

**STATE OF NEW HAMPSHIRE  
CHILD SUPPORT SERVICES  
PERFORMANCE AUDIT REPORT  
DECEMBER 1995**

**TO THE FISCAL COMMITTEE OF THE GENERAL COURT:**

We have conducted an audit of the New Hampshire Child Support Services program and its management by the Division of Human Services to address the recommendation made to you by the joint Legislative Performance Audit and Oversight Committee for us to review State child support services. This audit was conducted in accordance with generally accepted governmental auditing standards and accordingly included such procedures as we considered necessary in the circumstances. In some cases for comparative purposes we have relied upon data supplied by other states to the federal Office of Child Support Enforcement. While we are not aware of any specific problems with those data, we have not verified their reliability.

The objectives of our audit were to determine the extent to which the State's Child Support Services program complies with federal timeliness standards; to evaluate the effectiveness of the interstate and central registry functions; to evaluate the methods used and the efficiency and effectiveness of locating non-custodial parents, establishing paternity, establishing support orders, and enforcing support orders; and to evaluate the administration of the program.

This report is the result of our evaluation of the information noted above and is intended solely to inform the Fiscal Committee of our findings and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Fiscal Committee is a matter of public record.

*Office of Legislative Budget Assistant*  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT

November 6, 1996

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# STATE OF NEW HAMPSHIRE CHILD SUPPORT SERVICES

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### ABBREVIATIONS

AFDC	Aid to Families with Dependent Children
CFR	Code of Federal Regulations
COAF	Commissioner's Office of Administration and Finance
CSENet	Child Support Enforcement Network
CSS	Child Support Services
DCYF	Division for Children, Youth, and Families
DES	Department of Employment Security
DHS	Division of Human Services
FFY	federal fiscal year
FPLS	Federal Parent Locator Service
FTE	Full-Time Equivalent
NECSES	New England Child Support Enforcement System
NHSC	New Hampshire Sweepstakes Commission
OCSE	Federal Office of Child Support Enforcement
OCS	New Hampshire Office of Child Support
SEO	Support Enforcement Officer
UIFSA	Uniform Interstate Family Support Act
URESА	Uniform Reciprocal Enforcement of Support Act

# **STATE OF NEW HAMPSHIRE CHILD SUPPORT SERVICES**

## **SUMMARY**

### **PURPOSE AND SCOPE OF AUDIT**

This audit was performed at the request of the Fiscal Committee of the General Court consistent with recommendations from the joint Legislative Performance Audit and Oversight Committee and was conducted in accordance with generally accepted governmental auditing standards. It describes and analyzes the following: the organizational structure of the Child Support Services (CSS) program; its management practices and reporting relationships; the extent to which federal timeliness standards are complied with; the effectiveness of the interstate and central registry functions; and the efficiency and effectiveness of the locate, paternity establishment, support order establishment, and enforcement functions. In some cases for comparative purposes we have relied upon data supplied by other states to the federal Office of Child Support Enforcement (OCSE). While we are not aware of any specific problems with the data, we have not verified their reliability.

### **SIGNIFICANT SUBSEQUENT EVENT**

In October the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 became effective. This law is likely to have significant impact on many human services programs including the CSS program. The direct impact on the program cannot be estimated at this time.

### **BACKGROUND**

The CSS program was established in 1977 (New Hampshire Laws, Chapter 589:1) to assist custodial parents of minor children in establishing and enforcing child support orders against non-custodial parents. Child support services are provided to recipients of Aid to Families with Dependent Children (AFDC) and foster care families (Title IV-E of the Social Security Act), families previously receiving these services, and custodial parents not receiving these services but who apply for child support services from the State. In exchange for benefits, AFDC recipients assign their rights to collect child support from the non-custodial parents to the State except for the first \$50 per month.

Custodial parents who reside in New Hampshire but do not receive public assistance may apply for services on behalf of their minor child(ren). A custodial parent residing outside New Hampshire generally utilizes the State's services only if the non-custodial parent resides or is employed

## **SUMMARY (Continued)**

### **BACKGROUND (Continued)**

within New Hampshire. Administrative costs for the program are shared by the State and federal governments with approximately 66 percent of the cost paid by the federal government and 34 percent by the State.

The CSS program is driven primarily by federal law and its subsequent revisions. The federal child support enforcement program was established in 1975 when Congress, in recognition of the moral and financial responsibilities of parental support of dependent children, enacted Title IV-D of the Social Security Act (PL 93-647). This act established OCSE within the U.S. Department of Health and Human Services. OCSE is responsible for forging intergovernmental partnerships by assisting states in developing, implementing, and administering their own child support enforcement programs in accordance with federal law.

To comply with federal law, New Hampshire designated the Division of Human Services (DHS) within the Department of Health and Human Services as the agency responsible for child support services. In addition to other duties, RSA 161:2 assigns DHS the responsibility to establish, direct, and maintain (1) a child support program based on Title IV-D of the Social Security Act as amended, and (2) a collection and disbursement system for court-ordered payments as required under Title IV-D.

The DHS operates 13 district offices located in Berlin, Claremont, Concord, Conway, Dover, Keene, Laconia, Littleton, Manchester, Nashua, Portsmouth, Rochester, and Salem. All district offices except Dover and Salem provide child support services. The division's Office of Child Support (OCS) is responsible for the overall management of the IV-D program.

During the six-year period of our audit, the program has experienced significant growth in terms of caseload, collections, and expenditures. Moreover, there have been many additional program mandates placed on the states by the federal government. In response to these mandates, the OCS has automated many of its routine functions and modified its approach to establishing and enforcing support orders in an attempt to keep pace. These efforts, however, have not proven altogether successful in this dynamic governmental environment.

From July 1, 1988 to June 30, 1994 (the audit period) CSS program expenditures increased from \$5.0 million in FY 1989 to \$11.4 million in FY 1994 for a total of \$49.2 million. Of that total, approximately \$34.3 million of program expenditures were paid by the federal government (Figure 1).

## **SUMMARY (Continued)**

### **BACKGROUND (Continued)**

Over the same period, the State's CSS program collected and distributed \$154.7 million to custodial parents in New Hampshire or other states, other state governments, and the federal government as reimbursement for AFDC payments. Of the six-year total, \$120.3 million was for non-AFDC cases and \$34.4 million was for AFDC cases. For the period we examined, the State distributed \$3.14 to recipients for each dollar of expenditures. This cost effectiveness ratio increased 1.3 percent from \$3.18 in FY 1989 to \$3.22 in FY 1994.

### **FIGURE 1**

## **SUMMARY (Continued)**

### **BACKGROUND (Continued)**

#### **FIGURE 2**

Although OCS has achieved success in some areas of the CSS program, our analysis disclosed opportunities for improvement in efficiency and effectiveness in other areas. Using full time equivalent (FTE) staff and cost analysis measures, our report, analyzing the program over time as well as comparing the State to regional and national data, indicates that New Hampshire's improvement in efficiency and productivity slowed toward the end of the audit period.

When other measures such as distributed collections, paternities established, and support orders established are applied, New Hampshire's achievement in terms of percentage rate of growth compares favorably over time and with other New England states. For example, New Hampshire led the

## **SUMMARY (Continued)**

### **BACKGROUND (Continued)**

other New England states in child support money distributed during the audit period. OCS distributions increased from \$16 million in 1989 to \$36.6 million in 1994, a 128.8% increase (Figure 2). The average for the region was 42.4%, while our neighboring state of Massachusetts ranked last in New England with a 22.4% increase over the period.

New Hampshire also led the other New England states in percentage rate of growth for support orders established during the six years under review. Support orders established in 1989 numbered 412 and increased 785.9% to 3,650 in 1994. New Hampshire's closest competitor in the region was Connecticut with an increase of 121.7%. Three states - Massachusetts, Maine, and Vermont - actually experienced declines of -68.7%, -34.0%, and -1.8%, respectively, thereby causing the New England regional average over the period to be -26.5% (Figure 3).

### **FIGURE 3**



## SUMMARY (Continued)

### BACKGROUND (Continued)

#### FIGURE 4

Paternity orders established for OCS increased from 518 in 1989 to 732 in 1994, a 41.3% rate of growth. That rate was under the average rate of growth for New England for the period, which was 54.4%. Rhode Island led the region with a 295.1% rate, while Vermont, Massachusetts, and Connecticut followed at 74.4%, 47.4%, and 44.2%, respectively. Maine was last with a 4.0% growth rate (Figure 4).

## **SUMMARY (Continued)**

### **BACKGROUND (Continued)**

Based on a database we obtained from OCS, New Hampshire opened 48,407 cases during the six-year audit period ended June 30, 1994. Of this total, 28,523 cases were open and 19,884 were closed as of December 24, 1994 (the database date). This caseload was allocated among the 11 district offices and the Interstate Unit (Figure 5). We found that 18,197 open cases were intrastate where both the custodial and non-custodial parents reside in New Hampshire. The remaining 10,326 open cases were interstate where one of the parents resides in another state. The database also disclosed that 55 percent of the open caseload was not receiving public assistance while 45 percent was receiving some type of public assistance.

### **RESULTS IN BRIEF**

We noted 28 observations and recommendations regarding New Hampshire's CSS program. Eight of these observations concern program administration issues such as organizational structure, written policies and procedures, and employee security. Fourteen observations relate to compliance with State or federal laws and regulations, and efficiency issues. The remaining six observations involve management control and reporting issues for the New England Child Support Enforcement System (NECSSES).

### **FIGURE 5**

## SUMMARY (Continued)

### PRINCIPAL FINDINGS AND RECOMMENDATIONS

#### FIGURE 6

##### Noncompliance with Federal Timeliness Standards

Our review of a sample of child support case files disclosed New Hampshire's CSS program is in substantial compliance with federal timeliness requirements for location of non-custodial parents and establishing paternity but does not meet the requirements for case opening and support orders (Figure 6).

## **SUMMARY (Continued)**

### **PRINCIPAL FINDINGS AND RECOMMENDATIONS (Continued)**

#### Abuse and Neglect Cases Should Be Reported

In interviews with all of the district office supervisors and through our review of case files at each district office, we discovered OCS staff do not routinely report suspected cases of child abuse, including statutory rape, or neglect to the Division for Children, Youth, and Families (DCYF) as required by State law. RSA 169-C:30 requires individuals report instances of suspected child abuse or neglect to DCYF "immediately by telephone or otherwise, and followed within 48 hours by a report in writing, if so requested...." Moreover, RSA 169-C:39 makes it a misdemeanor for failing to comply with the requirement. By failing to report these types of cases to DCYF, OCS employees are in apparent violation of State law. Our review disclosed nine of 380 cases where potential statutory rape, child abuse, or neglect may have occurred and not been reported to DCYF.

Some staff were reluctant to report potentially incriminating information because they thought a privilege applied to these situations. RSA 169-C:32, however, provides "[t]he privileged quality of communication between...any professional person and his patient or client...shall not apply to proceedings instituted pursuant to this chapter and shall not constitute grounds for failure to report as required...." Moreover, RSA 169-C:31 waives civil or criminal liability for persons who report suspected abuse or neglect in good faith.

#### Management Controls and Reporting for NECSES

NECSES was designed to be a comprehensive, statewide, automated child support case management system in accordance with federal requirements. Information is entered through on-line screens to tables which contain demographic and financial data on clients, non-custodial parents, and their dependents. The system allows workers to access, manipulate, and store confidential case information about custodial and non-custodial parents including names, addresses, and telephone numbers; Social Security numbers; and support order amounts and other personal financial information. Our review disclosed several management control deficiencies including inadequate log-off procedures, tracking procedures for case file and programming modifications, and system password procedures.

We also found NECSES' reporting capabilities need to be enhanced. System improvements are necessary to enable management to monitor compliance with federal timeliness standards. Training on NECSES was another issue identified as a weakness.

## **SUMMARY (Continued)**

### **PRINCIPAL FINDINGS AND RECOMMENDATIONS (Continued)**

We found OCS has been operating the \$13 million automated child support system since its implementation in 1991 without a tested and approved disaster recovery plan. Such a plan helps to ensure the continuity of operations and service delivery to custodial parents and families should a catastrophic loss occur. It is unknown how long it would take OCS to restore the system but, without a contingency plan, it is conceivable that services would be suspended for an extended period of time.

### **AGENCY COMMENTS**

In commenting on this report, OCS and DHS management concurred with 23 of our observations and recommendations and concurred in part with five. A complete text of the agency's responses follows each observation and is found in the report. Also included is the agency's overall response to the audit which can be found in Appendix A.

**STATE OF NEW HAMPSHIRE  
CHILD SUPPORT SERVICES**

**LBA RECOMMENDATION SUMMARY**

OBSERVATION NUMBER	PAGE	LEGISLATIVE ACTION REQUIRED	RECOMMENDATION	AGENCY RESPONSE
1	25	NO	Increase access to summary information.	Concur
2	27	NO	Review legal unit to determine whether centralization optimizes resources and facilitates access by clients and field staff; determine whether review and approval of consent decrees by attorneys is necessary.	Concur
3	36	NO	Conduct workload analysis to determine the optimum caseload; monitor caseloads to ensure that cases are managed as efficiently and effectively as possible.	Concur
4	38	NO	Review procedures to ensure cases are handled on a priority basis; enhance coordination between the legal unit and district offices.	Concur In Part
5	43	NO	Implement procedures to promote a more secure working environment and review practices to minimize situations which could subject staff to physical harm.	Concur

**LBA RECOMMENDATION SUMMARY (Continued)**

OBSERVATION NUMBER	PAGE	LEGISLATIVE ACTION REQUIRED	RECOMMENDATION	AGENCY RESPONSE
6	45	NO	Ensure the voice response system is fully tested and operational.	Concur
7	46	NO	Develop procedures to address conflicts of interest, utilization of volunteers, file management practices, and adoption of administrative rules.	Concur
8	50	NO	Develop a comprehensive file management system to ensure paper case files are readily accessible.	Concur
9	51	NO	Strengthen procedures to ensure application forms are properly completed and filed timely.	Concur
10	54	NO	Assign all cases a priority number.	Concur
11	56	NO	Evaluate number of cases where statutory rape, child abuse, or neglect may have occurred and determine the most appropriate means to comply with RSA 169-C:29.	Concur

**LBA RECOMMENDATION SUMMARY (Continued)**

OBSERVATION NUMBER	PAGE	LEGISLATIVE ACTION REQUIRED	RECOMMENDATION	AGENCY RESPONSE
12	58	NO	Evaluate cost effectiveness of establishing automated linkages with other NH State agencies; re-examine NECSES contract to determine if automated linkages were designed into system.	Concur In Part
13	61	NO	Strengthen procedures to ensure all cases are submitted timely to appropriate locate sources.	Concur
14	63	NO	Strengthen procedures to ensure paternity is established timely.	Concur
15	66	NO	Seek financial support from grandparents, where appropriate.	Concur
16	67	NO	Strengthen procedures to verify the accuracy of obligor financial statements and ensure all staff are appropriately trained in this area.	Concur In Part
17	69	NO	Strengthen procedures to ensure support orders are established timely.	Concur



**LBA RECOMMENDATION SUMMARY (Continued)**

OBSERVATION NUMBER	PAGE	LEGISLATIVE ACTION REQUIRED	RECOMMENDATION	AGENCY RESPONSE
18	70	NO	Emphasize importance of monitoring and enforcing medical support orders and ensure staff are appropriately trained in enforcing health insurance provisions of orders.	Concur
19	74	NO	Evaluate the use of liens and determine whether existing practices maximize effectiveness.	Concur
20	76	NO	Review NECSES' distribution routine to ensure "futures" payments are properly handled.  Evaluate the cost effectiveness of NECSES enhancement staff utilization of financial screens and ensure staff are adequately trained.	Concur
21	78	NO	Review cash handling procedures at district offices.	Concur
22	80	NO	Assess allowable fees against obligors who submit checks with nonsufficient funds.	Concur
23	87	NO	Develop log off procedures for NECSES to minimize unauthorized access, ensure modifications are documented, and determine if system security is adequate.	Concur In Part

**LBA RECOMMENDATION SUMMARY (Continued)**

OBSERVATION NUMBER	PAGE	LEGISLATIVE ACTION REQUIRED	RECOMMENDATION	AGENCY RESPONSE
24	90	NO	Establish a disaster recovery plan for NECSES.	Concur
25	95	NO	Evaluate the need to modify NECSES to enhance its summary reporting capabilities for federal compliance monitoring.	Concur
26	100	NO	Assess NECSES training needs for staff; implement training program based on results of the assessment; evaluate whether current report formats facilitate understanding by users.	Concur In Part
27	101	NO	Evaluate the feasibility of archiving closed cases in NECSES to maximize data storage.	Concur
28	103	NO	Improve the integrity of data transferred between NECSES and the Eligibility Management System.	Concur

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# STATE OF NEW HAMPSHIRE CHILD SUPPORT SERVICES

## INTRODUCTION

### 1. INTRODUCTION

#### 1.1 OVERVIEW

The New Hampshire Child Support Services (CSS) program is driven primarily by federal law and its subsequent revisions. The federal child support enforcement program was established in 1975 when Congress, in recognition of the moral and financial responsibilities of parental support of dependent children, enacted Title IV-D of the Social Security Act (PL 93-647). This act established the Office of Child Support Enforcement (OCSE) within the U.S. Department of Health and Human Services. The OCSE is responsible for forging intergovernmental partnerships by assisting states in developing, implementing, and administering their own child support enforcement programs in accordance with federal law. Specifically, the federal OCSE provides:

- rules, regulations, and standards for the operation of child support programs;
- review, evaluation, and approval of state plans;
- funding for state administrative costs and financial incentives; and
- operation of the Federal Parent Locator Service (FPLS).

