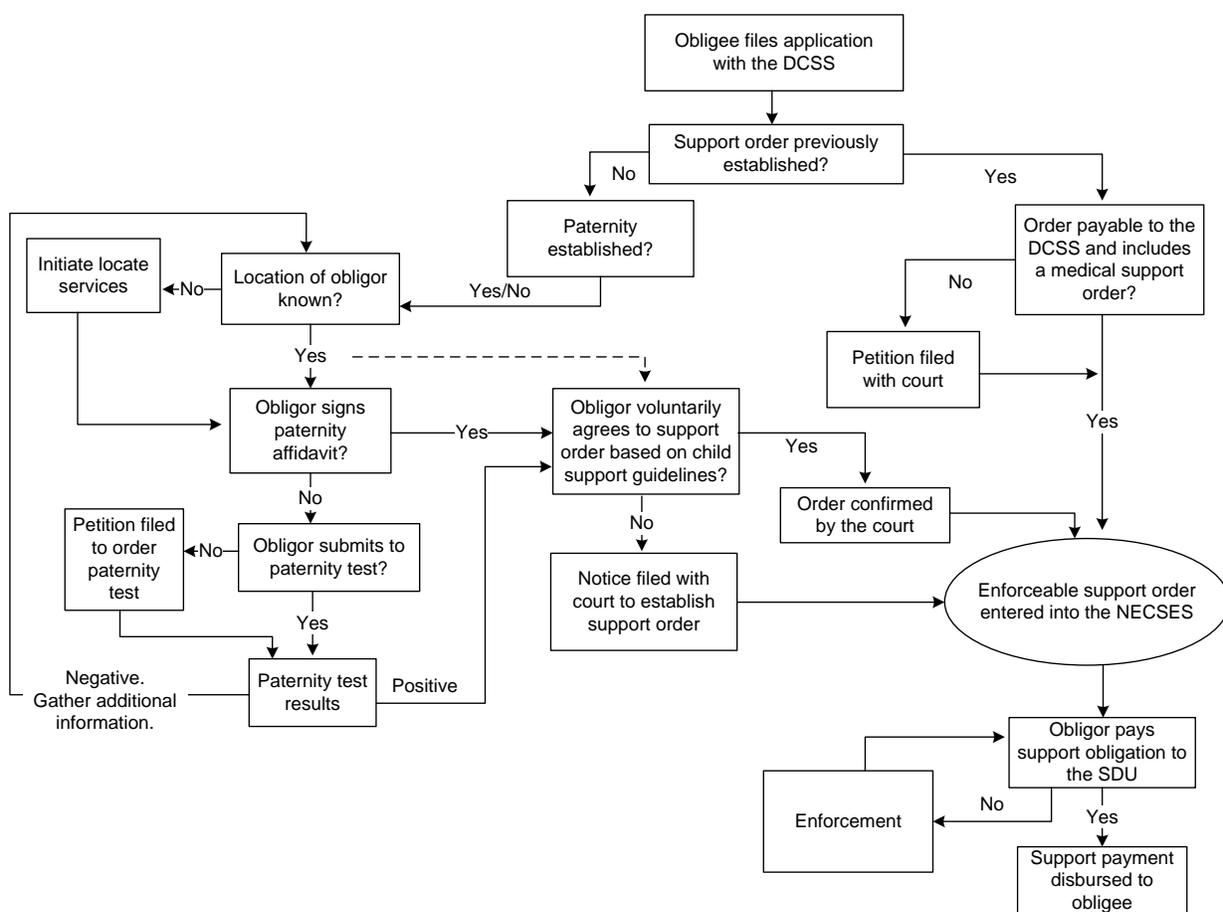
If a support order was not in place, the DCSS must work with the obligee and obligor to gather information needed to establish one through the Circuit Courts' Family Division. The case was assigned to an establishment CSO who specialized in establishing paternity and support orders. If the child's paternity had not been established, the CSO must pursue paternity establishment either through a voluntary affidavit of paternity or genetic testing. If the whereabouts of the putative father or obligor was unknown, the DCSS used a variety of methods to locate them including verification through the post office, last known employer, or utility companies. The New England Child Support Enforcement System (NECSES) also automatically searched

databases maintained by other State agencies or federal resources such as the U.S. Internal Revenue Service, the federal new hire database, and other resources through the Federal Parent Locator Service operated by the federal Office of Child Support Enforcement (OCSE).

Once the obligor was located and paternity established, the CSO calculated the child support obligation by applying the statutorily established child support guidelines. If the obligor did not contest the amount of the child support obligation, the support order was filed with the Family Division and, once confirmed by the court, was entered into the NECSES and monitored for payment and enforcement. If the obligor contested the amount of the support obligation, the CSO referred the case to the Legal Unit to file a petition with the court to adjudicate the matter. All child support cases were heard in the Circuit Court’s Family Division. The obligor was required to pay the support obligation to the SDU, which in turn, disbursed the payment to the obligee. For obligees on public assistance, the funds were distributed to the State to offset the cost to the State of providing assistance. Figure 1 outlines the process for establishing a support order.

Figure 1

Establishing A Uniform Support Order



Source: LBA analysis of DCSS information.

Interstate Cases

Establishing support orders in cases where one parent lived outside of the State was handled by either the Interstate Unit or the Central Registry, depending on which state the obligor resided. When the obligor lived in New Hampshire, the Central Registry established support orders using a process similar to the one described earlier with a few exceptions. In these cases, the obligee filed an application in their state of residence which forwarded the application to the New Hampshire Central Registry. Once the Central Registry intake staff verified the location of the putative father (if paternity was not established) or the obligor (if paternity was established), two CSOs in the Central Registry followed the process outlined in Figure 1 to establish a support order, and transferred the case to the DO serving the area where the obligor lived for monitoring and enforcement. If a support order was already established in another state, the Central Registry registered it with the court serving the area where the obligor lived and transferred the case to the DO for enforcement. Similar to other child support cases, the obligor remitted payment to the SDU, which sent the payment to the state where the obligee lived for distribution. According to preliminary OCSE data for FFY 2014, New Hampshire received 3,013 cases from other states and collected and distributed \$5.5 million in child support payments to other states.

When the obligee lived in New Hampshire, the obligee applied for services at the DO where staff assessed whether jurisdiction existed to establish a support order through New Hampshire's courts or whether the case should be referred to the Interstate Unit. For example, in cases where the parties both resided in New Hampshire or the children were born in the State, the DOs were authorized to establish a support order using the process previously identified in Figure 1. If no jurisdiction existed, DO personnel located the obligor and transferred the case to Interstate Unit personnel who gathered financial information and other supporting documentation and forwarded it to the central registry in the state where the obligor resided. After verifying the obligor lived there, the central registry in the responding state set up paternity testing, scheduled hearings, and established the support order according to their laws and child support guidelines. Interstate Unit staff facilitated the process by gathering additional information, coordinating paternity testing for the obligee and children, and setting up telephonic hearings. Once the order was established, the obligor remitted payment to that state's disbursement unit, which would forward the payment to the SDU for distribution to the obligee. Interstate staff also monitored payments and followed up with the responding state regarding enforcement action. According to OCSE data, in FFY 2014 New Hampshire sent 5,642 cases to other states to establish child support orders.

Child Support Collection And Disbursement

Federal law required all states establish and operate an SDU for collecting and disbursing child support payments. The State's contracted vendor performed these duties and processed all payments received from obligors, employers, other states, funds intercepted through federal tax returns, and other sources. Nationally, states spent approximately \$5.7 billion and collected over \$28.2 billion during FFY 2014, returning approximately \$5.25 for every dollar spent. In comparison, New Hampshire spent approximately \$22.0 million and distributed, locally or forwarded to another state, over \$87.4 million during FFY 2014, returning approximately \$3.97 for every dollar spent.