Child support services are provided to recipients of Aid to Families with Dependent Children (AFDC) and foster care families (Title IV-E of the Social Security Act), families previously receiving these services, and custodial parents not receiving these services but who apply for child support services from the State. In exchange for benefits, AFDC eligibility requirements compel AFDC recipients to assign their rights to collect child support to the State except for the first \$50 per month. Recipients are also required to cooperate with State child support enforcement efforts.

To comply with federal law, New Hampshire designated the Division of Human Services (DHS) within the Department of Health and Human Services as the agency responsible for the State's CSS program. In addition to other duties, RSA 161:2 assigns DHS the responsibility to establish, direct, and maintain:

- a child support program based on Title IV-D of the Social Security Act as amended; and

## 1. INTRODUCTION (Continued)

### 1.1 OVERVIEW (Continued)

- a collection and disbursement system for court-ordered payments as required under Title IV-D of the Social Security Act.

In addition, RSA 161:4-a requires the director of DHS to adopt rules for the establishment, maintenance, and direction of a child support collection system and a fair and reasonable system for recovering erroneous child support payments.

Federal efforts to strengthen the child support enforcement program were achieved by the passage of the Family Support Act of 1988 (PL 100-485). The act required states to:

- implement employer wage withholding of support payments;
- disregard \$50 per month of child support payments to AFDC recipients in determining AFDC eligibility;
- use child support guidelines in determining the amount of support;
- review and modify child support orders for cases every three years;
- meet minimum standards for determining paternity;
- set timeliness standards for accepting and responding to requests for services;
- implement automated statewide management information systems by October 1995;
- provide access to unemployment and wage records for use in locating non-custodial parents; and
- require parents to provide their Social Security numbers at the time of the child's birth.

In addition, the act required the federal government to pay 90 percent of laboratory costs associated with establishing paternity.

RSA 161-B assigns responsibility for the support of dependent children. The statute specifies DHS' duties to obtain, modify, and enforce child support orders and collect child support payments, requires individuals responsible for support to disclose financial information, and directs the division to establish a central repository of information regarding non-custodial parents.

## **1. INTRODUCTION (Continued)**

### **1.1 OVERVIEW (Continued)**

RSA 161-B and RSA 161-C enhance DHS' enforcement efforts by expanding the collection methods available. The statutes authorize the division to obtain non-custodial parents' employment records from current or former employers and other financial records from financial institutions within the State. The statutes also address the creation of support debt which is owed by the responsible parent, allow liens to be placed against real and personal property, and allow the division to provide information to credit reporting agencies (credit bureaus).

### **1.2 SCOPE, OBJECTIVES, AND METHODOLOGY**

We performed our audit of the New Hampshire Child Support Services program consistent with recommendations made to the Fiscal Committee by the joint Legislative Performance Audit and Oversight Committee. This performance audit was conducted in accordance with generally accepted governmental auditing standards and accordingly included such procedures as we considered necessary in the circumstances. In several instances for comparative purposes we have relied upon data supplied by other states to the federal OCSE. While we are not aware of any specific problems with those data, we have not verified their reliability.

#### SCOPE AND OBJECTIVES

This report describes and analyzes the organization, management, and control structures of the State CSS program during fiscal years 1989 through 1994. Although events that occurred during FY 1995 are in some cases taken into account, the primary focus of this performance audit remains within the identified audit period.

Our audit encompassed six years of the program's operation from FY 1989 through the end of FY 1994, and addressed the following specific objectives:

- determine the extent to which the New Hampshire CSS program complies with selected federal timeliness standards;
- evaluate the effectiveness of the interstate and central registry functions;
- identify and evaluate the methods used to locate non-custodial parents, establish paternity and support orders, and enforce support orders;
- evaluate the program's administration by division management.

# 1. INTRODUCTION (Continued)

## 1.2 SCOPE, OBJECTIVES, AND METHODOLOGY (Continued)

### METHODOLOGY

To obtain background information and develop an overall understanding of child support issues nationally, we reviewed reports and journal articles published by professionally-recognized governmental and nongovernmental organizations including the Association for Child Enforcement Services (ACES), Children's Defense Fund, National Conference of State Legislatures, U.S. Department of Health and Human Services, U.S. General Accounting Office, and U.S. House of Representatives' Committee on Ways and Means. We examined federal statutes and regulations, as well as audits and reports from other states including Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Maine, Massachusetts, North Carolina, North Dakota, Rhode Island, Tennessee, Texas, Virginia, and Wisconsin.

To obtain background information about the New Hampshire CSS program to help design the methodology for our performance audit and identify potential problem areas, we used two primary methods. First, we conducted structured interviews with management and staff of the New Hampshire Division of Human Services (DHS), the federal Office of Child Support Enforcement (OCSE), representatives of New Hampshire Legal Assistance, and the ACES. Second, we reviewed New Hampshire statutes and administrative rules, attorney general's opinions, annual reports, organization charts, policies and procedures, the New Hampshire Title IV-D State Plan, comprehensive annual financial reports, and minutes of meetings of the Governor and Council, and Fiscal Committee.

To accomplish our audit objectives, we used several methods. First, we conducted 94 structured interviews with DHS management and personnel at all levels within the agency, including various units within the State office and the 11 district offices, a sample of five marital masters having jurisdiction in the Superior Courts in all ten New Hampshire counties, as well as personnel within other State agencies. Second, we reviewed a sample of 380 child support case files distributed throughout the 11 district offices, as well as the Central Registry, Legal, and Interstate Units. Third, we examined an extensive list of agency documents including caseload activity reports, collection reports, New Hampshire Child Support Guidelines, contracts and amendments related to the New England Child Support Enforcement System (NECSES), agreements and contracts between DHS and a local credit bureau, the lock box vendor, two blood and genetic testing laboratories, and other State agencies including the Departments of Employment Security and Safety, the Sweepstakes Commission, and the New Hampshire Supreme Court. Fourth, we analyzed a database maintained within the agency's Legal Unit containing some 12,000 cases and another database extracted from NECSES containing 48,407 cases. Fifth, we conducted telephone surveys with CSS officials in the five other New England states and the federal OCSE. And lastly, we conducted mail surveys of 67 support enforcement officers (SEOs) and case technicians, as well as a sample of 420 child support clients.

## **1. INTRODUCTION (Continued)**

### **1.3 SIGNIFICANT ACHIEVEMENTS**

It is important to recognize that performance auditing by its nature is a critical process designed to identify problems or weaknesses in past and existing practices and procedures. We note here some successful and positive practices, procedures, and programs that we observed and for which sufficient documentation was available.

#### Uniform Support Order

In cooperation with the superior courts, an administrative order requiring statewide adoption of a uniform child support order went into effect September 1, 1995. The collaborative project was one of the results of the Child Support Liaison Committee which was established in 1989. OCS has participated in educational seminars in county courthouses and with the NH Bar Association.

#### In-Hospital Paternity Establishment

In October 1994, OCS implemented a new project to increase paternity establishment in the State by educating unmarried parents about the benefits of establishing paternity while mother and baby are still in the hospital. State law requires hospitals to provide paternity establishment information and an opportunity to complete an affidavit of paternity to unwed parents. The process results in an opportunity for a voluntary acknowledgement of paternity. OCS prepared written materials and produced a video shown to parents. This process is a cost-effective alternative to genetic parentage testing and the legal costs associated with adjudicating paternity. This program has established paternity in approximately 65% of all non-marital births in New Hampshire.

#### Child Support Enforcement Network (CSENet)

New Hampshire is the first state in New England and one of the first in the nation to develop and implement a fully automated CSENet interface allowing OCS to electronically send and receive transactions to and from any other state that is also on this federally-mandated network. The interface between NECSES and the CSENet workstation requires no manual intervention. Information is sent and received through an automated mechanism which resides on the workstation.

#### Most Wanted Non-Supporting Parents Program

In March 1994, OCS released its fourth poster of absent parents sought for failing to pay child support. The purpose of this poster is to focus attention on absent parents who owe substantial amounts of unpaid support and to direct the public's attention to the impact of the failure of parents to support their children. To date, these posters have been instrumental in locating 36 of the 37 non-supporting parents featured. Nineteen of the parents located were arrested and successfully prosecuted.



## **1. INTRODUCTION (Continued)**

### **1.3 SIGNIFICANT ACHIEVEMENTS (Continued)**

#### Massachusetts Cross Match Project

OCS began a project to cross match child support information with the Massachusetts Department of Revenue in February 1995. OCS produced a magnetic tape of all New Hampshire clients who have not received a support payment in 90 days or more. The tape was then matched against Massachusetts new hire files, employer quarterly wage reports, and bank accounts. The cross match produced 120 "hits" which were distributed to the OCS field offices and the Interstate Unit for follow through.

#### Criminal Non-Support Program

OCS operates a highly successful criminal non-support program by forging effective partnerships and acting in concert with custodial parents and federal, state, county, and local law enforcement agencies. Information exchange and cooperation with these individuals and agencies have been essential to this program. Since 1988, over 295 delinquent payors have been arrested with a conviction rate of 93%. The criminal non-support program continues to act as an effective deterrent against non-paying absent parents. In addition, New Hampshire OCS has been one of the few child support agencies selected to join the newly formed President's Criminal Child Support Enforcement Task Force.

### **1.4 REPORT OUTLINE**

The remaining chapters of the report present our analysis of the program's administration, the extent of New Hampshire's compliance with federal standards, an evaluation of the program's major process points, and a case study of the acquisition, development, and management of the CSS automated case management system.

Chapter 2 details our analysis of CSS program administration, including organization and staffing, revenue and expenditures, and collection activity. Chapter 3 describes the federal standards the CSS program must comply with and examines the continuum of child support services in New Hampshire. Chapter 4 presents a case study of the CSS automated case management system - the New England Child Support Enforcement System (NECSES). Finally, Chapter 5 discusses our conclusions regarding the current condition of the CSS program.

# **STATE OF NEW HAMPSHIRE CHILD SUPPORT SERVICES**

## **PROGRAM ADMINISTRATION**

### **2. PROGRAM ADMINISTRATION**

The Child Support Services program was established in 1977 (New Hampshire Laws, Chapter 589:1) to assist custodial parents of minor children in initiating or enforcing child support orders against non-custodial parents. The program serves both Aid to Families with Dependent Children (AFDC) recipients and non-public assistance clients. There are no fees associated with utilizing the program. Custodial parents who are AFDC recipients are required to assign to the State their right to child support payments from non-custodial parents. When the State collects current support payments, the first \$50 is paid to the custodial parent, with the balance paid to the State and federal governments as reimbursement for AFDC expenditures. Custodial parents who reside in New Hampshire but do not receive public assistance may apply for services on behalf of their minor child(ren). A custodial parent residing outside New Hampshire generally utilizes New Hampshire's services only if the non-custodial parent resides or is employed within New Hampshire.

Administrative costs for the program are shared by the State and federal governments with approximately 66 percent of the cost paid by the federal government and 34 percent by the State of New Hampshire. Support payments from individuals and wage assignment payments from employers are processed through a central lock box. Payments are then disbursed from OCS to custodial parents in non-public assistance cases and to the State and federal governments in public assistance cases.

#### **2.1 ORGANIZATION AND STAFFING**

The Division of Human Services (DHS) consists of the office of director and three additional offices which house the program areas of child support services, economic services (AFDC and Food Stamp programs), and medical services (Medicaid program). There are also 13 district offices located in Berlin, Claremont, Concord, Conway, Dover, Keene, Laconia, Littleton, Manchester, Nashua, Portsmouth, Rochester, and Salem.

All district offices except Dover and Salem provide child support services. The Office of Child Support (OCS) is the single organizational unit designated to administer Title IV-D of the Social Security Act for the State. The OCS administrator is responsible for the overall management of the IV-D program. As of July 6, 1995, OCS employed 175 full-time equivalent (FTE) staff.

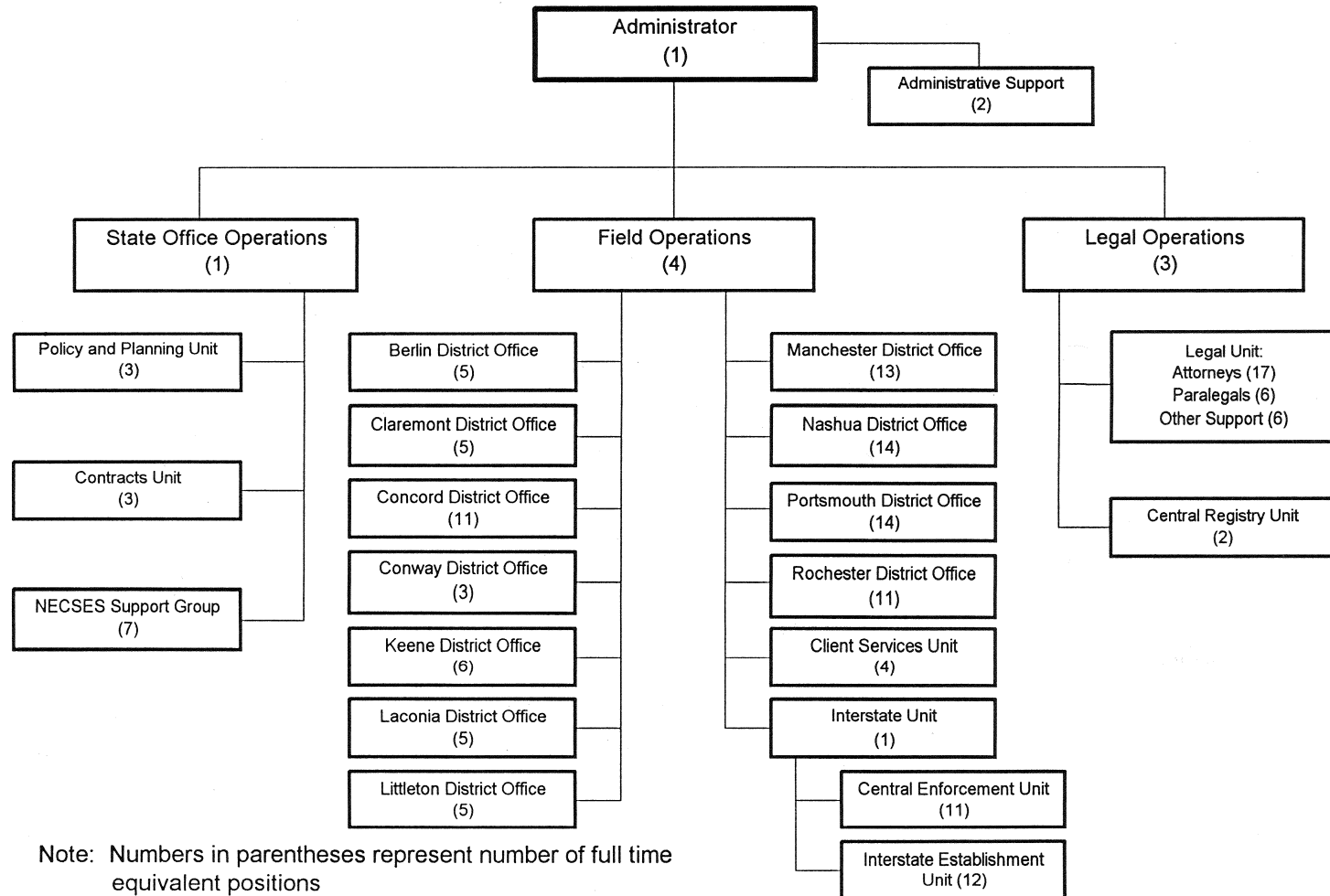
The Child Support Services program is managed by three functional offices and an administrative support unit. The functional offices are State Office Operations, Field Operations, and Legal Operations (Figure 7).

2. PROGRAM ADMINISTRATION (Continued)

2.1 ORGANIZATION AND STAFFING (Continued)

FIGURE 7

OFFICE OF CHILD SUPPORT  
ORGANIZATION CHART



Note: Numbers in parentheses represent number of full time equivalent positions

Source: Office of Child Support

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.1 ORGANIZATION AND STAFFING (Continued)

**State Office Operations** provides administrative and support functions for all child support operations statewide. In addition to an administrator, State Office Operations consists of 13 employees in three units: policy and planning, contracts, and the NECSES support group.

The Policy and Planning Unit develops all child support policy, procedures, and associated forms used by OCS staff. The unit also ensures child support policy conforms to federal and State law; writes and maintains the State Plan, Child Support Manual and administrative rules; and coordinates policy development with internal and external agencies.

The Contracts Unit is responsible for OCS contracts, the Unemployment Compensation Benefits Intercept program, and working with a caseload which has no current support obligation but does have outstanding arrearages. The unit develops, negotiates, and monitors OCS contracts, and authorizes payments to contractors.

The NECSES Support Group is responsible for activities related to the functional support of the statewide automated child support system. This includes problem resolution, prioritization of enhancements to the application, and liaison to the NECSES development staff. The NECSES Support Group assigns and maintains user profiles and security clearances, provides systems training for OCS/DHS staff, and monitors NECSES processing and changes.

**Field Operations** delivers child support services within specific geographic locations throughout the State, as well as with other states. Field Operations is comprised of 124 employees and consists of 11 district offices, the Interstate Unit, and the Client Services Unit.

#### OBSERVATION NO. 1

<b>COMPLAINT DISTRICT ESTABLISHED</b>	<b>TRACKING OFFICES</b>	<b>SYSTEM SHOULD</b>	<b>AT BE</b>
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We found that district offices have no formal system in place to receive, analyze, track, and resolve client complaints. Field supervisors disclosed that none of their offices had a system established which would enable them

to know the number and type of complaints received, whether there was a pattern indicated, whether the complaint was resolved, the timeliness of resolution, and whether the complainant was satisfied with the resolution. Like other types of information, complaints and inquiries could help to identify areas where OCS should target efforts to improve its service delivery. Conversely, contacts from clients or other sources could validate current practices and identify areas where OCS is operating effectively.

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.1 ORGANIZATION AND STAFFING (Continued)

#### OBSERVATION NO. 1: COMPLAINT TRACKING SYSTEM AT DISTRICT OFFICES SHOULD BE ESTABLISHED (Continued)

The OCS Policy Manual notes that the Client Services Unit located at the State Office in Concord operates as an information center and serves as a point of entry for individuals who have general questions about the services OCS provides. Although the Client Services Unit may send some inquiries back to the field, there is no central clearinghouse at the State Office or district offices where information is gathered, analyzed, summarized, and reported back to division management. Since most client contact occurs in field offices, it seems reasonable to establish a mechanism for collecting feedback at the district office level.

#### RECOMMENDATION:

We recommend division management review existing OCS organizational structure and procedures to determine the most appropriate method for increasing access to summary information from clients and others. Establishing central complaint/inquiry logs in district offices would be a positive initial step in enhancing the information available to management.

#### AUDITEE RESPONSE:

We concur with the observation and recommendation.

The following measures have been taken or were already in place, to correct the cause of the observation:

- The Office of Child Support (OCS) put a system in place in October, 1995 to monitor complaints in the district offices.
- OCS has developed a customer satisfaction survey for both custodial and non custodial parents and will be implementing it in November, 1996.
- The OCS customer service unit formally tracks all complaints and submits a monthly report to senior management.

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## 2. PROGRAM ADMINISTRATION (Continued)

### 2.1 ORGANIZATION AND STAFFING (Continued)

District Offices are responsible for direct contact with clients and non-custodial parents, identifying needed support actions, providing assistance in locating non-custodial parents, and initiating appropriate referrals to the Interstate and Legal Units. District offices initiate and maintain case records and assist with establishing paternity, and securing support orders. The district offices are responsible for enforcement and collection of child support.

The Interstate Unit, which includes the Central Enforcement and Interstate Establishment units, provides establishment and enforcement services in interstate cases where the obligor lives out of state.

The Client Services Unit operates as an information center and serves as a point of entry for individuals who have general questions about OCS services. The unit also services both clients and the general public and refers clients to the Legal Unit or to caseworkers at the district offices as appropriate.

**Legal Operations** represents the interests of the State for both AFDC and non-AFDC clients in child support and paternity actions before the superior courts. The unit is comprised of 34 employees and pursues criminal non-support convictions in district courts, reviews agency contracts, drafts legislation regarding child support and coordinates the Ten Most Wanted program. It also includes the Central Registry which receives, distributes, and responds to inquiries on incoming interstate IV-D cases.

#### OBSERVATION NO. 2

##### **LEGAL UNIT STRUCTURE AND OPERATIONS SHOULD BE REVIEWED**

Our review of the organizational structure, policies and procedures, and interviews with division staff disclosed various concerns with the Legal Unit. Among concerns brought to our attention were access to

Legal Unit attorneys, response time to inquiries from field staff, and time frame for review and filing of consent decrees (negotiated settlements between the State and non-custodial parents specifying the conditions of support) all of which may delay collections and disbursements to dependent children. The unit's current organizational placement within OCS may exacerbate these problems.

In interviews with all district office supervisors, eight indicated the Legal Unit takes longer to respond to inquiries than necessary. Eight supervisors stated review of consent decrees by attorneys is unnecessary and time consuming and consent decrees should be filed directly with the superior courts to increase the efficiency of the process. Estimates for review of consent decrees varied from one and one-half to four months.

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.1 ORGANIZATION AND STAFFING (Continued)

#### OBSERVATION NO. 2: LEGAL UNIT STRUCTURE AND OPERATIONS SHOULD BE REVIEWED (Continued)

Five supervisors indicated Legal Unit attorneys should be located at the district offices for enhanced accessibility and improved efficiency. An Interstate Unit employee stated staff are precluded from personally contacting the Legal Unit with questions even though they are located adjacent to one another on the same floor. In addition, half of the 34 SEOs and case technicians we surveyed characterized the Legal Unit as a weakness in establishing support orders.

#### RECOMMENDATION:

We recommend division management conduct a comprehensive review of the current organizational structure and operations of the Legal Unit to determine:

- whether existing centralization optimizes the use of resources;
- the extent to which current staff allocation facilitates access by clients and OCS field staff; and
- whether current operating procedures, including the requirement that all consent decrees be approved by Legal Unit attorneys prior to filing, affect compliance with federal timeliness requirements.

#### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- The organization of the Legal Unit is being addressed in the current reorganization of the Department of Health and Human Services.
- OCS has implemented procedures and protocols to ensure access by field staff to legal unit attorneys and to ensure timely response to inquiries from the field. Examples of improved access include regular meetings and workshops with field and legal staff, regular collaboration between the legal and policy units, and joint trainings involving field and legal staffs. Nevertheless, the primary responsibility of the attorneys is to their caseload assignments; consequently, any consultation with district office staff is a secondary responsibility for the attorneys.

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## **2. PROGRAM ADMINISTRATION (Continued)**

### **2.1 ORGANIZATION AND STAFFING (Continued)**

In addition to OCS units, there are three non-OCS units that provide support to the CSS program. These are the Commissioner's Office of Administration and Finance (COAF), NECSES development group, and the New Hampshire Superior Court.

COAF is responsible for accounting procedures associated with OCS. The COAF maintains the child support bank account, serves as liaison with the lock box vendor responsible for the majority of child support collections, posts some collections of support payments (including out-of-state receipts), and researches unidentified receipts for posting to the correct case.

The NECSES Development Group supports and maintains the automated child support system, researches problems identified by the NECSES Support Group, the facility site managers, or the development group itself. The NECSES Development Group also processes change and enhancement requests generated and prioritized by the NECSES Support Group.

The New Hampshire Superior Court under a cooperative agreement with OCS, makes time and personnel available in return for partial reimbursement of salaries and administrative costs for child support related activities. This includes expedited establishment of paternity and child support orders through the marital masters program.

### **2.2 REVENUE AND EXPENDITURES**

During the six-year period ended June 30, 1994, the CSS program spent \$49.2 million. Approximately \$34.3 million of program expenditures (69.7 percent) was offset by federal revenue. The remaining \$14.9 million (30.3 percent) came from State funds. Total expenditures increased 128.0 percent over the period while federal revenue increased 117.1 percent. The State's annual share ranged from a low of 25.3 percent in FY 1991 to a high of 33.3 percent in FY 1994 (Table 1).

According to the federal OCSE, in fiscal year 1994 New Hampshire reported \$11.4 million in administrative expenditures and distributed \$36.6 million in collections (\$27.1 million for non-AFDC cases and \$9.5 million for AFDC cases). Administrative expenditures for the program increased from \$5.0 million in FY 1989 to \$11.4 million in FY 1994.



## 2. PROGRAM ADMINISTRATION (Continued)

### 2.2 REVENUE AND EXPENDITURES (Continued)

**TABLE 1**

**CHILD SUPPORT SERVICES  
EXPENDITURES AND FEDERAL SHARE  
FY 1989 - FY 1994  
(in millions)**

FISCAL YEAR	EXPENDITURES	FEDERAL SHARE
1989	\$ 5.0	70.0%
1990	5.5	67.3%
1991	7.9	74.7%
1992	8.4	71.4%
1993	11.0	69.1%
1994	11.4	66.7%
<b>1989-1994</b>	<b>\$49.2</b>	<b>69.7%</b>
Source: <u>Child Support Enforcement - Annual Report to Congress</u> , OCSE.		

One method for measuring collection efficiency is to calculate a **cost effectiveness ratio**. The cost effectiveness ratio represents the amount of collections distributed for each dollar of administrative expenditures. The federal OCSE defines "total administrative expenditures" as all those expenditures eligible for federal funding claimed by the states to administer the child support program at either the regular federal financial participation rate of 66 percent or the enhanced rate of 90 percent. This would include activities performed by personnel directly associated with the CSS program on a full-time basis (described in Section 2.1), as well as some management and information systems personnel whose CSS responsibilities may only be part-time in nature. Part-time CSS personnel would include selected COAF employees and management within the Division of Human Services and department level. Enhanced rate funding is limited to the development and implementation of automated child support systems and laboratory costs involved in establishing paternity. New Hampshire's overall cost effectiveness ratio for the six-year period was \$3.14. That is, for each

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.2 REVENUE AND EXPENDITURES (Continued)

dollar spent for administrative costs, \$3.14 was collected and distributed to recipients. Since FY 1989, OCS collection efficiency as measured by this ratio has increased only slightly (1.3 percent) from \$3.18 in FY 1989 to \$3.22 in FY 1994 (Table 2).

**TABLE 2**

**COST EFFECTIVENESS RATIOS  
FY 1989 - FY 1994**

<b>FISCAL YEAR</b>	<b>COST EFFECTIVENESS RATIO</b>
1989	\$3.18
1990	3.71
1991	2.86
1992	3.26
1993	2.87
1994	3.22
<b>1989-1994</b>	<b>\$3.14</b>
Source: <u>Child Support Enforcement - Annual Report to Congress, OCSE.</u>	

Another way to measure collection efficiency is to compare the relative progress of states over time. Between FY 1989 and FY 1994, New Hampshire ranked third in New England and was one of three states to witness a modest increase in efficiency. The New England average declined 4.8 percent or \$0.16, while New Hampshire gained 1.3 percent or \$0.04 over the period. New Hampshire's FY 1994 cost effectiveness ratio was second highest in New England and nearly 25 percent higher than Vermont which had the lowest ratio in the region (Table 3).

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.2 REVENUE AND EXPENDITURES (Continued)

**TABLE 3**

**NEW ENGLAND COST EFFECTIVENESS RATIOS  
FY 1989 AND FY 1994**

<b>STATE</b>	<b>FISCAL YEAR 1989</b>	<b>FISCAL YEAR 1994</b>	<b>DIFFERENCE</b>
CT	\$2.76	\$2.92	\$ .16
ME	4.14	4.21	.07
MA	3.24	2.74	-.50
<b>NH</b>	<b>3.18</b>	<b>3.22</b>	<b>.04</b>
RI	3.67	3.21	-.46
VT	2.89	2.58	-.31
<b>AVERAGE</b>	<b>\$3.31</b>	<b>\$3.15</b>	<b>\$ -.16</b>
Source: <u>Child Support Enforcement - Annual Report to Congress, OCSE, and LBA calculations.</u>			

New Hampshire's costs per case increased 23.7 percent from FY 1989 to \$263.69 in FY 1994. That percent increase was the third highest in New England and was third as well in dollars spent per case in FY 1994. New Hampshire's FY 1994 figure is 13.9 percent higher than New England's average of \$231.42. However, the rate of increase in administrative expenditures was less than the region's growth of 29.3 percent. Vermont had both the highest expenditures per case and highest rate of growth over the period (Table 4).

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.2 REVENUE AND EXPENDITURES (Continued)

**TABLE 4**

**NEW ENGLAND COSTS PER CASE  
FY 1989 AND FY 1994**

<b>STATE</b>	<b>FISCAL YEAR 1989</b>	<b>FISCAL YEAR 1994</b>	<b>PERCENT CHANGE 1989 - 1994</b>
CT	\$227.37	\$158.92	-30.1%
ME	146.94	166.75	13.5%
MA	201.14	329.07	63.6%
<b>NH</b>	<b>213.15</b>	<b>263.69</b>	<b>23.7%</b>
RI	109.20	111.03	1.7%
VT	175.82	359.07	104.2%
<b>AVERAGE</b>	<b>\$178.94</b>	<b>\$231.42</b>	<b>29.3%</b>

Source: LBA analysis of OCSE data.

### 2.3 COLLECTIONS

Collections are disbursed to custodial parents (in New Hampshire or other states), other state governments, or the federal government. Payments made to states and the federal government serve as reimbursements for payments made to AFDC recipients. According to OCS, about 67 percent of FY 1994 collections was distributed to New Hampshire non-AFDC clients, 18 percent to the State of New Hampshire and federal government, nine percent to other states, five percent to New Hampshire AFDC clients, and about one percent was refunded to payors.

Distribution of child support collections increased 128.8 percent from \$16.0 million in FY 1989 to \$36.6 million in FY 1994. AFDC collections increased 216.7 percent from \$3.0 million in FY 1989 to \$9.5 million in FY 1994. Non-AFDC collections increased 108.5 percent during the same period but ranged from \$13.0 million in FY 1989 to \$27.1 million in FY 1994. For the six-year period, non-AFDC collections totalled \$120.3 million and AFDC collections totalled \$34.4 million (Table 5).

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.3 COLLECTIONS (Continued)

**TABLE 5**

**AFDC AND NON-AFDC DISTRIBUTED COLLECTIONS  
FY 1989 - FY 1994  
(in millions)**

<b>FISCAL YEAR</b>	<b>AFDC COLLECTIONS</b>	<b>NON-AFDC COLLECTIONS</b>	<b>TOTAL DISTRIBUTED COLLECTIONS</b>
1989	\$ 3.0	\$ 13.0	\$ 16.0
1990	3.6	17.0	20.6
1991	4.4	18.3	22.7
1992	6.3	21.0	27.3
1993	7.6	23.9	31.5
1994	9.5	27.1	36.6
<b>1989-1994</b>	<b>\$34.4</b>	<b>\$120.3</b>	<b>\$154.7</b>

Source: Child Support Enforcement - Annual Report to Congress, OCSE.

### 2.4 CASELOAD

During the six-year period ended June 30, 1994, New Hampshire's total child support caseload increased 82.1 percent from 23,657 cases in FY 1989 to 43,069 cases in FY 1994. Of the 43,069 cases reported to the federal OCSE by the CSS program, 21,649 (50.3 percent) were AFDC cases and 21,420 (49.7 percent) were non-AFDC cases. The AFDC caseload increased at a faster rate than the non-AFDC caseload.

In total caseload growth, the average annual increase for the audit period was 13.0 percent. The largest annual increases in total caseload were noted in FY 1989 through FY 1992. In those years, the CSS program experienced dramatic annual increases in total caseload of 18.0 percent, 21.7 percent, and 14.2 percent, respectively. There has been a leveling off in the last two fiscal years (Table 6).

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.4 CASELOAD (Continued)

**TABLE 6**

**AFDC AND NON-AFDC CASELOADS  
FY 1989 - FY 1994**

FISCAL YEAR	AFDC CASELOAD	NON-AFDC CASELOAD	TOTAL CASELOAD
1989	11,292	12,365	23,657
1990	13,719	14,206	27,925
1991	15,101	18,880	33,981
1992	18,328	20,474	38,802
1993	20,643	21,853	42,496
1994	21,649	21,420	43,069
<b>% CHANGE 1989-1994</b>	<b>91.7%</b>	<b>73.2%</b>	<b>82.1%</b>

Source: Child Support Enforcement - Annual Report to Congress, OCSE.

New Hampshire ranked third in total caseload growth and caseload per full time equivalent employee (FTE) among the six New England states between FY 1989 and FY 1994. The State's total caseload increased from 23,657 cases in FY 1989 to 43,069 in FY 1994, while caseload per FTE increased 35.9 percent from 181 to 246 cases. Connecticut ranked first in caseload growth per FTE at 67.1 percent. In FY 1989, New Hampshire's caseload per FTE (181) was 49.7 percent lower than the region's average of 271. While the State's caseload per FTE did increase 35.9 percent since FY 1989, its caseload per FTE of 246 was still 35.4 percent lower than the New England region's average of 333 in FY 1994. New Hampshire's caseload per FTE growth outpaced the region at 35.9 percent for the State versus 22.9 percent for the region over the six years (Table 7).