According to the OCSE’s *Preliminary Report FFY 2014*, nationally, states collected current support due in 64 percent of their cases. Among the New England states, New Hampshire ranked third collecting support payments in 64 percent of its current cases compared to a high of 71 percent in Vermont and a low of 58 percent in Connecticut. For arrears collection, New Hampshire performed better than the national average and ranked second among the New England states. Table 4 shows the percent of cases with collections among the New England states for FFY 2014.

Table 4

Percent Of Cases With Collections, FFY 2014

	Current Support	Arrears
Vermont	71	72
Massachusetts	69	60
New Hampshire	64	64
National	64	63
Rhode Island	60	56
Maine	59	59
Connecticut	58	59
Source: LBA summary of OCSE <i>Preliminary Report FFY 2014</i> .		

Observation No. 1

Clarify Grandparents’ Liability For Supporting Grandchildren Born To Unwed Minors

State laws were not clear on grandparents’ liability to provide support to their grandchildren under certain circumstances. RSA 167:3-a, enacted in 1961, allowed the Department of Health and Human Services (DHHS) to recover from grandparents, public assistance rendered to their grandchildren when they are born to unwed minor parents. Statute allowed the State to recover such assistance from grandparents “in the same manner and by the same proceedings as provided...for recovery from other legally liable relatives.” However, State law also required child support obligations to be established according to the child support guidelines (RSA 458-C) enacted in 1988. The guidelines stipulated “[b]oth parents shall share responsibility for economic support of the children.” It further defined the obligor as the “*parent* responsible for the payment of child support under the terms of a child support order” [emphasis added].

According to DCSS legal staff, RSA 167:3-a allowed recovery for the amount of actual assistance rendered and did not allow for establishment of an ongoing child support order. Further, the original intent of RSA 167:3-a may have been to allow the DHHS to seek ongoing child support against a grandparent or other relative; however, under current State law, the DCSS

must use the child support guidelines to establish an ongoing child support order. The guidelines did not provide for the consideration of a grandparent's income in determining ongoing support; therefore, there does not seem to be a way to actually establish an order for ongoing support against a grandparent under current law.

State laws regarding support of dependent children specifically delineated the State's responsibility, through the DHHS, to conserve the expenditure of public assistance funds, whenever possible, so that "such funds shall not be expended if there are private funds available...to partially or completely meet the financial needs of the children of this state." Further, the laws state, "It is the intention of the legislature that the powers delegated to the department in this chapter shall be...liberally construed to the end that persons legally responsible for the care and support of children within the state be required to assume their legal obligations in order to reduce the financial cost of the state in providing public assistance funds for the care of the children."

Recommendation:

We recommend the DCSS seek clarification from the Legislature regarding grandparents' liability for providing support to their grandchildren when they are born to unwed minors.

Auditee Response:

We concur. Application of the statute related to recovery of public assistance from grandparents of children born to unwed minors, specifically RSA 167:3-a, as a means to establish child support orders against such grandparents is one that will require further study. An analysis of this subject will need to be conducted in a multidisciplinary approach with all stakeholders to determine the intent and purpose of this statute, the requirements of each respective agency in the recovery of public assistance, the position of state government on the subject and the proposal of legislation, if any. DCSS can identify and summon stakeholders to develop a plan and strategy to properly analyze the subject. This action could reasonably be taken by the end of the 2016 calendar year.

Observation No. 2

Consider Centralizing Some Functions

Some DCSS functions could be considered for centralization to allow CSOs to focus on their core functions. The DCSS had been using the NECSES since 1991. The NECSES allowed staff to access information for any case from any DO in the State. In 2012, the DCSS implemented OnBase, an electronic file management system which allowed DCSS staff similar access to case documents. These capabilities allowed for the possibility of having these functions performed remotely rather than exclusively at the DO assigned to the case. The following functions could be considered for centralization:

- *Case initiation activities.* When an application arrived at the DO, support staff at each DO scanned the application packet into OnBase, set up a case record in the NECSES, and sent an email to alert the CSO of a new case. Once scanned, the documents appeared in the folder of the assigned CSO and were available for viewing, eliminating the need to transfer paper files.
- *Mailing and scanning postal and employment verifications.* DCSS staff must ensure addresses and employment information were accurate. When the DCSS received new address or employer information, CSOs generated and sent out forms to verify the address or place of employment. Once the forms were returned from the post office or employer, support staff or CSOs scanned the documents into OnBase; however in most cases CSOs updated the information in the NECSES themselves.
- *Medical support enforcement.* Federal law required all support orders possess a medical support provision. Previously, the DCSS contracted out the enforcement of medical support. CSOs became responsible for enforcing medical support in the summer of 2014 and were required to send National Medical Support Notices (NMSN) to determine whether insurance was available to the obligor and the cost to add a dependent to the coverage. CSOs were then required to determine whether the cost of coverage exceeded the reasonable cost established in the child support order. The NMSN was sent when an obligor gained new employment. The number of notices being mailed could be time consuming for CSOs as some obligors change jobs frequently.
- *Monitoring cases with good payment history or currently on income withholding.* CSOs reported most cases with income withholding required little maintenance. However, these cases still required monitoring as the parties could have moved or found new employment, requiring a CSO to generate and send verification documents, update the information once it was verified, and generate a notification to the employer to withhold wages. One DO was conducting a pilot program where all income withholding cases were monitored by a CSO and cases were transferred to another CSO if they no longer qualified for income withholding.
- *Monitoring obligors incarcerated in county jails.* DCSS policy prevented taking action against an incarcerated obligor. While the list of inmates eligible for release from the State Prison was sent to one DCSS staff member, each DO received their own lists from county jails in their catchment area and compared them to obligors in the DO's caseload. However, if obligors were incarcerated in counties other than where they lived, their release may not have been identified timely through this process.
- *Monitoring other cases considered unenforceable.* State law prohibited the DCSS from commencing enforcement action to collect arrears if an obligor was on public assistance. These cases still required monitoring to ensure enforcement action could be started if the obligor no longer qualified for public assistance.
- *Central initiation and monitoring of liens.* CSOs conducted research to determine whether obligors with arrears owned property in order to execute liens. Liens were primarily executed on bank accounts and real property owned by obligors. CSOs were required to file a Notice of Lien with the Registry of Deeds, Secretary of State, or the Probate Division of the Circuit Court depending on the type of asset. For real property,

after a lien was filed the DCSS would wait until the property was sold or transferred to collect the funds. DCSS staff reported property liens were not common and obligors did not often have homes or sufficient bank accounts to place liens against. CSOs devoted considerable time to discovering assets and mailing notices for only a small portion of their caseload.

- *Monitoring cases for periodic review and adjustment.* The DCSS was required to alert case members of the ability to review their child support order every three years. CSOs monitored and notified parties when their case was eligible for review.
- *Conducting periodic case audits.* Case audits were performed to verify the amount of arrears owed, who arrears were owed to, and to review the accuracy of payment information. Since the implementation of NECSES 2.0, CSOs reported case audits were more difficult and took more time than in the previous version, due to limitations of NECSES 2.0.

An efficient organizational structure is necessary to achieve organizational goals. Management must periodically evaluate its organizational structure and adapt to changes in order to meet its objectives efficiently and effectively.

Some DOs had few or no support staff therefore, these tasks fell on CSOs. Centralizing some of these functions could foster specialization and expertise. Shifting these tasks to a central unit could enable CSOs, especially those in DOs with little or no support staff, to focus their time on core functions rather than scanning documents and incoming mail.

Recommendation:

We recommend DCSS management consider centralizing some functions to allow CSOs to focus on their core functions of establishing and enforcing child support orders.