2. PROGRAM ADMINISTRATION (Continued)

2.4 CASELOAD (Continued)

TABLE 7

NEW ENGLAND CASELOADS PER FULL TIME EMPLOYEE  
FY 1989 AND FY 1994

STATE	FY 1989	FY 1994	PERCENT CHANGE 1989 - 1994
CT	234	391	67.1%
ME	258	356	38.0%
MA	274	207	-24.5%
NH	181	246	35.9%
RI	444	586	32.0%
VT	232	211	-9.1%
AVG.	271	333	22.9%

Source: Child Support Enforcement - Annual Report to Congress, OCSE, and LBA calculations.

OBSERVATION NO. 3

**WORKLOAD STANDARDS SHOULD BE  
ANALYZED AND CASELOADS MONITORED**

The OCS has neither conducted an analysis nor established workload standards regarding the optimum number of cases a child support caseworker can effectively manage.

According to NECSES there were 8,413 open interstate cases (where New Hampshire was the initiating state) at June 30, 1994. An April 29, 1994 OCS staffing report showed the Interstate Unit had 13 full-time equivalent caseworker positions: two SEOs and 11 case technicians. One SEO reported carrying a caseload of approximately 250 cases while the other reported carrying under 20 cases. These caseloads are in addition to their supervisory responsibilities. Therefore, assuming the remaining interstate caseload is evenly distributed among the 11 case technicians, each interstate case technician is responsible for 740 cases. Interstate case technicians establish and enforce cases and perform all of the responsibilities attendant to these procedures except they do not appear in court. If the case technician is unable to resolve the establishment or

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.4 CASELOAD (Continued)

#### OBSERVATION NO. 3: WORKLOAD STANDARDS SHOULD BE ANALYZED AND CASELOADS MONITORED (Continued)

enforcement of a case, he or she may take advantage of the interstate process which enlists the services of another state's child support worker to establish and enforce the case.

We also determined there were 20,110 open intrastate cases (including cases received by the Central Registry) at June 30, 1994. The OCS reported 45 full-time equivalent SEOs and 22 full-time equivalent case technicians assigned to district offices at April 29, 1994. Since case assignments vary by district office we found it difficult to assess a precise number of cases per employee. The average intrastate caseload would be 302 cases per employee if all open cases were evenly distributed among all SEOs and case technicians. The average intrastate caseload would be 449 cases per SEO if no cases were assigned to case technicians. Intrastate case technicians are primarily responsible for providing para-professional support to SEOs within the district offices. As such, they perform specific establishment and enforcement functions, such as locate, but they do not manage a caseload. Intrastate support enforcement officers carry caseloads and establish and enforce cases by utilizing a number of administrative and legal enforcement remedies.

The Interstate Unit chief stated the optimum is 200 cases per establishment caseworker and 500 cases per enforcement worker. An OCS report dated October 30, 1991 stated that 500 cases per worker has traditionally been considered an ideal workload. However, no documentation was provided to demonstrate any workload analyses had been performed to arrive at any of the numbers cited by OCS.

#### RECOMMENDATION:

We recommend division management:

- conduct a comprehensive workload analysis to determine the optimum caseload an individual caseworker can effectively manage; and
- closely monitor caseloads so that division management can implement all available measures to ensure that cases are managed as efficiently and effectively as possible.



**2. PROGRAM ADMINISTRATION (Continued)**

**2.4 CASELOAD (Continued)**

**OBSERVATION NO. 3: WORKLOAD STANDARDS SHOULD BE ANALYZED AND CASELOADS MONITORED (Continued)**

AUDITEE RESPONSE:

We concur in part with the observation and concur with the recommendation.

- OCS is deploying caseload equalization remedies and continually evaluating its caseload distribution, and when possible, shifting positions among offices to address this problem. As part of the reorganization OCS will review the workload assignment methodology.
- In 1994, OCS allocated six new positions to the Interstate Unit. The deployment of this staff has significantly reduced the average caseload of the interstate worker. Staff from the interstate and intrastate offices are not readily interchangeable because the complex differences in the legal and child support systems among states require specialized case management skills.
- Improved automation of NECSES has alleviated the burden associated with the high workload of the Interstate Unit. For example, all interstate forms became fully automated on NECSES, saving valuable processing time for the interstate workers.

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**OBSERVATION NO. 4**

**CASE MANAGEMENT PRACTICES SHOULD BE REVIEWED**

The OCS has a case priority policy that governs how cases should be prioritized. Item 624 of OCS' Policy Manual states that "OCS utilizes a case prioritization system to assist child support workers in managing

their cases." Caseload management, however, is left to the discretion of individual workers. Case workers have received no training on effective caseload management. Even though most of the 67 SEOs and case technicians we surveyed thought that NECSES is an effective case management tool, the examples cited below seem to indicate that NECSES alone cannot ensure that cases are managed in the most productive manner.

- Client inquiries drive the child support process thereby making the system more reactive than proactive. Over 90 percent of the 45 SEOs and case technicians responding to our survey reported that client phone calls were either somewhat or very influential in determining which cases received attention. In addition, OCS' administrator stated there is a significant linkage between client inquiries and enforcement actions.

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.4 CASELOAD (Continued)

#### OBSERVATION NO. 4: CASE MANAGEMENT PRACTICES SHOULD BE REVIEWED (Continued)

- Several interstate case technicians and supervisors disclosed that they do not begin to work a case upon receipt of new information regarding a non-custodial parent because of inadequate time. Instead, the case is scheduled to be worked between one and three months after the information is received.
- There appears to be confusion among staff regarding who is authorized to negotiate support with obligors. Of the 45 SEOs and case technicians responding to our survey, 31 reported that one of their responsibilities was to negotiate with obligors. However, OCS' chief legal counsel stated that Legal Unit attorneys have had exclusive authority to negotiate support amounts since 1989. A representative of New Hampshire Legal Assistance reported that both SEOs and Legal Unit attorneys often attempt to independently negotiate the same support order.

#### RECOMMENDATION:

We recommend division management:

- review existing policies and procedures, as well as informal case management practices, to ensure that all child support cases are worked on the basis of established case prioritization policy;
- ensure that caseworkers begin working their cases upon receipt of any new information whenever possible. Sufficient training in caseload management should be made available to appropriate staff; and
- implement appropriate steps to enhance coordination between the Legal Unit and district offices to ensure that roles and responsibilities of staff are clearly defined and communicated.

#### AUDITEE RESPONSE:

We concur in part with the observations and recommendations.

- The observation fails to acknowledge that the ultimate measure of efficient case management is collection performance. OCS' collection performance has steadily increased during and since the audit period.

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.4 CASELOAD (Continued)

#### OBSERVATION NO. 4: CASE MANAGEMENT PRACTICES SHOULD BE REVIEWED (Continued)

##### AUDITEE RESPONSE (Continued):

- In 1994-1995, OCS conducted several training events. Most of the training was developed and presented to assist caseworkers in efficient case management through the effective use of automation and NECSES.
- OCS management has instructed staff to take appropriate action in a case upon receipt of new information. New information regarding a non custodial parent is entered into NECSES as it is received.
- The NECSES system itself contains within it a case management subsystem which effectively provides a variety of edits, controls, worker reminders, and individual caseload management reports. NECSES is the principal vehicle by which the caseload is managed.
- The observation fails to acknowledge that clients are an excellent source of locate and employment information about non custodial parents. The OCS has built a partnership with clients to ensure that it receives the most timely and accurate information in order to collect child support on behalf of families and children.

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We obtained a NECSES database containing all child support cases which were opened during our audit period of July 1, 1988 through June 30, 1994. There were 48,407 total case records included in this database. Of this total, 28,523 cases were open and 19,884 were closed as of December 24, 1994 (the database date). The caseload was allocated among 11 district offices (74.4 percent) and the Interstate Unit (25.6 percent). Of the 12 OCS units designated in NECSES as having a caseload, the Interstate Unit had the highest percentage of total cases, open cases, and cases per FTE.

On average, the 11 district offices had 56.0 percent of their caseload open while the Interstate Unit averaged 69.5 percent. Open cases per FTE ranged from a low of 145 cases (Berlin D.O.) to a high of 304 cases (Interstate Unit). OCS had an overall FTE ratio of 163 cases per full-time employee. Noteworthy is that ten of 11 district offices exceeded the office-wide aggregate FTE figure of 163 (Table 8).

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.4 CASELOAD (Continued)

Focusing on open cases where a caseworker's time is most likely to be spent, we found that 18,197 cases were intrastate cases where both the custodial parent and non-custodial parent resided in New Hampshire. The remaining 10,326 cases were interstate cases where one of the parents resided in another state. Of the total open interstate caseload, 8,413 cases involved New Hampshire custodial parents and children and 1,913 cases involved non-custodial parents residing in the State. We also noted that 9,669 of the 28,523 open cases contained an order for medical support.

**TABLE 8**

**CHILD SUPPORT CASES OPENED DURING  
FY 1989 - FY 1994  
BY DISTRICT OFFICE AND INTERSTATE UNIT**

LOCATION OF CASE	NUMBER OF OPEN CASES	NUMBER OF TOTAL CASES OPENED	PERCENT OF TOTAL CASES OPEN	NUMBER OF OPEN CASES PER FTE
INTERSTATE UNIT	7,302	10,502	69.5%	304
BERLIN D.O.	723	1,302	55.5%	145
CLAREMONT D.O.	917	1,855	49.4%	183
CONCORD D.O.	2,282	4,030	56.6%	207
CONWAY D.O.	664	1,174	56.6%	221
KEENE D.O.	1,197	2,439	49.1%	200
LACONIA D.O.	1,071	2,384	44.9%	214
LITTLETON D.O.	1,226	1,825	67.2%	245
MANCHESTER D.O.	3,764	7,301	51.6%	290
NASHUA D.O.	3,738	5,588	66.9%	267
PORTSMOUTH D.O.	3,499	6,371	54.9%	250
ROCHESTER D.O.	2,140	3,636	58.9%	195
<b>TOTAL</b>	<b>28,523</b>	<b>48,407</b>	<b>58.9%</b>	<b>163</b>

Note: Case status as of December 24, 1994.

Source: LBA analysis of OCS data.

**2. PROGRAM ADMINISTRATION (Continued)**

**2.4 CASELOAD (Continued)**

In our review of the database, we found over half of the open OCS caseload were non-public assistance cases. More specifically, 15,693 cases were non-public assistance cases and the remaining 12,830 cases were receiving some type of public assistance. Families receiving AFDC comprised the largest proportion of public assistance cases with 38.9 percent of the total open caseload. Medicaid cases comprised 3.4 percent, Foster Care cases comprised 1.5 percent, cases classified as "mixed" comprised 1.1 percent, and "unknown" cases comprised less than one percent (Table 9).

**TABLE 9**

**OPEN CHILD SUPPORT CASES BY TYPE  
OF PUBLIC ASSISTANCE  
FY 1989 - FY 1994 (1)**

CASE TYPE	NUMBER OF CASES	PERCENT OF TOTAL
NO PUBLIC ASSISTANCE	15,693	55.0%
AID TO FAMILIES WITH DEPENDENT CHILDREN	11,105	38.9%
MEDICAID	966	3.4%
FOSTER CARE	438	1.5%
MIXED (2)	313	1.1%
UNKNOWN (3)	8	0.1%
<b>TOTAL</b>	<b>28,523</b>	<b>100.0%</b>

Notes: (1) Case status as of December 24, 1994.  
(2) "Mixed" consists of cases where one child is eligible for public assistance and one or more subsequent children are not.  
(3) "Unknown" consists of those cases listed as uncoded or pending by OCS.

Source: LBA analysis of OCS data.

Of the total caseload examined for the audit period, 19,423 cases showed arrearages totalling \$198,054,831 (as of December 24, 1994). Arrearages result from underpayment of ordered child support. In other words, the difference between what is ordered and what is actually paid is an arrearage. A payor can be "in arrears" even if he or she is making regular

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.4 CASELOAD (Continued)

payments if the amounts paid do not equal the amounts ordered. The arrearages disclosed through our analysis of the NECSES database varied from \$1.00 to \$288,720 with an average of \$10,197 per case. Additional characteristics of these arrearage cases are as follows:

- 16,289 were open cases totalling \$167,179,429 in arrearages;
- 13,014 were intrastate cases totalling \$123,925,803 in arrearages;
- 4,451 were interstate cases involving New Hampshire custodial parents and children totalling \$53,812,859 in arrearages; 1,957 cases totalling \$20,315,819 involved New Hampshire non-custodial parents;
- 13,368 were Non-AFDC cases totalling \$158,878,581 in arrearages; and
- 5,825 were AFDC, Foster Care, or Medicaid cases totalling \$36,685,803 in arrearages.

### 2.5 OTHER FINDINGS AND RECOMMENDATIONS

In addition to the observations noted earlier in this Chapter, other program administration issues came to our attention. These issues relate to the security of OCS employees, the status of the automated voice inquiry system, the absence of written policies and procedures, the lack of administrative rules, and access to child support case files.

#### OBSERVATION NO. 5

**STAFF SECURITY MEASURES SHOULD BE STRENGTHENED**

Some OCS staff may be at risk of physical harm or injury. To gain a better understanding of the environment and work flow of OCS during the course of the audit, we toured State office units as well as

11 district offices that handle child support cases. During our visits to district offices we observed a variety of floor plans and security arrangements. Security at field offices varied from a state-of-the-art facility with bullet-proof glass and walls in the reception area, room-keyed pendants to allow staff access to interview rooms, and self-locking steel doors to other offices with hollow wooden doors and single-pane glass in reception areas. One office we visited had the main front inner and outer doors propped open to regulate the heat level in the office. This entrance was the only door in to or out of the office and was located within a few feet of the elevator.

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.5 OTHER FINDINGS AND RECOMMENDATIONS (Continued)

#### OBSERVATION NO. 5: STAFF SECURITY MEASURES SHOULD BE STRENGTHENED (Continued)

Although OCS has held crisis management and employee safety seminars, interviews with staff of the Interstate Unit, Central Registry, regional administrators, and district office supervisors disclosed a widespread concern for physical safety. We also conducted a mail survey of 67 case technicians and support enforcement officers located statewide to determine their opinions on a range of topics, including security. Of the 44 respondents, 31 rated security at their field offices as poor or worse. Moreover, 22 of 37 respondents reported they had been physically threatened during the prior year.

#### RECOMMENDATION:

We recommend division management:

- develop and implement policies and procedures necessary to promote a safer and more secure working environment for its employees; and
- review informal practices currently in existence at the State office and all district offices to ensure situations which could subject staff to physical harm are minimized.

#### AUDITEE RESPONSE:

We concur with the observation and recommendation.

The following corrective actions have occurred.

- The Department management concurs that security issues must be addressed on an ongoing basis. The Department's Office of Administration (*formally COAF*) has consistently addressed security concerns at each district office lease renewal.
- OCS initiated training and arranged for NH Police Standards and Training for all OCS/OES staff who interact with the public.
- A NH Police Standards and Training Specialist did site reviews of district offices' floor plans, emergency response plans, and liaisons with local police.
- A Departmental policy draft regarding employee security was released in September, 1994. In 1995, the official written Departmental policy regarding employee security was released to all employees as part of a training session.

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.5 OTHER FINDINGS AND RECOMMENDATIONS (Continued)

#### OBSERVATION NO. 6

**VOICE RESPONSE SYSTEM SHOULD BE  
MADE OPERATIONAL**

Client inquiries for account information are handled manually by the centralized Client Services Unit and by individual caseworkers in field offices. An automated voice response system is designed to

provide account information to child support clients via telephone. Despite paying a contractor \$118,339 for an automated case inquiry system scheduled to be on-line by December 31, 1992, the system was not anticipated to be operational until the end of 1995. An automated voice response system could allow caseworkers to devote more time and attention to establishing and enforcing child support orders.

#### RECOMMENDATION:

We recommend division management ensure that the voice response system is fully tested and made operational within its designated budget.

#### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- OCS is taking decisive action to ensure the success of voice response, thereby allowing caseworkers to devote more time and attention to establishing and enforcing child support orders.
- In August, 1996, after an intensive period of preliminary testing, OCS implemented a pilot of the voice response system in the Portsmouth office. OCS monitors the pilot daily. Based on the positive results of the Portsmouth pilot, the pilot has been expanded to the Interstate office.
- When the pilot test is completed, OCS will survey its clients in the test area to solicit their assessment of the voice response system. Thereafter, OCS will compile the survey and test results and evaluate with the contractor the course of action required to make voice response operational statewide.

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## 2. PROGRAM ADMINISTRATION (Continued)

### 2.5 OTHER FINDINGS AND RECOMMENDATIONS (Continued)

#### OBSERVATION NO. 7

**WRITTEN POLICIES AND PROCEDURES  
SHOULD BE REVIEWED**

We noted several areas during our audit where OCS lacked written policies and procedures or had not adopted administrative rules as required by State statute. A summary of these areas follows.

#### Conflict of Interest

RSA 643 prohibits neglect of official duty and misuse of information by public employees. In addition, employees are precluded from acquiring a pecuniary interest in any property, transaction, or enterprise based on information obtained by virtue of their office. However, the OCS has no written policies and procedures related to conflict of interest nor has it established a mechanism whereby employees must disclose potential conflicts of interest periodically or attest to their continued absence of any conflicts. Division management issued a memorandum in December 1989 that directed staff to notify their supervisor if they had a "passing acquaintance" with a client on their caseload. However, the memorandum did not describe what constitutes "passing acquaintance".

#### Use of Volunteers

Our review of the OCS' Policy Manual disclosed no reference to the screening of volunteers prior to their employment, the extent of supervision, the safeguarding of confidential information, the disclosure of potential conflicts of interest, computer hardware and software security, or workers' compensation issues. OCS field personnel indicated they were unaware of any policy governing the use of volunteers. Of 11 district offices, five use or have used volunteers and another three would use them if they were available in the area.

#### Documentation in Case Files

The OCS has insufficient written policies on the necessary documentation each case file should contain and how the files should be organized. A case file management system was developed by an independent contractor in the mid-1980s for OCS and outlined the documentation that each file should contain. While this system has apparently been relied upon by district offices to manage their paper files, no formal policy or procedure has been adopted. The OCS Policy Manual does not include any specific reference to evidentiary documents such as paternity and financial affidavits nor provide guidance as to how the files should be organized.

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.5 OTHER FINDINGS AND RECOMMENDATIONS (Continued)

#### OBSERVATION NO. 7: WRITTEN POLICIES AND PROCEDURES SHOULD BE REVIEWED (Continued)

##### Documentation in Case Files (Continued)

While much of OCS' data is stored and accessed electronically, the retention of paper documents is still essential for the office to effectively provide services. The legal process requires original documentation be presented when establishing, enforcing, and modifying child support orders. A uniform policy on the organization of the files ensures that these documents are readily accessible, in a consistent format, in each of the district offices.

##### Policy Manual

Our review indicated that, although much of the manual was compatible with existing requirements, there were sections which were dated and inconsistent with current practices. For example, item ten dealing with paternity establishment (dated November 1979) appears to have been superseded. The item which outlines paternity establishment procedures and the attorney general's involvement, has been largely replaced by the marital master program with support from the OCS Legal Unit. Locate procedures described in item ten are incomplete as well.

##### Administrative Rules

The division has not adopted administrative rules for the child support program as required by RSA 161-B:8. Four specific areas have not been addressed by the division: (1) the establishment of reasonable standards to limit applications for support enforcement services, (2) the establishment of reasonable fees for support enforcement services, (3) the manner and time for filing financial statements, and (4) the access to confidential records or information collected regarding the support of minor children.

According to RSA 541-A:1 (XV), an administrative rule prescribes or interprets an agency policy, procedure or practice requirement binding on persons outside the agency including the general public. Moreover, RSA 541-A:16 (I) (b) requires each agency adopt rules of practice, in addition to other statutory rulemaking requirements, that set forth the nature and requirement of all formal and informal procedures available.

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.5 OTHER FINDINGS AND RECOMMENDATIONS (Continued)

#### OBSERVATION NO. 7: WRITTEN POLICIES AND PROCEDURES SHOULD BE REVIEWED (Continued)

##### RECOMMENDATION:

We recommend division management:

- develop and implement written policies and procedures which will allow management to be aware of all potential conflicts of interest. At a minimum, all personnel having access to child support case records should be required to file annual disclosures certifying their continued absence of any conflicts of interest;
- develop and implement written policies and procedures which clearly describe how volunteers will be employed and supervised, how access to confidential information will be protected, and how the division will handle workers' compensation issues with regard to non-State personnel. While developing these policies, the division should consult with the NH Department of Labor to determine the relationship of workers' compensation to volunteer personnel;
- review current OCS file management practices and policies and revise those items as necessary to ensure uniform application of file management procedures. Each file should contain a checklist attached to the inside of the file containing all forms necessary as background information for the case when it goes before the marital master; and
- review its Policy Manual and existing administrative rules, revise appropriate sections and promulgate additional rules as necessary, and seek adoption of all administrative rules relative to child support enforcement according to RSA 541-A at the earliest possible opportunity.

This process should include reviewing the informal practices currently in existence and defining goals and standards for more effective management. The policies and procedures that are developed should reflect levels of supervisory review, management controls, and documentation requirements.

## 2. PROGRAM ADMINISTRATION (Continued)

### 2.5 OTHER FINDINGS AND RECOMMENDATIONS (Continued)

#### OBSERVATION NO. 7: WRITTEN POLICIES AND PROCEDURES SHOULD BE REVIEWED (Continued)

##### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- Conflict of Interest: OCS concurs that the Department should develop a conflict of interest policy. OCS has been operating under a written instructional memorandum to all child support staff on the subject of "Conflict of Interest," issued by the Division Deputy Director on 12/30/89 and general manual items 35 and 35(a). The Division will recommend that Departmental policy be released related to conflict of interest.
- Use of Volunteers: OCS concurs that the Department should develop a policy relative to the use of volunteers. OCS requires volunteers to sign a written agreement adhering to Departmental policy on confidentiality. The Division will recommend Departmental policy be released related to the use of volunteers.
- Documentation in Case Files: OCS concurs that there is no written policy relative to paper case file documentation. OCS utilizes written procedures that were developed in 1988 to standardize the filing of documentation in case files. In early 1997, OCS will release a written policy relative to documentation in case files.
- Policy Manual: OCS concurs that the OCS manual is partially outdated.
  - OCS concurs with the observation regarding paternity establishment policy and will release an establishment policy by the end of 1996.
- Administrative Rules: OCS concurs that it has not adopted these rules and will promulgate additional rules as necessary.

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## 2. PROGRAM ADMINISTRATION (Continued)

### 2.5 OTHER FINDINGS AND RECOMMENDATIONS (Continued)

#### OBSERVATION NO. 8

**FILE MANAGEMENT PRACTICES SHOULD  
BE REVIEWED**

We requested a sample of 420 case files distributed throughout the 11 district offices, the Central Registry, the Interstate Unit, and Legal Unit. OCS staff could not provide a total of 40 files (9.5 percent of the sample). Of the 40 files not provided, 22 had been destroyed, nine had no paper file, five could not be located for review, and four had been archived. These paper files contain the primary documentation for much of the information contained in NECSES as well as various court documents.

A primary goal of OCS is to assist custodial parents and their dependents in maintaining financial independence by ensuring non-custodial parents fulfill their obligation to support their children. A comprehensive case file management system improves case file organization, simplifies case review, and specifies the minimum documentation requirements. A uniform policy on the organization of the files ensures that these documents are readily accessible and in a consistent format in each of the district offices.

#### RECOMMENDATION:

We recommend division management review existing file management practices and develop a comprehensive file management system to ensure that all child support case files are readily accessible to any appropriate party. The system implemented should include the capability to track the precise location of all files from initial intake through allocation to the OCS unit assigned to handle the case to the eventual destruction of the file or storage at State Archives.

#### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- Although OCS could not provide all the paper files immediately upon request, nearly all of the files were in various stages of the case management process or in other words, were being worked on by a Child Support staff person, either in the office or at court.
- All case files are electronically maintained and accessible electronically through NECSES which conducts the bulk of the case management activity.
- By the end of 1996, OCS will develop a file management system that provides for immediate location of a paper file.

# STATE OF NEW HAMPSHIRE CHILD SUPPORT SERVICES

## CHILD SUPPORT SERVICES

### 3. CHILD SUPPORT SERVICES

The child support process consists of eight distinct phases: intake and case opening, locating non-custodial parents, establishing paternity, establishing support orders, enforcing support orders, collection and distribution of child support, review and adjustment of orders, and case closure (Figure 6). However, not all support cases require all of these services from OCS. For example, because there is a presumption of paternity if the child was born during wedlock the sometimes drawn out legal process of determining paternity is substantially reduced in these cases.

While the federal government sets overall child support policy and provides approximately two-thirds of the funding for many administrative and program functions, it is up to the individual states to administer their child support programs.

#### 3.1 INTAKE AND CASE OPENING

Federal regulations require state child support agencies (sometimes referred to as "IV-D agencies") to have formal procedures for receiving applications or referrals for child support services and for opening cases. The IV-D agency must open a case within 20 days of receiving an application or referral for services. Child support services are automatically provided to AFDC recipients and children receiving foster care (Title IV-E of the Social Security Act). Persons not receiving public assistance may also apply for child support services from the IV-D agency. We found various problems relating to how OCS documents case initiation, the extent to which it complies with federal timeliness standards for opening cases, how cases are prioritized and assigned to caseworkers, and how cases involving potential child abuse and neglect are handled.

#### OBSERVATION NO. 9

**APPLICATIONS SHOULD BE COMPLETED  
IN A TIMELY MANNER**

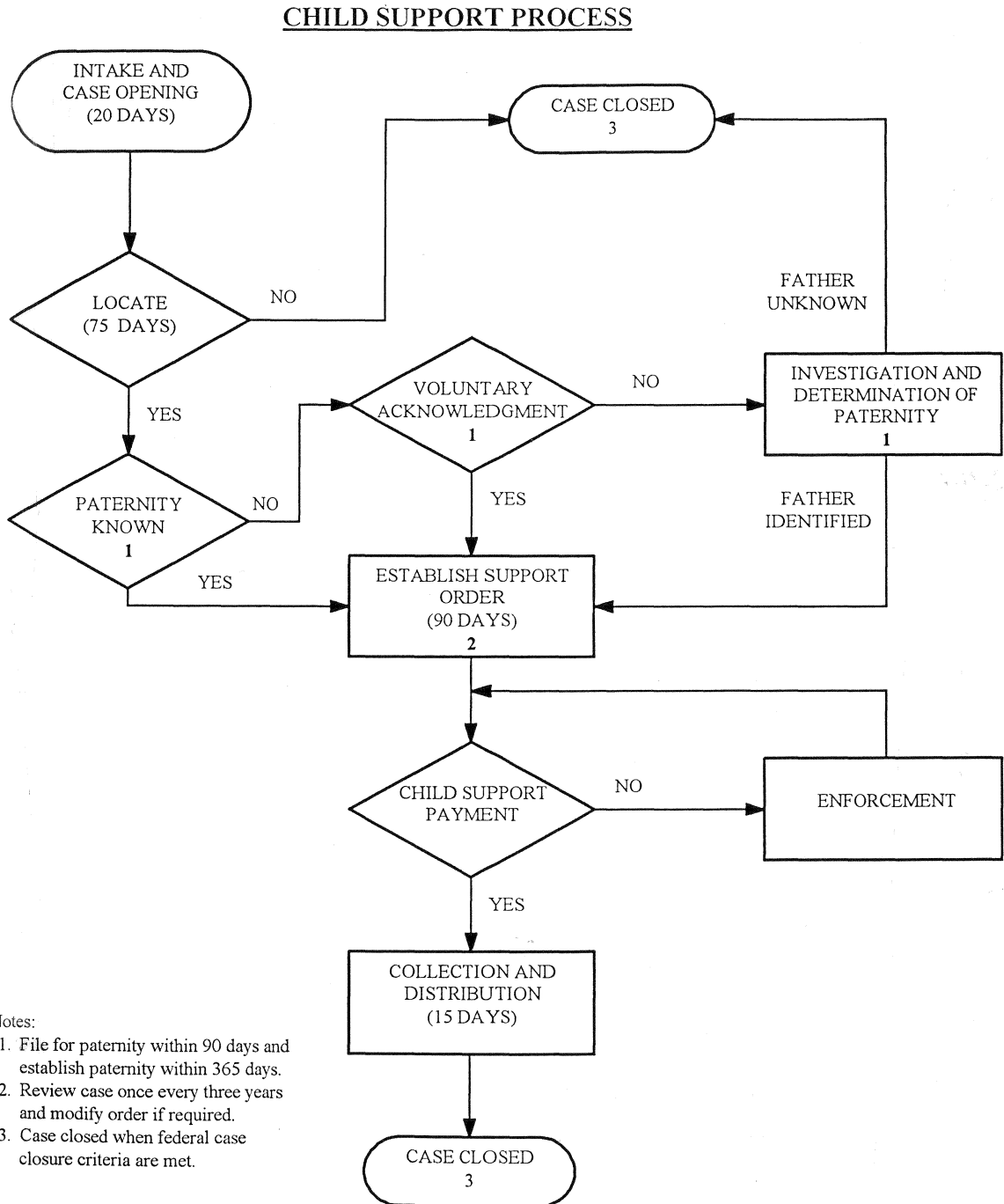
Complete and accurate application forms provide the initial basis needed to properly establish a case and to initiate locate actions for the non-custodial parent in a prompt manner. The date the division

receives an application becomes the starting point from which timeliness performance can be measured and evaluated for division management. Without possession of or access to critical application information, OCS cannot administer cases as effectively as otherwise might be possible.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.1 INTAKE AND CASE OPENING (Continued)

FIGURE 8



Source: LBA analysis of 45 CFR 303 and NH RSAs

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.1 INTAKE AND CASE OPENING (Continued)

##### OBSERVATION NO. 9: APPLICATIONS SHOULD BE COMPLETED IN A TIMELY MANNER (Continued)

According to the OCS Policy Manual "the 725 (application form) will be the Child Support intake document, it will also be essential that the case technician review the data on the completed Form 725 directly with the client to ensure that the 725 is fully and properly filled out..." In addition, the instructions to the 725 form state that AFDC applicants must complete the form in order to receive benefits.

The OCS does not have completed application forms for service or application receipt dates in all cases as required. We selected a sample of child support cases from an OCS database. Of 318 cases we reviewed, we found 22 files where this integral information was absent. Eighteen cases had no application in their files and four had no date of receipt at OCS.

In addition, we found that OCS does not meet the federal timeliness standards for case opening in all cases. We reviewed 164 cases and found 60 cases exceeded the 20-day requirement.

Opening a case by establishing a case record and entering relevant information into NECSES is the first step in the child support process. If this is not completed in a timely manner, the remainder of the process is unduly delayed. Since the support process is largely dependent upon the automated system, no action can be taken until the case is entered into the system. Timeliness is particularly important in locating the non-custodial parent as initial information can become stale and unusable resulting in lost opportunities for support establishment.

##### RECOMMENDATION:

We recommend division management:

- strengthen its procedures to ensure that application forms are properly completed in a timely manner and retained in the case file. The division should urge its case workers to follow-up with clients who do not return completed applications; and
- ensure that all cases are opened in compliance with federal timeliness standards. Case opening procedures should serve to enhance the accountability of staff and expedite the establishment and enforcement of support orders.



### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.1 INTAKE AND CASE OPENING (Continued)

##### OBSERVATION NO. 9: APPLICATIONS SHOULD BE COMPLETED IN A TIMELY MANNER (Continued)

###### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- OCS has initiated measures to improve front end intake processing. OCS is implementing a child support AFDC intervention process which addresses timely processing of child support applications. Under this intervention process, the OCS worker interviews the client for child support services rather than and prior to the AFDC worker. Therefore, the information obtained by the OCS worker from the client is more comprehensive and reliable. Early results indicate significant reductions in application cycle time, and absent parent locate services are started on the date of application.
- Improved automation of the interface between NECSES and the AFDC Eligibility Management System (EMS) now alerts OCS to the existence of new AFDC applications and AFDC case openings, allowing OCS to monitor and take timely action on child support applications.
- OCS is in compliance with Federal Audit Standards relative to the processing of child support applications as defined in Federal Audit Standards.

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##### OBSERVATION NO. 10

**PRIORITY NUMBERS SHOULD BE  
ASSIGNED TO ALL CASES**

Once an application or referral is received and a case opened, OCS assigns a priority number based on the amount of information provided. These priority numbers assist case workers in determining what

activities could be done given the available information. State child support agencies may opt to establish a case priority system according to federal rules. If a priority system is established the State **must**: (1) have written procedures for evaluating cases and assigning priority, (2) include all cases in the system, (3) ensure no child support services are systematically excluded from the system, (4) notify clients that information they provide may affect the priority of their case, (5) prioritize the cases, and (6) establish a review mechanism. OCS had only complied with items one and four during the audit period.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.1 INTAKE AND CASE OPENING (Continued)

##### OBSERVATION NO. 10: PRIORITY NUMBERS SHOULD BE ASSIGNED TO ALL CASES (Continued)

OCS staff reported that not all cases had been assigned a priority number. Our analysis of NECSES disclosed that as of June 30, 1994, 12,116 of the 28,523 open child support cases had no priority number assigned.

Item 624 of OCS' Policy Manual states that "OCS utilizes a case prioritization system to assist child support workers in managing their cases." Both Administrative Rule He-W 408.01 and Item 624 of OCS' Policy Manual require all establishment and enforcement cases to be reviewed and generally assigned a priority number between one and three. A case record must contain enough information to initiate appropriate establishment or enforcement action to be categorized as **priority one**. At a minimum, the case record must contain the non-custodial parent's name and current address or the non-custodial parent's name and employer's name and address. Cases will be assigned **priority two** status when the case record contains insufficient information for any action other than locate action or submittal to the Internal Revenue Service for tax refund offset. The case record should minimally contain the non-custodial parent's name and social security number or parent's name and date of birth. Cases are assigned **priority three** status when there is insufficient information in the case record to take any action or when the non-custodial parent is incarcerated or receiving public assistance. In addition, cases may be assigned **priority four** status. Cases with a priority four designation are those meeting closure criteria but have not yet been closed.