Auditee Response:

We concur. In late 2013, DCSS began to re-evaluate its organizational structure in light of the migration to a new case management system, training needs and known and anticipated personnel changes. To meet business needs and increase efficiency, roles of several units within DCSS were revised and clarified; including the Central Information Unit, the Field Services Unit and the Policy Unit, and the agency's State Plan was updated. DCSS Management also began a process to identify functions, work flows, policies and system procedures that could be modified to increase efficiency and performance. In this Observation, nine items were identified as having the potential for centralization. Several of these items (and numerous others) are already under review by DCSS Management for possibly centralizing, regionalizing, additional training or streamlining the work flow.

Case Initiation Activities – The DCSS Field Services Unit (FSU) has been engaged over the last two months with developing a streamline approach to processing Case Initiation Activities. Several District Offices have utilized the consultation services of the FSU to plan a

strategy and implementation for bringing outstanding applications for services up to date, and how to maintain a reasonable volume in this work flow.

Mailing and scanning postal and employment verifications – This subject is currently under review by DCSS Management, as we are seeking options from our current electronic content management vendor and other human resources to possibly centralize this function.

Medical support enforcement – DCSS Management continues to develop training regarding the establishment and enforcement of Medical Support. While clarification on the subject of appropriate Medicaid referrals was recently provided, the subject remains complex with respect to what is considered enforcement of Medical Support. We continue to work closely with our IV-A and Medicaid agencies to ensure complete and accurate information is exchanged and automated. Further system updates are pending for that objective, as well as increased automation of the NMSN that will assist staff. The NMSN notices are mailed typically at the same time as Income Withholding Orders to employers.

Monitoring cases with good payment history or currently on income withholding - In 2014, the Rochester District Office piloted a new organizational model for the enforcement caseload. Currently, District Offices assign enforcement cases to CSOs using a traditional alpha-split. The Rochester District Office split the case load by compliance. Cases that are wage-assigned, and cases receiving consistent payments from self-employed payors, and cases with ongoing Unemployment Compensation Intercept, (otherwise known as a “maintenance caseload”) are all assigned to one CSO. The remaining cases (all non-compliant) are split between two other CSOs. The Supervisor’s goal is to increase collections and improve time management efficiencies. DCSS intends to evaluate the results of this model to determine if these goals were attained, and if this model may be successful in other District Offices.

Monitoring cases for period review and adjustment - In July 2015, DCSS Management launched the Review & Modification Unit to better serve case members to appropriately “right size” orders and assist incarcerated Obligor. OCSE objectives have set new standards for child support agencies to increase these kinds of services and our approach to collections. Centralizing the Review and Adjustment function of the agency is well on its way.

Conducting periodic case audits – DCSS Management has updated its policy removing the requirement that all cases be audited prior to transferring the case to another District Office (excluding the Interstate Unit). This action was taken after reviewing and determining that this step in the process of case transfer was outdated (released in 1988) and no longer necessary. This change eliminated the task of performing hundreds of audits, saving a significant amount of time for staff. In addition, new functionality in NECSES is pending and expected to be released before the end of the 2015 calendar year that will allow for audits to be completed with a click of a few buttons on a new screen.

While DCSS can take steps to address obvious and straightforward functions that need change, and possibly implement modifications, the Division does not have the capacity to conduct a comprehensive analysis and evaluation of business functions and work flows that would be necessary to identify deficiencies (operational, technological and human resources), make

recommendations for systemic improvements to achieve greater efficiency and performance. DCSS will work with Department executives to discuss options in this area. DCSS Management will also continue to identify, strategize and implement modifications as it is able. We expect this will be a continuous progression.

THIS PAGE INTENTIONALLY LEFT BLANK

**STATE OF NEW HAMPSHIRE
HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES**

CHILD SUPPORT ENFORCEMENT

Did the Division of Child Support Services (DCSS) effectively utilize available remedies to enforce child support orders?

Enforcing child support orders is a balance between selecting the most effective enforcement remedy and understanding the unique circumstances of each case. The obligor's payment history, cooperation, and available financial resources were all critical factors child support officers (CSO) considered in shaping individual enforcement strategies. According to DCSS staff, its role was not to punish obligors who were trying to pay their child support but did not have the resources to do so. For example, a case where the obligor had a history of steady payments and a willingness to work with DCSS would not be pursued through aggressive enforcement remedies. Instead, according to CSOs, the most effective remedy was recommending the obligor petition the court to modify the support order, working with obligors while they attempted to obtain steady employment, and then establishing an income withholding order once they found employment. However, not all obligors responded to this approach. We found the DCSS did not use some enforcement remedies available to it, rarely used others, could have better targeted enforcement towards specific types of obligors, and CSOs could have more proactively monitored their caseloads.

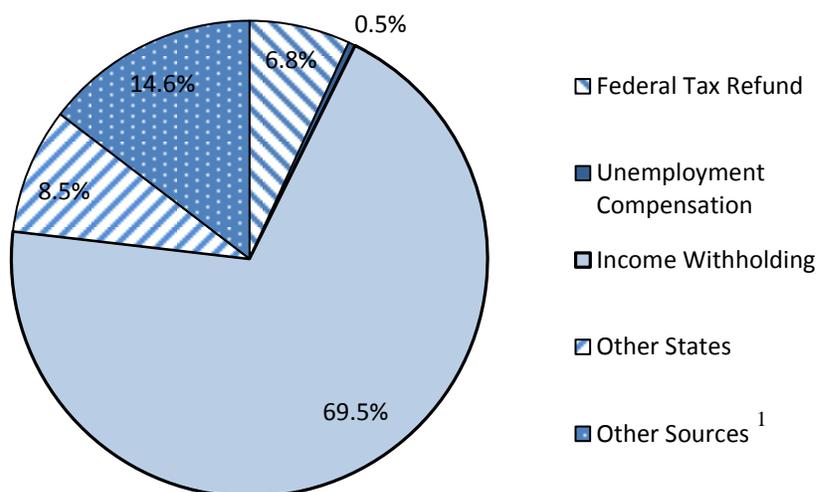
Available Child Support Enforcement Remedies

Once a child support order was established, the DCSS was responsible for enforcing orders, collecting and disbursing child support, and reviewing support orders when requested. Federal laws and regulations provided states with discretion in enforcing child support obligations, authorizing child support agencies to utilize a variety of enforcement mechanisms including: requiring employers to withhold wages; intercepting federal tax refunds and lottery winnings; requesting other agencies to revoke motor vehicle, occupational, or recreational licenses; reporting delinquent obligors to credit bureaus; placing liens on assets; denying passports; and other remedies. States were also authorized to withhold unemployment compensation, impose late fees, require security bonds or guarantees for overdue support, and utilize State and federal courts to enforce child support orders.

Income withholding was the DCSS' most effective collection tool, accounting for \$123.1 million in payments during federal fiscal years (FFY) 2013 and 2014. By law, if the State was paying public assistance for the minor children, the support order must include an income withholding provision. For cases not on public assistance and established before July 1989, the DCSS must institute immediate income withholding if the arrears was equal to one month's worth of support payments, unless exempted by the court. According to DCSS collection data, income withholding accounted for approximately 70 percent of all child support collections. Our review of 45 cases found similar results with approximately 65 percent (29 cases) having an income assignment order initiated during the audit period. Involuntary payments, such as intercepting federal income tax refunds and unemployment compensation accounted for the smallest percentage of collection. Figure 2 shows the percent of collections by source during the audit period.

Figure 2

**Percent Of DCSS Child Support Collection By Source,
FFYs 2013 And 2014**



Notes:

¹ “Other Sources” include: payments received directly from obligors; funds intercepted from lottery winnings and federal vendor payments; and funds recovered from property liens and financial institutions.

Source: LBA analysis of DCSS data.