We surveyed 67 support enforcement officers (SEOs) and case technicians to ascertain their opinions on the effectiveness of OCS' case priority system. Of the 39 respondents expressing an opinion, 38 rated the case priority system "satisfactory" or above. We also asked SEOs and case technicians to indicate whether the case priority system was a strength or weakness in the following areas: locating absent parents, establishing paternity, establishing support orders, and enforcing support orders. A majority of respondents cited OCS' case priority system as a strength in each area.

##### RECOMMENDATION:

We recommend division management:

- review all establishment and enforcement cases not currently assigned a priority number and prioritize them according to appropriate State and federal criteria.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.1 INTAKE AND CASE OPENING (Continued)

##### OBSERVATION NO. 10: PRIORITY NUMBERS SHOULD BE ASSIGNED TO ALL CASES (Continued)

###### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- The priority number has little significance to case management. NECSES' case management subsystem is in continuous operation whether or not a case has a priority number. The case management subsystem contains automated case prioritization tools, such as worker mail, paternity coding, edits, controls, and individual caseload management reports.
- An Ad Hoc report to measure compliance with case prioritization since the implementation date of policy regarding case prioritization, showed that 91.6% of cases opened were prioritized. Of the cases without a prioritization code, many were closed and approximately half had ongoing child support receipts.
- The observation fails to acknowledge that the ultimate measure of efficient case management is collection performance. OCS' collection performance has steadily increased during and subsequent to the audit period.
- OCS has prioritized all establishment and enforcement cases that did not have a priority number.

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##### OBSERVATION NO. 11

###### **ABUSE AND NEGLECT CASES SHOULD BE REPORTED**

OCS staff do not routinely report suspected cases of child abuse, including statutory rape, or neglect to the Division for Children, Youth, and Families as required by the New Hampshire Child Protection Act.

Only one of ten district office supervisors interviewed reported that he would routinely report such a situation to DCYF. Two other district supervisors indicated they would transfer the cases to the OCS Legal Unit for further action. Our review of a sample of 380 child support case files disclosed nine cases where statutory rape, child abuse, or neglect may have occurred. Seven cases involved instances of potential statutory rape and two cases involved potential child abuse or neglect.

### **3. CHILD SUPPORT SERVICES (Continued)**

#### **3.1 INTAKE AND CASE OPENING (Continued)**

##### **OBSERVATION NO. 11: ABUSE AND NEGLECT CASES SHOULD BE REPORTED (Continued)**

Three sections of State law are of particular note in these cases. First, RSA 169-C:3 (XXVII-a) describes sexual abuse as the use of a child (person under 18 years of age) to engage in any sexually explicit conduct under circumstances which indicate the child's health or welfare is harmed. Second, RSA 169-C:3 (XIX) (b) describes a neglected child as someone who is without proper parental care or control necessary for his physical, mental, or emotional health when it is established that his health has suffered or is very likely to suffer serious impairment. Finally, RSA 632-A:3 (II) states that any person who engages in sexual penetration with a person other than a legal spouse who is 13 years of age or older and under 16 years of age has committed felonious sexual assault, a Class B felony in New Hampshire. We found no documentation in the case files indicating that division staff filed any reports to either DCYF or county attorneys.

RSA 169-C:30 requires individuals report instances of suspected child abuse or neglect to DCYF "immediately by telephone or otherwise, and followed within 48 hours by a report in writing, if so requested...." RSA 169-C:39 makes it a misdemeanor for failing to comply with the requirement. By failing to report these types of cases to the Division for Children, Youth, and Families OCS employees are in apparent violation of State law.

In cases where one parent is a minor, some field staff indicated they would encourage the minor's parents to pursue appropriate legal channels. Staff demonstrated reluctance to report information gathered through the support establishment process. This was due, at least in part, to the fact that adult parents seeking child support services could possibly provide information which might incriminate them if they admitted to having a relationship with a minor. Some OCS employees reported that they thought a professional/client privilege applied to these situations. RSA 169-C:32, however, provides that "The privileged quality of communication between...any professional person and his patient or client...shall not apply to proceedings instituted pursuant to this chapter and shall not constitute grounds for failure to report as required...." Moreover, RSA 169-C:31 waives civil or criminal liability for persons who report suspected abuse or neglect in good faith. Documents we reviewed indicate that the division has been aware of these situations since at least 1991.

##### **RECOMMENDATION:**

**We recommend division management:**

- **ascertain the number of active child support cases which may involve statutory rape, child abuse, or neglect situations and then determine the most appropriate means to comply with RSA 169-C:29; and**
- **ensure that all staff, especially those with routine client contact, are aware of and comply with their responsibilities and State law.**

**3. CHILD SUPPORT SERVICES (Continued)**

**3.1 INTAKE AND CASE OPENING (Continued)**

**OBSERVATION NO. 11: ABUSE AND NEGLECT CASES SHOULD BE REPORTED (Continued)**

**AUDITEE RESPONSE:**

We concur with the observation and recommendation.

- When this matter was first brought to the attention of OCS management and while the audit was still underway, OCS sent a written directive to all Child Support staff, instructing them to immediately comply with the reporting requirements of RSA 169-C:29. A copy of this directive was provided to the OLBA in June, 1995.

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**3.2 LOCATING NON-CUSTODIAL PARENTS**

Before paternity can be established and a support order issued, the State must know the whereabouts of a non-custodial parent. For all child support cases the State must attempt to locate non-custodial parents in order to take appropriate action. Locate activities include determining the physical whereabouts of the non-custodial parent, the parent's employer, source(s) of income, and assets. State IV-D agencies have a broad range of resources available to them including the Federal Parent Locator Service, state and local agencies, U.S. Postal Service, credit reporting agencies, law enforcement agencies, unions, fraternal organizations, current and past employers, telephone companies, and relatives or friends of the non-custodial parent. Our review of New Hampshire's locate process indicated two areas where improvement is necessary.

**OBSERVATION NO. 12**

**EXPANSION OF REAL TIME, ON-LINE  
 AUTOMATED LINKAGES SHOULD BE  
 EVALUATED**

New Hampshire currently utilizes NECSES as a comprehensive, statewide, automated child support case management system. NECSES has been designed to support the day-to-day activities of case workers and as such it is an integral part of

the child support establishment and enforcement function. The system allows workers to access, manipulate, and store case information about custodial and non-custodial parents including names, addresses, and telephone numbers; Social Security numbers; and support order amounts and other personal financial information. OCS personal computers are connected to each other, to electronic mail, and to NECSES through a local area

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.2 LOCATING NON-CUSTODIAL PARENTS (Continued)

OBSERVATION NO. 12: EXPANSION OF REAL TIME, ON-LINE AUTOMATED LINKAGES SHOULD BE EVALUATED (Continued)

network. Information is exchanged via magnetic tape with the Division of Motor Vehicles, Department of Employment Security, OCS' lock box vendor, Internal Revenue Service, and Federal Parent Locator Service. NECSES also exchanges data with another automated system within the Division of Human Services for public assistance cases.

However, NECSES has no real time, on-line automated linkage with other NH government agencies to facilitate locating non-custodial parents and establishing and enforcing support orders. Management of the CSS program indicated that one of the weaknesses in the State's program is this absence of automated interfaces. Potential sources of State agency information OCS should explore to establish real time, on-line automated linkages include:

- Department of Safety - vehicle registrations and driver's license information;
- Department of Corrections - conviction and incarceration data;
- Fish and Game Commission - fishing and hunting licenses;
- Department of Employment Security - new and existing employee listings;
- Postsecondary Education Commission, Department of Postsecondary Technical Education, and University System of New Hampshire - current student and alumni records;
- Retirement System - member listing;
- Division of Personnel - State employee listing; and
- State licensing boards and commissions that regulate professions.

A primary goal of OCS is to assist custodial parents and their dependents in maintaining financial independence by ensuring non-custodial parents fulfill their obligation to support their children. It is management's responsibility to examine, develop, and implement all available measures which could facilitate the division's mission. Unless New Hampshire moves forward with implementing such interfaces, it cannot perform locate, establishment, and enforcement activities as efficiently and effectively as possible.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.2 LOCATING NON-CUSTODIAL PARENTS (Continued)

##### OBSERVATION NO. 12: EXPANSION OF REAL TIME, ON-LINE AUTOMATED LINKAGES SHOULD BE EVALUATED (Continued)

##### RECOMMENDATION:

We recommend division management:

- evaluate the feasibility and costs associated with establishing real time, on-line automated linkages with State agencies; and
- seek federal funding for any enhancements which may be eligible for reimbursement.

##### AUDITEE RESPONSE:

We concur in part with the observation and concur with the recommendation.

- OCS has endeavored to evaluate the value, feasibility, and cost effectiveness of establishing automated linkages with other State agencies in order to expand the NECSES locate data base. In some instances, there are technological barriers to an interface between State agencies.
- Since 1991, OCS has had an automated interface with Employment Security and with the Department of Safety. Since November, 1993, OCS has had an automated interface with the State Lottery Commission. By year end, OCS will implement an automated interface with the Department of Revenue.
- OCS has evaluated the value and feasibility of other automated interfaces with sources within and outside of the State of New Hampshire. For example, OCS has begun quarterly automated cross matches with the Massachusetts Department of Revenue, matching quarterly wage files, new hire files, and banking files. In addition, the Federal Parent Locate Service provides OCS with new hire information via tape from other states. In November, 1996, OCS will initiate an automated interface with the Internal Revenue Service, matching 1099 file account data in order to locate assets of non custodial parents.
- New Hampshire (OCS) was the first state in New England to implement a fully automated Interstate Interface Network, allowing it to send and receive locate transactions to and from other states. (Child Support Enforcement Network, CSENET)

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.2 LOCATING NON-CUSTODIAL PARENTS (Continued)

##### OBSERVATION NO. 13

**TIMELINESS REQUIREMENTS FOR  
ACCESSING LOCATE SOURCES SHOULD BE  
REVIEWED AND STRENGTHENED**

We found that OCS does not meet federal timeliness standards for accessing locate sources in all cases. Federal regulations require that all appropriate locate sources be accessed within 75 days of determining that locating the absent

parent is necessary. Other location attempts must be conducted on at least a quarterly basis when previous efforts have failed.

We reviewed a random sample of 187 cases opened during our audit period for compliance testing. We found 21 cases exceeded the 75-day requirement.

The federal standards do not require that the non-custodial parent be found within the time period, just that the division begin to search for the non-custodial parent within 75 days. A large part of OCS' locate functions are conducted automatically through NECSES. The automated system is triggered whenever the non-custodial parent's employer, address, date of birth, or social security number is absent from the case file. In addition, manual intervention (e.g., telephone calls, written correspondence) by the case worker in many cases is still essential to facilitate the locate process. All but five of the cases exceeding the standard were eventually submitted to the locate process. This suggests that the division was able to acquire enough information in nearly every case to initiate locate procedures. Why it took so long is unclear. Contributing to this problem may be the fact that OCS does not have the ability to track the timeliness of locate initiation on the case management system in an aggregated or summary format.

Timeliness is a particularly important factor in locating the non-custodial parent as initial information can become stale and unusable resulting in lost opportunities for support establishment. Locating the non-custodial parent and verification of that parent's income is essential in establishing and enforcing child support orders.

##### RECOMMENDATION:

We recommend division management review and strengthen its procedures to ensure that all cases are submitted to the locate process within federal timelines and that a mechanism be implemented to monitor locate activities in order to further enhance the accountability of staff and expedite the establishment and enforcement of support orders.



### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.2 LOCATING NON-CUSTODIAL PARENTS (Continued)

##### OBSERVATION NO. 13: TIMELINESS REQUIREMENTS FOR ACCESSING LOCATE SOURCES SHOULD BE REVIEWED AND STRENGTHENED (Continued)

###### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- OCS enhanced the automated locate subsystem so that all appropriate locate sources are accessed within Federal timeline standards. NECSES automatically initiates the locate process when any one of the following data elements are missing: address, employer, Social Security number, or date of birth.
- OCS recently initiated the child support intervention process in which applications for child support are acted upon and locate services are begun before the initial AFDC eligibility interview, thereby accelerating the absent parent locate process to the date of the child support application.

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#### 3.3 ESTABLISHING PATERNITY

Paternity establishment is the process of identifying the biological (and legal) father of a child. Children born to a married couple are presumed to be the offspring of that couple. However, when a child is born out-of-wedlock or the presumption of paternity is contested, paternity must be determined. In New Hampshire, fathers can voluntarily acknowledge paternity through the use of an Affidavit of Paternity. In October 1994, an OCS initiative called "In-hospital Paternity Establishment" was launched whereby a father is asked by hospital staff to sign an Affidavit of Paternity immediately following the birth of his child. This innovation may improve paternity establishment rates and reduce costs.

The alternative to voluntary acknowledgement is court-determined paternity. OCS personnel investigate an allegation of paternity by interviewing the mother, alleged father (or alleged fathers), and other witnesses who may be able to corroborate information provided (a mother can claim "good cause" for not cooperating with efforts to establish paternity in cases of rape, domestic abuse, or other extenuating circumstances).

Paternity can be established through blood or genetic testing. Blood and genetic testing are used to either exclude an alleged father or estimate paternity with a high degree of probability -- greater than 99 percent. RSA 522 addresses blood and genetic tests to establish paternity. This statute

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.3 ESTABLISHING PATERNITY (Continued)

requires courts to order the alleged father, mother, and child to submit to blood, tissue typing, or genetic marker tests where the question of paternity is an issue. If any party refuses to submit to a blood test, the case may either be decided against the non-cooperative party or the court can enforce its order.

New Hampshire contracted with two providers for blood and genetic testing services in FY 1994. One contract with a Virginia company provides Belknap and Rockingham counties with parentage testing services. The cost to the State for this service is \$94 per individual with a maximum contract cost of \$35,000. The other contractor used by OCS is a North Carolina company providing services to Carroll, Cheshire, Coos, Grafton, Hillsborough, Merrimack, Strafford, and Sullivan counties at a cost of \$75 per individual with a contract maximum of \$78,000. Each contract requires the provider to supply qualified phlebotomists to draw blood samples. The federal government pays for 90 percent of the costs of parentage testing services.

#### OBSERVATION NO. 14

**PROCEDURES TO ENSURE TIMELINESS  
REQUIREMENTS FOR ESTABLISHING  
PATERNITY SHOULD BE STRENGTHENED**

OCS does not meet the federal timeliness standards for paternity establishment in all cases. Federal regulations require that OCS file for paternity establishment or complete service of process (or document unsuccessful attempts),

whichever occurs later, within 90 calendar days of locating the putative father. Federal law further requires that paternity be established or the putative father excluded within one year of successful service of process or the child reaching six months of age, whichever is later. The combined time frame is 455 days to establish paternity from the date that locate is confirmed.

We reviewed 40 cases for compliance testing. We found eight cases exceeded the 455-day requirement.

Delays in paternity establishment defer the establishment of support and the associated financial and medical benefits. The establishment of paternity can also be beneficial to the emotional well being of the child.

#### RECOMMENDATION:

We recommend division management strengthen its procedures to ensure that paternity is established according to federal requirements.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.3 ESTABLISHING PATERNITY (Continued)

OBSERVATION NO. 14: PROCEDURES TO ENSURE TIMELINESS REQUIREMENTS FOR ESTABLISHING PATERNITY SHOULD BE STRENGTHENED (Continued)

AUDITEE RESPONSE:

We concur with the observation and recommendation.

- OCS meets the Federal standards for timeliness relative to its overall paternity caseload.
- In November, 1995, a legal subsystem was added to NECSES. The legal subsystem provides OCS management with reports that allows it to monitor the establishment process.
- OCS will release an establishment policy which will be released by the end of the year.
- In October, 1994, OCS implemented the In Hospital Paternity Program. This program has established paternity in approximately 65% of non marital births.
- OCS is meeting paternity establishment percentage goals as agreed to with the Federal Office of Child Support Enforcement, under the provisions of the Government Performance Review Act (GPRA).

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#### 3.4 ESTABLISHING SUPPORT ORDERS

Once paternity has been established the State can begin the process of establishing a legal support order. Federal regulations require that a support order be established within 90 calendar days of locating a non-custodial parent or establishing paternity. Two State statutes acknowledge the duty of parents to support their dependent children. RSA 546-A:2 requires all persons with sufficient income and resources support their children. In divorce cases, RSA 458:17 (I) states, "... the court shall make such further decree in relation to the support, education, and custody of the children as shall be most conducive to their benefit and may order a reasonable provision for their support and education." Under RSA 458:35-c, child support orders remain in effect and terminate automatically when the child reaches 18 years of age or the child is married or enters the armed forces. In certain circumstances the court may extend the order beyond the age of 18.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.4 ESTABLISHING SUPPORT ORDERS (Continued)

The federal Family Support Act of 1988 required the use of guidelines for the establishment or adjustment of all child support orders. RSA 458-C established child support guidelines for use in New Hampshire. These guidelines are based upon the following principles:

- the sharing of financial responsibility for child support between both parents;
- an obligor's children in an initial family should have an equal standard of living to children in the obligor's subsequent families; and
- the percentage of net income paid for child support is dependent upon the number of children and not according to income.