Although a majority of cases were paying child support through income withholdings, DCSS personnel estimated approximately 25 percent required constant monitoring or escalated enforcement remedies. License revocation and credit bureau reporting were the most common enforcement strategies after prolonged nonpayment. The most common enforcement tool outside of income withholdings was revoking a non-compliant obligor’s driver license. According to State law and DCSS policy, license revocation was available after 60 days of arrears or 60 days without payments equivalent to a monthly obligation. Our review of 45 random cases found this to be the second most popular remedy behind wage withholding, with 31 notices of license revocation being sent in 20 different cases. Although the notice stated all forms of licenses could be revoked, only six of the 20 requested revocations were for recreational licenses, while the remainder were driver licenses. While it appeared in one case, the delinquent obligor held a professional license, we did not find any instances of professional licenses being revoked. According to CSOs revoking a professional license was uncommon.

After license revocation, the second most common mechanism was reporting a delinquent obligor to credit bureaus. Once an arrears balance was reported to credit bureaus, it could not be

removed until the balance was paid in full. In our review of 45 cases, the DCSS reported nine cases to credit bureaus a total of 14 times with some cases reported more than once.

Observation No. 3

Improve Enforcement Caseload Monitoring

DCSS enforcement staff inconsistently monitored their caseloads proactively to ensure obligors made their payments timely, resulting in ineffective monitoring in some cases. Enforcement CSOs reported monitoring their caseloads in a variety of ways, including through weekly caseload reports, automated alerts within the New England Child Support Enforcement System (NECSES), and phone calls or emails from obligees reporting they did not receive a payment. Of the 17 CSOs we contacted, seven stated they used phone calls or emails from obligees as the main methods for prioritizing their daily work. Five of 17 CSOs, stated case monitoring outside of phone calls was uncommon, with four CSOs and one district office (DO) supervisor reporting caseload management consisted of “fighting fires” or attending to the “squeaky wheel.”

CSOs cited time constraints as the primary reason for not proactively monitoring their caseloads, as most enforcement caseloads averaged over 500 cases per CSO. During our field visits, we found CSOs in one district office carried caseloads exceeding 900 cases due to unfilled vacancies. CSOs also reported administrative tasks hindered their ability to proactively monitor their caseloads. For example, as discussed in Observation No. 2, CSOs were also responsible for generating forms associated with postal and employment verification, conducting medical support enforcement, searching for property held by obligors with arrears, filing liens, monitoring cases for periodic review and adjustment, and conducting periodic case audits.

Since the October 2014 new version NECSES implementation, some CSOs reported no longer using the mail feature in the NECSES to monitor their caseload. While the NECSES was designed to send automatic alerts to inform CSOs when an enforcement remedy was available in a case, CSOs reported the mailbox where these alerts appeared was cumbersome to navigate and contained a lot of unimportant information. Additionally, CSOs could not delete messages from the mailbox even when they completed the required action. Despite these difficulties, one supervisor required staff to check specific types of alerts daily by filtering on these specific categories. The DCSS formed a workgroup to address the issues with NECSES mail; however, until the issue is resolved, CSOs could continue to forgo using their NECSES mail.

Managing caseloads primarily through phone calls was dependent on obligees’ financial incentive to inform the DCSS of a missed payment; however, this incentive may be absent when the obligee was on Temporary Assistance for Needy Families (TANF), as the obligee received a monthly benefit check regardless of whether the obligor paid their child support obligation.

In our subjective sample of 94 cases involving TANF arrears, we found at least eight cases which showed no enforcement-related activity for at least six months of when it would have been expected. These eight cases totaled over \$34,000 owed to the State by the end of the audit period. At the end of FFY 2014, approximately \$35 million in public assistance arrears was owed to the State for 10,595 cases. According to data from the federal Office of Child Support Enforcement

(OCSE), in FFY 2012, the DCSS collected arrears in only 61 percent of cases where the obligee was on public assistance compared to 92 percent in cases where the obligee was not. Although the disparity in collection rates may also be attributable to other factors, more proactive monitoring could have alerted the DCSS to these cases in a more timely manner.

The DCSS last revised a case management policy in July 2014, prior to the implementation of the upgraded version of the NECSES. Although the policy was designed to help CSOs prioritize caseload monitoring, it was not consistent with practices in some DOs and did not include mechanisms to ensure adequate supervisory review. Without guidance on how case monitoring should be overseen by DO management, we found varying degrees of oversight ranging from infrequent to routine.

By mainly relying on phone calls to manage caseloads, the DCSS may have limited their effectiveness to collect monies owed to the State and to monitor all cases receiving services.

Recommendations:

We recommend DCSS management:

- **review policies and procedures to ensure consistent caseload monitoring techniques in all DOs,**
- **provide guidance on supervisor oversight of CSO caseloads, and**
- **consider centralizing some functions to allow enforcement CSOs to focus on core activities associated with enforcing child support orders.**

Until the issues with NECSES mail have been resolved, we recommend DCSS management issue guidance to all DOs regarding the use of NECSES mail including which types of alerts should be reviewed and how frequently.

Auditee Response:

We concur. Supervisors manage District Office and worker assigned caseloads using the best approach available to them. The approaches used are specific to each office based on the resources and reporting tools that are currently available. The observations regarding the outstanding NECSES issues are acknowledged. However, since the report was prepared, several items noted have been resolved and are functioning, including a simplified process for legal referrals, the ability to close cases, interstate functions, form corrections and user reports. The Field Services Unit has been training staff on the use of NECSES MAIL, including which alerts can and should be processed, while resolution to MAIL is pending.

DCSS Management officially tracks the status of reported issues in a chart known as the NECSES Issues Tracking Summary. As of August 28, 2015 there were 635 reported items. Of the 635 reports, 211 have yet to be reviewed by the NECSES Project Team. Some may be duplicative or reported previously and resolved. In addition to the reported issues, there are 300 system requirements remaining and currently under review and development with the system contract

vendor. These requirements will be developed for release during the anticipated contract period, ending 2017, with three two-year extensions.

DCSS Management believes it would be better able to meet the recommendations made with a proper analysis for technological enhancements and more updated business information reporting tools. The current Operational Reporting System (ORS) was developed in 1999 and more sophisticated tools will become available in the near future. DCSS Management will continue to work with its current systems vendors (and any future vendors), as well as the Department's Office of Information Services and the federal Office of Child Support Enforcement to seek improvements by way of advanced technology and tools. Furthermore, DCSS Management will continue to seek improvements in processing work flows as described in Auditee's Response to Observation No. 2. We expect this will be a continuous progression.

Observation No. 4

Better Target Enforcement Remedies

The DCSS used the same enforcement approach for all cases regardless of the characteristics of the case. While CSOs reported having discretion in using enforcement techniques and being aware which obligors in their caseload were paying, unable to pay due to lack of resources, reluctant to pay, or evading payment, they reported using the same enforcement remedies for all case types. Cases qualifying for federal income tax intercept and passport denial were automatically sent to the OCSE when arrears reached a specific threshold. CSOs we contacted reported rarely using enforcement remedies other than license revocation, credit bureau reporting, and scheduling a show cause hearing. One CSO reported anything more than these three remedies was considered going above and beyond. State laws offered the following enforcement remedies which DCSS personnel reported were used rarely, or not at all, to enforce support orders.

- *Posting security bond:* State law allowed the DCSS to require a parent owing child support arrears to post a security bond or give some other guarantee to secure payment of unpaid child support. DCSS management reported not requiring obligors to post bond.
- *Property lien:* While State law allowed the DCSS to attach a lien on both real and personal property, DCSS management and CSOs reported using liens sparingly. DCSS personnel reported placing liens mostly on real property (i.e., a house) and some personal property such as bank accounts, inheritances, or insurance and legal settlements. However, DCSS personnel reported rarely placing liens on motor or recreational vehicles, and some reported reluctance to place liens on business assets as it could limit the obligor's ability to earn a living, potentially affecting child support payments.
- *Seizure, sale, and foreclosure on property subject to liens:* State law allowed the DCSS to seize and sell or foreclose on property subject to liens; however, DCSS management and CSOs reported not using this lengthy and costly legal process. Instead, the DCSS placed

liens on real and some personal property and waited to collect proceeds when the property was sold or transferred.

- *Order to withhold and deliver:* State law allowed the DCSS to demand persons holding property of any kind belonging to someone owing a support debt to deliver such property to the DCSS. Some CSOs reported it can be difficult to enforce an order against some obligors as they could hide assets under someone else's name.
- *Criminal non-support:* The State's criminal code outlines penalties for non-payment of child support under certain circumstances; however, DCSS personnel reported not pursuing criminal non-support for cases which may meet the statutory threshold.
- *Revocation of professional licenses:* State laws allowed the DCSS to certify an obligor's noncompliance to any licensing board for the purpose of suspending, revoking or denying a license, including a professional license. CSOs reported rarely revoking professional licenses and some reported reluctance to do so as it could limit the obligor's ability to earn a living, potentially affecting child support payments.

By the end of federal fiscal year 2014 (September 30, 2014), in aggregate, obligors had arrears totaling approximately \$216.1 million, of which approximately \$35 million was owed to the State. This reflected a \$19.1 million increase since 2010.

In the past, the DCSS had personnel specialized in collecting arrears in its most difficult cases.

Recommendations:

We recommend DCSS management:

- **review its caseload to determine whether cases can be differentiated by a obligor's ability and willingness to pay,**
- **assess whether some enforcement remedies could be better aligned with more difficult cases,**
- **train staff to identify cases which are appropriate for specific enforcement remedies, and**
- **explore the possibility of realigning staff to deal with more difficult cases.**

Auditee Response:

We concur in part. Based on reporting data, DCSS has determined that successful collections result from very few types of enforcement remedies. Income Withholding is the most successful remedy available (approximately 70 percent of all collections). Considering other observations made by this Audit, it is not surprising that staff would elect the most efficient and most effective means possible to successfully collect support. License Revocation and Reporting to Credit Bureau are rated as the most used and achieve the most positive outcomes to collections. Both these remedies use very little resources, making them extremely cost effective. As noted in this observation, staff claim that approximately 25 percent of their enforcement cases require constant monitoring or escalated remedies. This implies the staff has not only been able to

identify the more difficult population of non-compliant Obligor, but is making use of other enforcement remedies where License Revocation and Reporting to Credit Bureau have been ineffective. Some of the enforcement remedies noted in the Observation, such as liens, can only be initiated when the criteria for such remedy is met. The staff often has either no information to initiate such remedy or, based on available information know that the criterion does not exist.

Characteristics of non-compliant Obligor are ambiguous at best. While DCSS has access to numerous locate resources, similar resources that would determine someone's ability to pay are extremely limited. The staff is often left with the Obligee as the only source of information regarding the Obligor's ability to pay, which is not always reliable. DCSS makes every effort available to connect with Obligor regarding their obligation(s), yet efforts are often futile, as we experience many who simply do not wish to engage with the agency. Child Support agencies under Title IV-D of the Social Security Act were created initially as a recovery agency, portrayed as a law enforcement agency enforcing court orders. In alignment with the changing culture of child support agencies on a federal level, DCSS has been making steps to provide other services to Obligor, by way of developing rapport to better understand their individual needs and barriers, providing information and linking them to services that will address barriers to paying their child support, including work programs. DCSS created a new unit in July 2015, the Review and Modification Unit, to oversee the Review and Adjustment of support orders, and assist incarcerated Obligor to "right size" their orders.

While DCSS concurs with the recommendations to assess cases for use of other available remedies in more difficult cases, information to aid in such an assessment is difficult to obtain, or simply not available. Additionally, the staff is trained to determine if an available enforcement remedy would produce positive results. They also must consider the overall impact of the action.

DCSS also concurs with exploring the possibility of realigning staff with non-compliant cases. As described in Response to Observation No. 2, in 2014, the Rochester District Office implemented a new organizational model. District Offices assign enforcement cases to CSOs using a traditional alpha-split. The Rochester District Office split the case load by compliance. Cases that are wage-assigned, cases receiving consistent payments from self-employed payors, and cases with ongoing Unemployment Compensation Intercept, (otherwise known as a "maintenance caseload") are all assigned to one CSO. The remaining cases (all non-compliant) are split between two other CSOs. The Supervisor's goal is to increase collections and improve time management efficiencies. At the end of a twelve month period, DCSS will evaluate the results of this model to determine if these goals were attained.

Observation No. 5

Continue To Pursue Criminal Non-Support Cases

State law allowed the DCSS to pursue criminal non-support if a "person knowingly fails to provide support" which they are legally obligated to provide and can provide. State law established the offense as a class B felony if the arrears remained unpaid for a cumulative period of more than one year, or if the amount of arrears was more than \$10,000. All other cases of

criminal non-support shall be deemed a misdemeanor. At the end of FFY 2014, almost 21 percent of cases had arrears of \$10,000 or more, with 665 cases owing \$50,000 or more. Additionally, our subjective review of 41 cases with the highest arrears found at least 15 cases where payment had not been made in at least one year. We could not confirm whether these obligors were employed during this timeframe.

DCSS personnel reported they did not actively pursue criminal non-support cases during the audit period because the employee dedicated to this function retired over five years ago and the position was not filled. In 2015, the DCSS started pursuing new criminal non-support cases using existing staff within the Legal Unit, submitting four cases against two obligors to county attorneys for prosecution in July 2015.

DCSS staff we contacted reported some interest in pursuing criminal non-support; however, they reported it was not possible because there was no position dedicated to the function. Additionally, staff reported identifying cases suitable for criminal non-support could be challenging. The DCSS did not have a formal policy regarding criminal non-support; however it issued an informational memo and instructions to field staff on how to select and pursue cases for criminal charges. The memo had not been updated since 2002 and did not provide additional guidance to further identify cases most suitable for criminal prosecution, which was needed to accommodate for the decreased capacity within the DCSS to pursue criminal non-support. An outdated policy not reflecting current resource levels may cause inefficiency in case selection by field staff and create a larger criminal non-support caseload than resources available.

Recommendations:

We recommend DCSS management continue to pursue criminal non-support cases by:

- **developing criminal non-support policies to reflect current procedures and revise criteria designed to select cases for criminal non-support; and**
- **training staff on the availability of the remedy, the most current procedures, and how to recognize cases eligible for criminal non-support.**

Auditee Response:

We concur. DCSS intends to further train staff on the availability of this remedy, and update its policy and procedures. We are concerned however, that the remedy is missing a necessary component to its success, specifically the ability to monitor the Obligor after a criminal conviction (essentially the duties similar to a probation officer) to come into compliance with the support order. DCSS does not currently have a resource that will meet this need of the remedy. We anticipate respective updates for training and policy could be completed by the end of the 2016 calendar year.

Additional Enforcement Remedies

The federal OCSE service approach has expanded since its creation in 1975, with its core functions shifting from just locating parents, establishing paternity, establishing orders, and collecting support to a broader focus on family-centered strategies. This includes keeping obligors engaged with their children, promoting economic stability, promoting healthy family relationships, helping children secure health care coverage, collaborating with programs to prevent family violence, and preventing the need for child support.

The OCSE has encouraged states to use nontraditional approaches, including referring non-paying obligors to work programs, which would result in more reliable child support payments through income stability. According to the OCSE, as of February 2014, 30 states and the District of Columbia operated 77 work-oriented child support programs. Programs included partnerships with a state's TANF program, other state agencies, community outreach programs, and community-based workforce initiatives. Twenty-two programs in 13 states were court-based where judicial officers ordered obligor participation, while an additional 13 programs allowed either the child support agency or the court to make referrals. The remaining 42 programs required referrals from the child support agency. In addition to employment-related services, some programs also included case management, skills assessment, responsible parenting courses, and financial education. Funding for these programs also varied ranging from TANF funds, federal and state grants, use of existing Title IV-D funds, incentive payments, as well as local and state funding. In New England, two states operated work-oriented child support programs. Rhode Island partnered with the family court and its Department of Labor to provide case management and employment services to obligors found in contempt and given a mandatory referral by a judge. Vermont's program operated in seven counties and allowed judges to order unemployed or underemployed non-paying obligors to obtain skills assessment and employment services.