Federal regulations also require states to develop and utilize expedited processes to establish and enforce paternity and support orders. The purpose of an expedited process is to adjudicate cases faster than a traditional judicial proceeding while maintaining the same rule of law. To comply with this requirement, New Hampshire uses the **Marital Masters program**. The program, administered by the New Hampshire Superior Court through an agreement between the New Hampshire Supreme Court and OCS, consists of nine full-time masters and two part-time masters. Orders recommended by marital masters and approved by judges have the same force and effect as those issued directly by judges. However, marital masters do not have contempt powers.

The expedited process in New Hampshire is a two-tiered approach. OCS will first attempt to reach an agreement with the obligor before the case is referred to a master. A support enforcement officer will meet with the obligor to see if an agreement can be reached. If an agreement is reached, the obligor signs a waiver of service and a consent decree. The signed consent decree is then sent to OCS' Legal Unit, reviewed by a staff attorney, and forwarded to the court for signature. No further action by the court is required.

If no agreement can be reached between OCS and the obligor, the case is referred to OCS' Legal Unit. A hearing is subsequently scheduled with a marital master. On the day of the scheduled hearing an OCS staff attorney will attempt to negotiate an agreement with the obligor. If an agreement is reached, the obligor signs a consent decree which is also signed by the master. If no agreement is reached the case goes before the master for adjudication.

Our review of the State's support order process disclosed deficiencies in the areas of grandparent liability, verification of obligor financial statements, compliance with federal timeliness requirements, and with the monitoring of medical support provisions of orders.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.4 ESTABLISHING SUPPORT ORDERS (Continued)

##### OBSERVATION NO. 15

**GRANDPARENT SUPPORT LIABILITY  
PROCEDURES SHOULD BE STRENGTHENED**

We found that OCS has no written policies and procedures related to the liability of grandparents to provide support to their grandchildren when they are born of minor parents. Our review of OCS'

Policy Manual and interviews with field personnel disclosed a general lack of acknowledgement of or desire to invoke this statutorily-permitted tool to collect support for dependent children. The recovery of assistance is limited to those grandparents who have a weekly income or other resources more than sufficient to provide a reasonable subsistence compatible with decency and health. Our review of a sample of child support case files disclosed no evidence that OCS had pursued grandparents, where appropriate, to enforce orders for support.

None of the ten district office supervisors we interviewed recalled seeking child support from grandparents or had attempted to enforce a child support order by compelling grandparents to pay all or part of court-ordered support to custodial parents (or the State in public assistance cases). One supervisor further stated that OCS' Legal Unit had instructed the field staff not to pursue grandparents as a means to collect support. One of the regional administrators reported to us never having seen a case where grandparents were held responsible for providing child support.

##### RECOMMENDATION:

We recommend division management develop and implement written policies and procedures to ensure that every possible avenue of support is considered, including grandparents where appropriate. This process should include reviewing the informal practices currently in existence and defining goals and standards for more effective management.

##### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- OCS will examine the feasibility of instituting a grandparent liability process. Traditionally, courts have been reluctant to impose grandparent liability. In the past, OCS has concluded that pursuing grandparents for the support of their grandchildren was not cost effective.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.4 ESTABLISHING SUPPORT ORDERS (Continued)

##### OBSERVATION NO. 15: GRANDPARENT SUPPORT LIABILITY PROCEDURES SHOULD BE STRENGTHENED (Continued)

###### AUDITEE RESPONSE (Continued):

- In 1991, the Children and Youth and Juvenile Justice Committee voted HB-234 Inexpedient to Legislate by a 12-0 vote. This bill required grandparents to support their daughter's illegitimate children until the children reached the age of eighteen.
- A national survey of 50 state child support agencies, conducted in August, 1996 by the Florida Department of Revenue's Child Support Enforcement Services, revealed that 35 of the 45 states responding do not pursue grandparent liability. Moreover, there is insufficient data to conclude that pursuing grandparent liability is cost effective.

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##### OBSERVATION NO. 16

###### **STRENGTHEN PROCEDURES TO VERIFY ACCURACY OF OBLIGOR FINANCIAL STATEMENTS FOR SELF EMPLOYED**

The child support process requires that OCS obtain and verify complete and accurate financial statements from both obligor and obligee. OCS' Policy Manual requires that "[i]f the obligor does not provide the necessary financial information,

the case is referred to the Child Support Legal Unit for further action."

If an obligor's total financial resource profile is not obtained, the resulting support order will be affected. In most circumstances this means the custodial parent and child(ren) are not receiving the appropriate amount of support to which they are rightfully due. This situation may contribute to waste and misuse of State resources on AFDC recipients if the obligor's income is understated. Moreover, if additional information later becomes known, OCS must review and possibly adjust existing orders which requires duplicate efforts on the part of case workers.

We found that OCS often does not verify the accuracy of obligors' financial statements. Financial affidavits gathered by support enforcement officers (SEOs) provide the primary evidence used to determine a fair and equitable support amount for a legally-binding order. We surveyed 67 SEOs and case technicians assigned to district offices during the audit period. On a scale of one to five, where one is "never" (low) and five is "always" (high), 23 of 40 respondents rated the frequency of complete and accurate financial statements from obligors as three or below.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.4 ESTABLISHING SUPPORT ORDERS (Continued)

##### OBSERVATION NO. 16: STRENGTHEN PROCEDURES TO VERIFY ACCURACY OF OBLIGOR FINANCIAL STATEMENTS FOR SELF EMPLOYED (Continued)

Four of the five marital masters we interviewed also cited problems with the accuracy of obligors' financial statements. One master stated, "I do not see much independent verification of information...The reliability of the information is dependent on the obligor." The problem seemed particularly acute for those obligors who were self-employed. According to one of the masters, "the SEOs do not have any understanding about accounting that is done by self-employed people. This is a hindrance."

The division is unable to compel the obligor to cooperate with its case workers in some cases. One master noted that in some instances the financial situation of the obligor is unknown until he or she comes to court because the obligor ignored previous requests for information. Similarly, another master stated that, "OCS will readily admit that the information is a best guess and they will adjust the amounts. It gets the non-custodial parent in and keeps the process going." The same master stated that SEOs need additional training to develop the expertise necessary to investigate self-employed obligors.

##### RECOMMENDATION:

We recommend division management:

- strengthen procedures used to verify the accuracy of financial statements made by obligors, especially those who are self-employed and require physical proof, such as pay stubs or third party verification of income; and
- assess the training needs of all case workers and supplement, where necessary, training to enhance OCS' ability to obtain a complete financial picture of self-employed obligors.

##### AUDITEE RESPONSE:

We concur in part with the observation and recommendation.

- OCS acknowledges the need to enhance verification of an obligor's financial circumstances. In 1992, OCS staff were trained in methods to compel a payor to produce documentation of income and assets. In 1996, OCS in collaboration with the NH Superior Court conducted two training events which covered methods of verifying an obligor's ability to pay support, particularly in self employed situations.

3. CHILD SUPPORT SERVICES (Continued)

3.4 ESTABLISHING SUPPORT ORDERS (Continued)

OBSERVATION NO. 16: STRENGTHEN PROCEDURES TO VERIFY ACCURACY OF OBLIGOR FINANCIAL STATEMENTS FOR SELF EMPLOYED (Continued)

AUDITEE RESPONSE (Continued):

- OCS has procedures in place to verify an obligor's income and assets and does not exclusively rely on financial affidavits. OCS utilizes a NECSES generated employer verification form to verify income and health insurance information whenever a new or different employer is identified for an obligor. Employers are legally required to provide this information and the level of compliance is high. In cases where the payor fails to produce the documentation at the court hearing, the court typically enters an order for support with the provision that the payor produce documentation of income by a specific date.

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OBSERVATION NO. 17

**STRENGTHEN PROCEDURES TO ENSURE  
TIMELINESS REQUIREMENTS FOR  
ESTABLISHING SUPPORT ORDERS ARE  
MET**

The establishment of support orders provides financial and medical assistance to custodial parents to aid in raising their children. Support payments help the family achieve and maintain self sufficiency and may reduce AFDC caseloads. The OCS is required to

adhere to federal criteria in establishing support orders and the secretary of the U.S. Department of Health and Human Services may impose a penalty on states that do not meet compliance in 75 percent of cases reviewed in federal audits.

We found that OCS does not meet the federal timeliness standards for support order establishment in all cases. Federal regulations require that OCS establish a support order or complete service of process, (or document unsuccessful attempts) whichever occurs later, within 90 calendar days of locating the putative father or establishing paternity. The locate initiate date for each case was provided by OCS and the dates of paternity establishment and support order were obtained from a manual review of each paper file. We found that 23 of 79 cases we reviewed for compliance testing exceeded the 90-day requirement.



3. CHILD SUPPORT SERVICES (Continued)

3.4 ESTABLISHING SUPPORT ORDERS (Continued)

OBSERVATION NO. 17: STRENGTHEN PROCEDURES TO ENSURE TIMELINESS REQUIREMENTS FOR ESTABLISHING SUPPORT ORDERS ARE MET (Continued)

RECOMMENDATION:

We recommend division management strengthen its procedures to ensure that support orders are established according to federal timeliness requirements.

AUDITEE RESPONSE:

We concur with the observation and recommendation.

- Although the random sample of cases showed that OCS was not in compliance with federal standards, overall OCS is in compliance with Federal standards for support establishment.
- In November, 1995, OCS implemented a new legal subsystem which monitors and tracks establishment timeframes to ensure that establishment requirements are met.
- By the end of the year, OCS will release an establishment policy to provide staff with the guidance to timely establish support orders.
- OCS is meeting support order establishment goals as agreed to with the Federal Office of Child Support Enforcement, under the provisions of the Government Performance Review Act (GPRA).
- In 1994, OCS ranked #1 in New England in the percentage increase of child support orders established.

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OBSERVATION NO. 18

**ENFORCEMENT OF MEDICAL SUPPORT ORDERS SHOULD BE IMPROVED**

Child support orders include not only support payment terms but also a provision for health insurance. RSA 458:17 (IX) requires courts to include a provision for medical insurance or the payment of

uninsured medical expenses in all child support orders. Through RSA 161-B:1, it is the expressed policy of the State that public assistance expenditures be conserved, whenever possible, if there are private funds available or which can be made available to partially or completely meet the

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.4 ESTABLISHING SUPPORT ORDERS (Continued)

##### OBSERVATION NO. 18: ENFORCEMENT OF MEDICAL SUPPORT ORDERS SHOULD BE IMPROVED (Continued)

needs of the State's children. Medical support enforcement is provided to all public assistance cases. Non-public assistance cases are notified in the application for child support services that medical support enforcement services will be provided unless there is a specific request to the contrary.

The OCS is charged with enforcing medical support when it is incorporated in support orders. Effective September 1, 1995, a uniform support order was adopted by the Superior Court. Through the uniform order obligors or obligees are required to provide health insurance immediately if it is available at a reasonable cost (health insurance is considered to be reasonable in cost if it is provided through an employer or group insurance plan). If health insurance is unavailable (or unavailable at a reasonable cost) at the time the order is executed the court may temporarily suspend an immediate order to obtain such insurance. The order provides, however, that as soon as health insurance becomes available that the obligor or obligee must immediately obtain it for the dependent child or children.

We found that OCS has not adequately enforced medical support provisions of child support orders. We surveyed 67 SEOs and case technicians to determine their opinions on OCS' enforcement of medical support. Of the 45 SEOs and case technicians responding to the question, only eight reported OCS always or usually enforced medical support orders and 12 reported OCS rarely enforced such orders. We also asked the respondents to rate OCS' effectiveness in enforcing medical support. Of the 45 respondents answering this question, only nine rated OCS as either good or very good in enforcing medical support orders and 12 rated OCS as poor.

In interviews with the ten child support district office supervisors, seven reported either inadequate or nonexistent enforcement of medical support orders. Four of the supervisors stated medical support enforcement was not a priority. In addition, OCS' chief legal counsel stated that there is no monitoring of medical coverage. A New Hampshire Legal Assistance attorney active in handling child support cases stated medical support does not appear to be enforced.

State expenditures in the form of Medicaid benefits may be unnecessarily increased because custodial parents may rely on this program when private medical insurance is available but not acquired. If the children are not Medicaid eligible, they may not receive needed medical care. The State also risks financial sanctions if found to be out of compliance with federal regulations.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.4 ESTABLISHING SUPPORT ORDERS (Continued)

##### OBSERVATION NO. 18: ENFORCEMENT OF MEDICAL SUPPORT ORDERS SHOULD BE IMPROVED (Continued)

##### RECOMMENDATION:

We recommend division management:

- place more emphasis on obtaining and monitoring medical insurance information from non-custodial parents who have been ordered to provide such insurance. NECSES should be reviewed and enhanced, if necessary, to include medical insurance screens capable of maintaining up-to-date medical insurance information for all cases where medical support is ordered; and
- ensure that its staff are familiar with both RSA 161-C:3-b which requires insurers and employers to report subscriber eligibility or discontinuance to the State and RSA 161-H regarding the State's enrollment of children in health insurance plans if non-custodial parents fail to purchase required medical coverage.

##### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- OCS has had a Medical Support policy since 1979. In 1990, a revised Medical Support policy and related forms were released. Support petitions and consent decrees were changed to include health insurance provisions. Extensive training was held.
- OCS has initiated the following corrective actions:
  - In December, 1996, OCS will implement a new computer subsystem within NECSES - the Medical Support Enforcement Subsystem. The new subsystem will automate the gathering of insurance information and will provide automated controls and notices to employers, obligors and clients increasing the availability of medical insurance coverage for children.
  - OCS is updating its verification notice to employers which requests detailed medical insurance information.
  - Notice will automatically generate to clients advising them of medical insurance coverage information.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.4 ESTABLISHING SUPPORT ORDERS (Continued)

##### OBSERVATION NO. 18: ENFORCEMENT OF MEDICAL SUPPORT ORDERS SHOULD BE IMPROVED (Continued)

##### AUDITEE RESPONSE (Continued):

- If no employer is known to NECSES, it will automatically generate a letter to the absent parent asking for medical insurance coverage information. NECSES will generate an automated enforcement letter to the absent parent advising the parent that OCS will be adding children to the absent parent's insurance.
- OCS will initiate a training program for supervisors and staff when the new Medical Support subsystem is implemented.

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#### 3.5 ENFORCING SUPPORT ORDERS

State IV-D agencies have a variety of tools at their disposal to compel obligors to comply with support orders. RSA 546-A:7 states "[t]he obligee may enforce his right of support against the obligor and the state or any political subdivision thereof may proceed on behalf of the obligee to enforce his right of support against the obligor. Whenever the state or a political subdivision thereof furnishes support to an obligee, it has the same right as the obligee to whom the support was furnished, for the purpose of securing reimbursement and of obtaining continuing support." Enforcement strategies vary widely among the states. Some of the enforcement tools available in New Hampshire either through State or federal laws include wage withholding of support payments, federal tax refund intercept, unemployment and workers' compensation benefits intercept, lottery intercept, liens against real or personal property, guarantees, reporting to credit bureaus, and criminal sanctions.

According to OCSE, wage withholding is the most effective collection tool utilized by state child support enforcement agencies. In New Hampshire, wage withholding accounted for approximately \$20.7 million of the \$36.6 million collected in FY 1994. However, wage withholding is not effective in all cases. Wage withholding cannot easily be utilized in those cases where the non-custodial parent changes jobs frequently. By the time the State locates the non-custodial parent and attaches wages, the non-custodial parent may have moved to another job.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.5 ENFORCING SUPPORT ORDERS (Continued)

##### OBSERVATION NO. 19

##### **USE AND DOCUMENTATION OF LIENS SHOULD BE STRENGTHENED**

Liens on real or personal property may be used to collect child support by establishing an interest in the property of the obligor. The State may sell property subject to a lien to recover child support arrearages.

A lien also prevents a property owner from transferring or encumbering the property unless the State releases the lien. Real property is defined as land and buildings. Personal property includes items such as automobiles, bank accounts, stamp or coin collections, or antiques owned by the obligor.

Our review of OCS' utilization of liens as an enforcement method disclosed an unwillingness to place liens on real or personal property of obligors. Moreover, because of a lack of automation and complete documentation, OCS was unable to provide adequate information for us to evaluate the effectiveness of liens as an enforcement tool.

The OCS retains no summary information such as the number of liens placed within a specific period, the types of liens placed, the amount of support collections currently being sought through liens, and how successful liens are as an enforcement strategy. Interviews with OCS district office supervisors disclosed that liens are used in less than ten percent of their caseloads. Three field supervisors indicated that liens are currently underutilized against bank accounts. A representative from New Hampshire Legal Assistance stated that OCS had only recently begun using liens against non-paying obligors and that liens are not placed against motor vehicles. Two field supervisors also reported that liens are not used against motor vehicles because of depreciation. Another difficulty reported about motor vehicle liens was that no one checked on existing liens prior to selling the vehicle. Thus, OCS' claim may not be acknowledged although a valid lien exists against an obligor's vehicle.