Observation No. 6

Consider Work-Oriented Programs Statewide As Alternatives To Enforcement Remedies

Some DCSS staff reported a workforce program is needed in the State as some obligors want to pay their child support obligation but cannot find employment due to lack of skills, resources, or other obstacles. DCSS management reported CSOs tried to work with obligors who did not have the ability to pay; however, there were few formal referral programs for work-related services. Theoretically, helping unemployed obligors find employment would eventually result in increased child support payments through income withholding and reduce the CSO's need to use enforcement remedies in these cases. CSOs reported when obligors lost their jobs, they could encourage them to petition the court to modify their support orders; however, this approach does not ensure an obligor can pay the modified amount.

As of July 2015, the DCSS had two programs helping unemployed obligors find work or enhance their job skills. One pilot program, started in July 2015 and expected to operate for one year in the southern part of the State, partnered with the New Hampshire Employment Program (administered by the DHHS Division of Client Services through the TANF program) to provide

obligors with job skills training, vocational assessments, help in obtaining a career readiness certification through the community college, and help resolving barriers to finding employment. Another program near the seacoast has partnered with a community corrections work program since 2009 as an alternative to incarceration. The program monitored participants' job searches and required participants check in weekly. According to the DCSS, since the start of the program, the DCSS has collected over \$300,000 in support payments from obligors who had previously not been paying towards their child support obligation.

Recommendations:

We recommend DCSS management formally explore additional opportunities to build a statewide system of resources for work-oriented programs. As part of this process, the DCSS should include stakeholder input to:

- **identify needed services and the population the programs are intended to serve,**
- **identify potential partners, and**
- **consider whether the programs should include a judicial element.**

Auditee Response:

We concur. DCSS intends to continue with the pilot program in the Manchester District Office through July 2016. At that time we will evaluate the effectiveness of the program, any modifications and if it should be expanded statewide. As part of that evaluation DCSS will explore other services, eligibility criteria and methods of entry into the program.

Observation No. 7

Consider Other Remedies To Collect Child Support Arrears

Other states used remedies similar to New Hampshire to collect and enforce child support orders, but also employed opportunities not used by the DCSS to enhance their ability to collect child support.

State Vendor Payments

The DCSS participated in the federal administrative offset program which intercepted payments to federal vendors owing child support. However, at least three states including Maryland, Wisconsin, and Colorado had laws allowing the child support agency to intercept payments to *state* vendors as well. DCSS staff reported collections from the federal offset program were minimal and expected a similar return from a State vendor intercept program.

Unclaimed Property

At least three states including Colorado, Maryland, and North Carolina had laws allowing the child support agency to claim unclaimed or abandoned property to pay off child support arrears.

While New Hampshire laws allowed the DHHS to submit a claim against abandoned property for medical or financial assistance paid on behalf of the deceased owner, they did not specifically authorize the DCSS to claim abandoned property to pay child support arrears. DCSS staff reported State laws allowed the DCSS to lien property of any kind, including unclaimed property, but exempted the first \$1,000 from attachment, and they indicated there may be minimal benefit to pursuing this option. However, since its program's inception in 2008, the Maryland Comptroller's Office reported collecting over \$670,000 in child support arrears from its unclaimed property intercept program.

Recommendation:

We recommend the DCSS:

- **explore additional collection options for reducing child support arrears,**
- **determine whether existing laws provide adequate authority to pursue these options, and**
- **work with the Legislature to amend existing laws if these options are found to be viable.**

Auditee Response:

We concur. DCSS will refer the recommendation regarding state vendor payments to the DHHS Office of Business Operations - Contracts Unit to explore this possible collection source. DCSS will also research the laws and procedures regarding unclaimed property of the noted states to explore that possible collection source. We anticipate these actions could be completed by the end of the 2016 calendar year.

THIS PAGE INTENTIONALLY LEFT BLANK

**STATE OF NEW HAMPSHIRE
HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES**

OTHER ISSUES AND CONCERNS

In this section, we present issues we consider noteworthy but not developed into formal observations. The Division of Child Support Services (DCSS), Department of Health and Human Services (DHHS), and the Legislature may wish to consider whether these issues and concerns deserve further study or action.

Work With The DAS To Ensure Arrears Owed To The State Are Properly Considered

The DHHS did not contact the Department of Administrative Services (DAS) regarding arrears owed to the State at the end of SFYs 2013 and 2014 as required by the DAS *Annual Closing Review*. To receive public assistance, State and federal laws required obligees to assign their child support to the State in exchange for benefits. Child support collected from obligors was retained to offset public assistance funds expended on behalf of the dependents. By the end of FFY 2014 (September 30, 2014), DCSS records showed, in aggregate, obligors were in arrears approximately \$35 million for cases where Temporary Assistance for Needy Families (TANF) benefits were paid to their dependents.

At the end of each fiscal year, the DAS required agencies to report amounts owed to the State which were expected to be received within 60 days. If an agency had amounts owed not expected to be paid within this timeframe, the agency was required to contact the DAS for procedures to properly account for them. According to DHHS personnel, arrears owed on cases where TANF benefits were paid on behalf of dependents at the end of State fiscal years 2013 and 2014 were not reported to the DAS. Additionally, DHHS personnel were not aware of a process to identify TANF arrears that should be considered for reporting to the DAS.

State law also appears to place an expectation to account for arrears owed to the State. Specifically, RSA 161-C:26 allowed the DHHS Commissioner to transfer “from accounts receivable to a suspense account and cease to be accounted as an asset,” any “support debt due the department from a responsible parent which the commissioner deems uncollectable.” Statute also allowed the Commissioner to “charge off as uncollectable any support debt upon which the commissioner finds there is no available, practical, or lawful means by which said debt may be collected...”

We suggest the DHHS work with the DAS to determine the proper process to account for TANF arrears not expected to be received within 60 days of the end of the fiscal year.

Formalize Process For Handling Potential Conflicts Of Interest

DCSS staff operated under an informal process for handling instances in which district office (DO) staff may have potential conflicts of interest. According to DCSS staff, they were required to disclose to their direct supervisor instances in which they may personally know someone

involved in a child support case. The DO Supervisor would determine whether a conflict existed and would decide if the case needed to be transferred to another worker or another DO. Although this informal process was consistently understood by DCSS staff we contacted, there was no formal guidance regarding the types of conflicts required to be reported to the Supervisor, nor was there documentation of management's decision regarding the potential conflict.

While the DHHS had a formal department-wide conflict of interest policy, it only addressed employee activity outside of work including engaging in political activity or serving on boards, committees, or task forces. Additionally, the DCSS had a policy addressing transferring cases to other DOs or DCSS units; however, the policy did not specifically address transfers based on perceived or actual conflict of interest.

Formal policies allow management to communicate and define what ethical standards are to be followed. DCSS management should consider formalizing the process used by DCSS staff for reporting potential conflicts of interest and ensure decisions are documented.

Explore Ways To Increase Information To Clients

Child support officers (CSO) may be spending time addressing general questions which could have been addressed by DCSS personnel designated to perform those functions or available through other methods. According to some enforcement CSOs, phone calls from case members required a significant amount of their time and effort. While some calls required the CSO's attention and could not be addressed by other staff, some information including whether a payment was received or disbursed, the dates or amounts of the last five payments, and balances could be obtained through the automated voice response system. Additionally, other interactions such as general questions about the establishment or enforcement processes, inquiring whether enforcement action was initiated, or reporting a change of address or employment, could be addressed by personnel at the Central Information Unit (CIU). Some CSOs reported their outgoing voicemail messages encouraged case members to call the automated voice response system or verbally instructed them to use it in the future when providing payment information; however, this was not consistent. Some CSOs reported a decrease in call volume since instituting this, but could not quantify the extent.

The CIU did not have an electronic system to formally track client questions. However, CIU personnel identified common questions received through email and developed approximately 40 response templates. CIU staff made modifications to the template and sent it to the requestor, saving time drafting a custom response each time. However, during the audit period the DCSS' website did not provide answers to common questions to assist clients in finding answers to their own questions.

Spending time addressing questions which could be addressed through other methods hinders personnel from performing their core functions. If clients are not made aware of resources available to them, they will seek information from their assigned CSO. We suggest DCSS management explore opportunities to provide clients access to more information so they can find answers to their questions.

Review Division Vacancies

DCSS staff and management expressed concern over vacancies, mostly due to personnel retiring, and the challenges it presented. At the end of 2014, five CSO, five supervisor, two case technician, one clerk, and one family service specialist positions were vacant. During our fieldwork, we encountered the following vacant positions, mostly due to retirements, affecting DCSS operations. Organizational charts provided by the DCSS also showed vacancies in three other DOs. The majority of the vacancies we encountered were due to retirement and many staff we contacted had longevity with the DCSS, meaning they could be eligible for retirement in the near future.

- One Legal Unit staff member handling criminal non-support cases retired in approximately 2010, impacting the DCSS' ability to pursue cases meeting the criteria for prosecution under State criminal non-support laws. The DCSS did not pursue new criminal non-support cases until June 2015.
- One unit supervisor retired in April 2015, requiring these responsibilities to be shifted to the two regional supervisors.
- One DO Supervisor retired in June 2015, temporarily shifting these responsibilities to a regional supervisor. A CSO was subsequently promoted to this position, leaving the office with one CSO who performed both establishment and enforcement.
- One DO Supervisor in a large DO left in December 2014, requiring the assistant supervisor to assume these duties.
- One DO Supervisor retired in August 2015 requiring these duties to be assumed by a regional supervisor.
- Three establishment workers in three DOs retired in the fall of 2014, requiring two DOs to retrain enforcement CSOs to fill these duties. One DO received a staff member from another unit to perform this function.
- In 2014, one enforcement CSO in a large DO retired requiring the supervisor to take over this caseload. This supervisor retired in August 2015 and the DO already had one additional vacant CSO position.
- In July 2015, one enforcement CSO in a large DO retired, leaving the DO with one enforcement CSO.

Succession plans help identify the need to replace essential personnel over the long term. Management should design succession plans to replace critical roles with knowledgeable individuals and provide consistency in operations.

We suggest the DCSS review its vacant positions and analyze the impact on operations. Since the majority of the vacancies we encountered were due to retirement, we suggest the DCSS analyze other positions which could be eligible for retirement in the near future and design a plan to help mitigate the potential impact of these retirements.

Monitor Medical Support Enforcement

For the majority of the audit period, the DCSS contracted with a vendor to conduct enforcement on medical support orders. In April 2014, the DCSS did not renew the contract as the vendor would no longer be providing the service and transitioned the responsibility to DCSS enforcement officers. In July 2014, the DCSS released a policy outlining CSO responsibility for enforcing medical support orders; however, during our fieldwork in June and July 2015, some staff reported there was confusion about their responsibilities regarding medical support enforcement. One DCSS staff member reported receiving no instructions other than to monitor medical support orders, but was not sure of the process to be used. Another reported informing obligees the DCSS could not enforce medical support orders and reported telling them to bring the obligor back to court.

According to DCSS management personnel, when the DCSS could not renew the contract with the current vendor, it began to design forms and templates for staff use in the New England Child Support Enforcement System (NECSES). However, according to one CSO, some aspects of the medical support enforcement process in the NECSES was not yet functional.

We suggest DCSS management monitor to ensure staff understand and comply with procedures regarding enforcement of medical support orders, and make adjustments as needed.

**STATE OF NEW HAMPSHIRE
HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES**

**APPENDIX A
OBJECTIVE, SCOPE, AND METHODOLOGY**

Objective And Scope

In April 2014, the Fiscal Committee of the General Court approved a joint Legislative Performance Audit and Oversight Committee recommendation to conduct a performance audit of the Department of Health and Human Services (DHHS) Division of Child Support Services (DCSS). We held an entrance conference with the DCSS in April 2015. Child support enforcement is a federally driven program with program reporting conducted on a federal fiscal year (FFY) basis (October 1 to September 30). Therefore, our audit work focused on FFYs 2013 and 2014 and answered the following question:

Did the DCSS efficiently and effectively administer the child support program during federal fiscal years 2013 and 2014?

Specifically, our audit determined whether:

1. DCSS processes for establishing child support orders were efficient and effective;
2. DCSS collection and disbursement processes were efficient and effective; and
3. The DCSS effectively utilized available mechanisms to enforce child support orders.

Where appropriate, we provided trend information for the last five years: FFYs 2010 through 2014. The child support enforcement program was subject to periodic review by the Federal Office Of Child Support Enforcement including an annual review to ensure data used for calculating incentive payments for achieving performance measures were accurate. Additionally, under the Single Audit Act, the program was subject to annual audit. The program was reviewed as part of the 2014 Single Audit of Federal Financial Assistance Programs. Consequently, we focused our efforts on areas not routinely reviewed by external parties.

Methodology

To gain a general understanding of child support enforcement, we reviewed:

- federal child support enforcement laws and regulations;
- reports, studies, and other information compiled by the federal Office of Child Support Enforcement, National Conference of State Legislatures, Congressional Research Service, and other entities;
- information on federal incentive performance measures; and
- our 1995 *Child Support Services Performance Audit* report, *Single Audit Of Federal Financial Assistance Programs* reports, and audits of other states' child support agencies.

To gain a general understanding of DCSS operations, we:

- reviewed State laws and administrative rules affecting child support establishment and enforcement, DCSS policies, procedures, forms, organizational charts, and job descriptions;
- reviewed and analyzed DCSS caseload, collection, and incentive performance measurement data;
- reviewed case files in the New England Child Support Enforcement System (NECSES) and file management systems (OnBase);
- interviewed DCSS management, regional administrators, and unit supervisors; district office (DO) supervisors, child support officers, case technicians, and clerical staff; and DCSS financial, legal, and customer service staff; and
- visited three DOs to observe operations and workflow procedures.

To determine the effectiveness and efficiency of DCSS' operations, we:

- analyzed laws, policies, procedures, and practices for compliance, adequate implementation, and consistent application;
- reviewed and analyzed state and federal laws, policies, procedures, and administrative rules to identify available enforcement remedies and their use.
- interviewed and contacted DO staff and DCSS management regarding the establishment and enforcement processes, enforcement remedies, and monitoring techniques, then identified issues with each process;
- interviewed personnel involved in establishing, monitoring, and enforcing interstate cases; reviewed interstate policies and procedures, and compared to procedures used in the rest of the DCSS.
- interviewed and contacted financial staff and reviewed contracts with external vendors to determine collection and disbursement procedures, accuracy of child support collection and disbursement, and recording program receivables.
- observed operations at three DOs across the State; analyzed procedures and workflow processes used at field offices for establishing and enforcing support orders and monitoring caseloads.
- analyzed trends in incentive performance measures, caseloads, and child support collections and compared to other states.
- interviewed information technology staff and reviewed documentation regarding upgrades to the NECSES, reviewed documents logging problems with new case management system, and reviewed agency response to issues.
- reviewed and followed up on previous audit findings.
- reviewed case files to determine the case establishment process; types of enforcement remedies used; overall case processing; and compliance with laws, rules, policies, and procedures.

- reviewed and analyzed child support collection tools, strategies, and methods used by other states and compared to New Hampshire's practices.

Review Of Child Support Case Files

We conducted three file reviews of child support cases. The purpose of each review is discussed separately below.

To review case processing activity; case monitoring practices; compliance with laws, rules, policies, and procedures; and enforcement actions taken, we randomly sampled 45 case files using the office standard sampling of 80 percent confidence with a ten percent margin of error. The initial population was comprised of 35,124 child support cases which were still open as of September 30, 2015. We used the following criteria to further filter our population and select our sample cases: 1) case was open as of September 30, 2014, and 2) the case had arrears of at least \$150 on September 30, 2014. These criteria were used to ensure the cases we selected were eligible for enforcement as cases with no arrears would not be eligible for enforcement action. This technique reduced the population eligible for sampling to 22,426 cases, eliminating 12,698 cases which were never in arrears or had been in arrears during the audit period, but had paid off their arrears by September 30, 2014. The results of this review can be extrapolated to the general population of child support cases in arrears using an 80 percent confidence level and a 10 percent margin of error.

To determine whether the DCSS established support orders timely during the audit period, we randomly sampled 45 case files using the office standard sampling of 80 percent confidence with a ten percent margin of error. The initial population was comprised of 35,124 child support cases which were still open as of September 30, 2015. We further filtered the population of cases using the following criteria to select our sample cases: 1) the case was opened (i.e., application was received and a case was initiated) during the audit period (October 1, 2012 to September 30, 2014), and 2) the case had a support order established as of September 30, 2014. This review excluded cases which were open but a support order had not yet been established and cases which were opened prior to October 1, 2012. This sampling technique reduced the population to 2,138 cases which were eligible for sampling. The results of this review can be extrapolated to the general population of child support cases in arrears using an 80 percent confidence level and a 10 percent margin of error.

To further review specific case monitoring practices, compliance with enforcement laws and policies, and the use of specific enforcement remedies, we expanded our file review and judgmentally selected a total of 249 case files including:

- 94 cases with Temporary Assistance to Needy Families (TANF) arrears as of September 30, 2014 to determine whether TANF cases were effectively pursued for enforcement action;

- 41 cases with the largest arrears as of September 30, 2014 to determine whether cases with large amount of arrears were effectively pursued under the criminal non-support statutes; and
- 114 cases in which license revocation was used as an enforcement mechanism to determine whether license revocations were conducted according to state laws and DCSS policies.

To select our sample cases, we performed the following procedures and reviewed as many cases as possible given our fieldwork timeline. The results of these reviews cannot be extrapolated to the entire population of child support cases.

- TANF arrears: we removed cases classified as “Never Assistance” from our population. These cases had never been on public assistance and would not have TANF arrears. We then selected cases to review based on the amount of TANF arrears; therefore, cases with the largest amount of TANF arrears were included in the subjective review.
- Cases with largest arrears: We sorted the cases by the amount of arrears owed in the case. The cases with the largest arrears were reviewed.
- License revocation: we selected cases to sample based on the timeframe in which CSOs reported they initiated license revocation. We selected eight CSOs from DOs throughout the State. Using OnBase, we selected only enforcement documents pertaining to license revocation, selected random months between October 2012 and September 2014, and reviewed the first and last license revocation performed by the CSO each month.

**STATE OF NEW HAMPSHIRE
HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES**

**APPENDIX B
AGENCY RESPONSE TO AUDIT**



NICHOLAS A. TOUMPAS
COMMISSIONER

State of New Hampshire

DEPARTMENT OF HEALTH AND HUMAN SERVICES
129 PLEASANT STREET, CONCORD, NH 03301-3857
603-271-9200 FAX: 603-271-4912 TDD ACCESS: RELAY NH 1-800-735-2964

September 18, 2015

Office of Legislative Budget Assistant
Audit Division
ATTN.: Vilay Sihabouth
Senior Performance Audit Manager
State House
Room 102
107 North Main Street
Concord, NH 03301

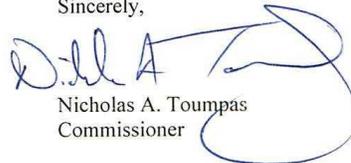
RE: Performance Audit Report 2015 - Division of Child Support Services

Dear Ms. Sihabouth:

I am in receipt of your memo dated August 28, 2015, regarding the Performance Audit Report for the Division of Child Support Services. The Department greatly appreciates the observations and recommendations made through this process regarding the effective and efficient administration of the child support program during federal fiscal years 2013 and 2014. Please know that the Department remains committed to making improvements in our approach and delivery of services to families with children, in accordance with our Mission.

Thank you.

Sincerely,


Nicholas A. Toumpas
Commissioner

The Department of Health and Human Services' Mission is to join communities and families in providing opportunities for citizens to achieve health and independence.

THIS PAGE INTENTIONALLY LEFT BLANK

**STATE OF NEW HAMPSHIRE
HEALTH AND HUMAN SERVICES
DIVISION OF CHILD SUPPORT SERVICES**

**APPENDIX C
STATUS OF PRIOR AUDIT FINDINGS**

The following is a summary of the status of observations found in our prior LBA report issued in December 1995, entitled *Child Support Services*. A copy of the prior report can be accessed on-line at our website <http://www.gencourt.state.nh.us/LBA/default.aspx>.

Status Key

Fully Resolved	● ● ●	18
Substantially Resolved	● ● ○	3
Partially Resolved	● ○ ○	6
Unresolved	○ ○ ○	1

<u>No.</u>	<u>Title</u>	<u>Status</u>
1.	Complaint Tracking System At District Offices Should Be Established	● ● ●
2.	Legal Unit Structure And Operations Should Be Reviewed	● ● ●
3.	Workload Standards Should Be Analyzed And Caseloads Monitored ¹	● ○ ○
4.	Case Management Practices Should Be Reviewed ¹	● ○ ○
5.	Staff Security Measures Should Be Strengthened	● ● ●
6.	Voice Response System Should Be Made Operational	● ● ●
7.	Written Policies And Procedures Should Be Reviewed	● ● ○
8.	File Management Practices Should Be Reviewed	● ● ●
9.	Applications Should Be Completed In A Timely Manner	● ● ●
10.	Priority Numbers Should Be Assigned To All Cases	● ● ●
11.	Abuse And Neglect Cases Should Be Reported	● ● ●
12.	Expansion Of Real Time, On-Line Automated Linkages Should Be Evaluated	● ● ○
13.	Timeliness Requirements For Accessing Locate Services Should Be Reviewed And Strengthened	● ● ●
14.	Procedures To Ensure Timeliness Requirements For Establishing Paternity Should Be Strengthened	● ● ●
15.	Grandparent Support Liability Procedures Should Be Strengthened ²	○ ○ ○
16.	Strengthen Procedures To Verify Accuracy Of Obligor Financial Statements For Self Employed	● ○ ○
17.	Strengthen Procedures To Ensure Timeliness Requirements For Establishing Support Orders Are Met	● ● ●
18.	Enforcement Of Medical Support Orders Should Be Improved ³	● ○ ○
19.	Use And Documentation Of Liens Should Be Strengthened ⁴	● ○ ○

20. Distribution And Disbursement Procedures Should Be Improved	●	●	●
21. Cash Handling Procedures Should Be Strengthened	●	●	●
22. Develop Procedures For Assessing Fees For Returned Checks	●	●	○
23. Management Controls For Electronic Data Should Be Improved	●	●	●
24. Develop And Implement Contingency Plan For NECSES	●	●	●
25. Enhance Management Information Capabilities	●	○	○
26. Training On NECSES Should Be Improved	●	●	●
27. Evaluate Feasibility Of Archiving Closed Case Records	●	●	●
28. Improve Interface With Eligibility Management System	●	●	●

Notes:

1. See current Observation No. 3.
2. See current Observation No. 2.
3. See Other Issue and Concern regarding medical support enforcement.
4. See current Observation No. 4.