The Commissioner's Office of Administration and Finance (COAF) is the central repository for "lien reference cards", according to OCS' Policy Manual. Lien records consist of index cards which are completed by caseworkers in the district offices. In order to determine particular identifying or trend information about liens, one must locate the lien card and manually collect the desired data. No analysis is conducted to evaluate the effectiveness of liens in general or specific types of liens being more successful than others. The COAF child support supervisor indicated that a policy and procedure exists for liens but was not very well organized nor consistently followed. Moreover, the supervisor stated district offices were supposed to submit all lien cards to COAF but there was no current means of determining whether they were doing it or not.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.5 ENFORCING SUPPORT ORDERS (Continued)

##### OBSERVATION NO. 19: USE AND DOCUMENTATION OF LIENS SHOULD BE STRENGTHENED (Continued)

Without complete documentation on the use of liens, OCS cannot determine the extent to which liens are successful as an enforcement and collection tool. Moreover, OCS is hindered in evaluating whether liens should be used more or less often and if certain types of liens are more successful than others. Collections may also be reduced if liens are sporadically used but not closely monitored when they are used.

##### RECOMMENDATION:

We recommend division management evaluate its use of liens, their effectiveness relative to other enforcement tools, and existing policies and procedures to determine whether revisions in current practices are necessary. The evaluation should include reviewing the informal practices currently in existence and defining goals and standards for more effective management.

##### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- NECSES has been modified to create a new receipt type for liens which were formerly undifferentiated with and included with normal child support receipts. This now enables OCS to measure the amounts collected on liens on an aggregate basis.
- In 1997, the liens policy is being modified to reflect a new automated 1099 account access process. NECSES will access data with the IRS and automatically notify authorized Child Support workers of account information on all 1099 reportable accounts and assets regardless of their location.
- In 1994, the legislature passed a new law that strengthened OCS' capacity to freeze liquid assets and produce immediate, tangible collection results.
- OCS will evaluate its practice relative to the imposition of motor vehicle liens. Other states implementing motor vehicle liens acknowledge that motor vehicle liens are not the cornerstone of their enforcement collection process. Depreciation, storage, prior existing liens and liquidation costs are factors impacting upon cost effectiveness.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.6 COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS

Payments made for New Hampshire's child support program are processed through the State's lock box vendor. Services provided under contract include preparing monthly child support invoices and mailing them to obligors, receiving support payments from individual obligors via payment coupons, processing the payments, transmitting collection data to OCS, and depositing funds into OCS' account. The OCS has used a lock box since 1987.

Money collected by OCS is distributed to obligees on a bi-weekly basis. Federal regulations allow AFDC recipients to receive up to \$50 each month from child support payments. The remainder is retained by the State as reimbursement for AFDC benefits. Non-public assistance clients receive the entire support payment. Federal regulations require IV-D agencies to distribute collections within 15 calendar days after the end of the month in which they were received.

Our review of the collection and distribution process disclosed weaknesses in how certain child support collections are distributed; the facility many staff have with NECSES financial functions; cash handling at the district offices; and the lack of billing of certain child support obligors.

#### OBSERVATION NO. 20

##### **DISTRIBUTION AND DISBURSEMENT PROCEDURES SHOULD BE IMPROVED**

We found NECSES does not properly distribute child support payments with a "futures" balance. Instead of holding and accumulating the futures balance, when there is a current obligation in effect, NECSES

disburses the excess amount to AFDC recipients in the current month. The federal OCSE requires all automated child support systems to hold and accumulate overpayments into a futures account and draw on this account when the non-custodial parent fails to meet his or her obligation.

An April 1993 Level II Certification Review for NECSES issued by the OCSE, cited New Hampshire's distribution process as a deficiency of the automated system and inconsistent with federal requirements. The federal report mandated that this be corrected by November 1994. As of May 1995, the OCS had not complied with this requirement. In addition, OCS' Policy Manual states that after all obligations are met and an excess amount is left "the excess is retained in Excess Hold ... until the start of the following month at which time it is released and the distribution hierarchy is repeated."

### **3. CHILD SUPPORT SERVICES (Continued)**

#### **3.6 COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS (Continued)**

##### **OBSERVATION NO. 20: DISTRIBUTION AND DISBURSEMENT PROCEDURES SHOULD BE IMPROVED (Continued)**

We also noted that many OCS personnel characterized the distribution process as overly complex and difficult to understand. NECSES has been designed to support the day-to-day activities of OCS case workers. As such it is an integral part of the child support establishment and enforcement function. However, field supervisors report that the financial screens used to record, monitor, and query the distribution and disbursement of child support payments are problematic. The process was described by division personnel as too complex to readily understand. Nine of the ten district office supervisors we interviewed indicated that the NECSES distribution scheme was overly complicated, difficult to work with, and hard to explain to child support clients. One supervisor described the NECSES payment distribution process like this: "Other than the fact that no human can understand the process, it's okay."

By not properly administering the distribution process, the division is releasing funds to AFDC families in excess of what they are entitled to in a given month. This situation may hinder the State's efforts to recover public assistance benefits in the future and contribute to waste of State resources. Irregular child support payments may also frustrate recipients' attempts to budget and plan for future expenditures. Moreover, without the capability to easily interact with NECSES, OCS personnel cannot perform their daily tasks as efficiently and effectively as possible. Service delivery to clients and other stakeholders may be impaired if staff are not adequately trained on NECSES. Staff morale may also suffer from dealing with complicated components of NECSES on a daily basis without sufficient training.

##### **RECOMMENDATION:**

**We recommend division management:**

- **review the existing distribution scheme to determine whether NECSES programming modifications are needed to ensure that "futures" payments are handled in a manner consistent with State program needs and federal requirements;**
- **evaluate the feasibility and costs associated with modifications to NECSES that would enhance the utility of the financial screens used by staff to record, monitor, and query distribution and disbursement activities; and**
- **develop and implement a comprehensive training program for all NECSES users to enhance staff proficiency and productivity. Emphasis should be placed on the more complex features such as financial screens.**



**3. CHILD SUPPORT SERVICES (Continued)**

**3.6 COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS (Continued)**

**OBSERVATION NO. 20: DISTRIBUTION AND DISBURSEMENT PROCEDURES SHOULD BE IMPROVED (Continued)**

**AUDITEE RESPONSE:**

We concur with the observation and recommendation.

- In September, 1995, NECSES was modified to comply with the Federal standards regarding futures. In addition, the financial screens were modified to reflect the draw down of futures payments and another screen was added to enable staff to monitor those payments.
- In August, 1995, OCS provided comprehensive training for all staff on the financial subsystem and the distribution process.

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**OBSERVATION NO. 21**

**CASH HANDLING PROCEDURES SHOULD BE STRENGTHENED**

Cash handling procedures used by OCS need to be strengthened to enhance the security of child support payments entrusted to district offices. The practice among district offices when cash payments are received is to issue a receipt, deposit the money in a local bank account, and to prepare and send a check along with a copy of the receipt to the lock box. However, we found inconsistent practices and insufficient controls over cash received among the various offices.

We noted in several district offices the person who receives child support payments also maintains physical custody of the checkbook and undeposited cash and checks, makes deposits, and reconciles monthly bank statements. In addition, money on hand is often not adequately safeguarded against theft or loss before it is deposited in the bank. Several of the offices keep cash in employees' desks that are seldom locked. Some offices where money is secured admitted that all or most OCS personnel have access to the funds. The amount of cash received and kept on-hand is in the range of several hundred dollars up to tens of thousands of dollars per month depending on district office.

Under RSA 6:11 the State Treasurer provides guidance to agencies handling cash receipts and deposits. Manual of Procedures Part ADM 401 (expired) prescribes the procedures to be used for the receipt and deposit of cash. The procedures require cash be received by designated persons, prenumbered receipts be used, and a cash journal maintained. Rule 401.02 (d) (expired)

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.6 COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS (Continued)

**OBSERVATION NO. 21: CASH HANDLING PROCEDURES SHOULD BE STRENGTHENED**  
**(Continued)**

further states that "One person shall receive cash, issue a prenumbered receipt for currency, and enter same in the cash book. At this point, another person shall reconcile the cash box to the cash book entries, prepare a deposit slip in duplicate and be responsible for the deposit being made. Responsibility for the handling of accounting records and for the handling of cash shall be completely divorced from one another."

OCS does not have written policies and procedures to guide staff on how to handle cash payments. Limited staffing at some district offices may also contribute to the overlap of responsibility in the cash handling function. At a minimum, even in the smallest district office there should be an individual separate from the custody and record keeping function who can independently reconcile the account.

**RECOMMENDATION:**

We recommend division management review cash handling procedures and develop policies and procedures consistent with statewide practices. The division should:

- realign duties for custody and recording of cash payments, including designation of an individual independent of the receipts and disbursements function to perform monthly reconciliations;
- require all undeposited checks and cash be kept secured in a locked drawer or safe at all times prior to deposit; and
- minimize the number of employees who have access to cash and account records.

**AUDITEE RESPONSE:**

We concur with the observation and recommendation.

- In January, 1987, OCS issued a written policy to staff that included instructions regarding the receipt of funds in the district office. In July, 1994, OCS issued written instructions clarifying procedures regarding separation of revenue intake and accounting functions.
- In 1995, OCS surveyed field offices about their check and cash handling procedures, evaluated the results, and issued instructions for appropriate corrective action.

3. CHILD SUPPORT SERVICES (Continued)

3.6 COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS (Continued)

OBSERVATION NO. 21: CASH HANDLING PROCEDURES SHOULD BE STRENGTHENED  
(Continued)

AUDITEE RESPONSE (Continued):

- By June, 1997, OCS will issue a written policy containing comprehensive check and cash handling procedures, including a monthly independent review of field office procedures.
- More than 95% of all child support payments are made directly to the Regional Processing Center (Lockbox). OCS staff routinely instruct and encourage obligors to send their payments to the Lockbox.
- The majority of payments made at district offices are checks and money orders. Cash payments are most often received at court when a judge instructs an obligor to pay in cash. Upon receipt of a cash payment, OCS staff provide the payor with a receipt. Cash receipts are then handled by staff pursuant to the July, 1994, written instructions clarifying the receipt of payments in the district office. To date, OCS has not received any complaints by obligors or clients that money has been lost or stolen or of any other related improprieties.

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OBSERVATION NO. 22

**DEVELOP PROCEDURES FOR ASSESSING FEES FOR RETURNED CHECKS**

Our review found that when obligors submit checks with nonsufficient funds (NSF) they are not assessed a fee by OCS as permitted by State law. Rather, the State pays the \$4.00 per NSF item charged by the

lock box vendor. The OCS has no policies and procedures in this area nor is the issue incorporated by reference to procedures that may be performed by COAF. The OCS administrator also confirmed that no fees are charged to payors submitting NSF checks. RSA 6:11-a allows State agencies and institutions to charge \$25 or five percent of the face value of the check whichever's greater, plus bank fees, for any item returned as uncollectible.

According to COAF personnel, the lock box vendor handles between 50 - 60 checks per month that are returned for nonsufficient funds. Another 15 - 20 NSF checks per month are returned a second time. The lock box vendor charges the State \$4.00 per returned item. Based on COAF's estimate, the division absorbs between \$3,120 - \$3,840 per year in bank fees charged by the lock box vendor for NSF checks. If the division began assessing at least \$25 plus allowable bank fees per NSF check, between \$17,400 - \$27,840 could potentially be collected from these obligors who present NSF items.

### 3. CHILD SUPPORT SERVICES (Continued)

#### 3.6 COLLECTION AND DISTRIBUTION OF SUPPORT PAYMENTS (Continued)

##### OBSERVATION NO. 22: DEVELOP PROCEDURES FOR ASSESSING FEES FOR RETURNED CHECKS (Continued)

##### RECOMMENDATION:

We recommend division management assess fees consistent with RSA 6:11-a against all obligors who submit NSF checks for child support. Policies and procedures should also be developed which will deter obligors who may repeatedly submit NSF items.

##### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- OCS is evaluating available options for the most beneficial method of assessing fees against payors who submit checks with insufficient funds. OCS expects to develop policy and procedures to address this issue by June 30, 1997.

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# STATE OF NEW HAMPSHIRE CHILD SUPPORT SERVICES

## NEW ENGLAND CHILD SUPPORT ENFORCEMENT SYSTEM (NECSSES)

### 4. NECSSES

The purpose of this case study is to describe the development of the New England Child Support Enforcement System (NECSSES). It illustrates some of the inherent difficulties in managing complex, technologically-based, automated systems within a dynamic intergovernmental environment. The principal goals of these improvements were to increase collections and improve productivity through automated case management and by enhancing the management information system to ensure that the objectives of the agency were being met.

#### 4.1 FEDERAL REQUIREMENTS

In order to strengthen the states' ability to enforce child support orders, Congress passed legislation over the past 15 years that encouraged the development of automated systems. In 1980, Public Law 96-265 authorized the federal government to pay up to 90 percent of the states' total costs incurred in planning, designing, developing, installing, or enhancing statewide automated child support systems. In order to qualify for federal funding, child support systems must be statewide and capable of carrying out mandatory functional requirements including case initiation, case management, financial management, enforcement, security, privacy, and reporting. The states are required to develop and submit an Advanced Planning Document (APD) to the federal Office of Child Support Enforcement (OCSE) for approval. Updates must be provided if there are any significant changes in budget or scope. Federal regulations grant OCSE the authority to suspend federal funding if a state fails to comply with its approved plan.

When development is considered complete, a state requests OCSE to certify its system meets federal requirements. After certification is complete, the Child Support Enforcement Amendments of 1984 authorize the federal government to provide states with 90 percent funding for computer hardware and software to operate certified automated child support systems.

Notwithstanding the federal government's efforts, state development and implementation of automated child support enforcement systems nationwide has been slow. To promote development, Congress enacted the Family Support Act of 1988 mandating the implementation of automated systems in every state. In addition, the act requires systems be fully operational no later than October 1, 1995 and revokes federal fiscal support for systems

## **4. NECSES (Continued)**

### **4.1 FEDERAL REQUIREMENTS (Continued)**

development and equipment costs effective September 30, 1995. New Hampshire was one of the earliest states to commence development of its child support system; in 1987, the federal government designated the State as a site for the development for a model child support enforcement system for national implementation.

The act also imposed additional program requirements that would necessitate programming adjustments to the automated systems under development. Two of the most important were the requirements for periodic review and adjustment of support orders and the development of an automated interface with the Child Support Enforcement Network (CSENet). Effective October 13, 1993, the federal government required states to periodically review child support orders in accordance with state guidelines for child support award amounts. States are required to review cases in which the case is active AFDC, Foster Care, Medicaid, or mixed and at least 36 months have passed since the last review; or in which a review has been requested from a client or non-custodial parent in a non-public assistance case and 36 months have passed since the last review. The CSENet is a nationwide network that will allow states to transmit and receive child support information to and from other states in order to facilitate location of non-custodial parents, paternity and support establishment, enforcement, and collection. New Hampshire was the first state in New England to implement CSENet.

The federal government has also established timeliness standards governing each phase of the support process from case opening to the distribution of child support payments. Child support offices receive periodic federal audits and if they are not meeting the time lines, according to established audit criteria, penalties may be imposed.

### **4.2 NECSES DEVELOPMENT**

The NECSES project began with the approval of a federal Interstate Research and Development Grant entitled, "The Development of Automated Data Processing and Interstate Systems Components." The grant was approved on October 1, 1986, with first year funding authorized through September 30, 1987. An application submitted in July 1987 was approved for the second year of the project. The original project was scheduled to be completed in 20 months.

The project was initially conceived as a joint venture with the State of Maine. The primary objective was to develop a comprehensive child support enforcement system that would not only benefit the states involved, but also serve as a model design that could be transferred to other states across the country. However, because of the individual needs of the two states, the decision was made to implement the systems separately.

#### 4. NECSES (Continued)

##### 4.2 NECSES DEVELOPMENT (Continued)

After initial funding was provided through the demonstration grant, additional federal funding was granted through the APD process. APDs and their updates were submitted by the State from 1988 through 1994.

A contractor for this project was selected in February 1987 without the benefit of competitive bidding. The firm was chosen, according to the division's letter to Governor and Council, based on its performance on other division projects. The NECSES project thus far has involved two contracts and 14 amendments over a nine-year period that extends to October 31, 1995.

The initial contract had a price limitation of \$1,340,592 and the latest contract amendment (approved October 26, 1994) is worth \$3,812,684. The total contract cost over this nine-year period is \$13,718,206 (two of the contract amendments involved only time extensions). The total cost including division staff time has not been estimated, however the two latest APDs have included funding to add 11 user and technical support staff for an additional \$887,375 for a one and one-half year time period. The division added additional staff to the project because it did not have the expertise on staff to properly monitor the contractor and to ensure the system could be operated and maintained by division employees. According to division management, the new positions would "prevent the reoccurrence of an earlier mistake in New Hampshire implementation, where insufficient state resources were assigned to the project." The need for experienced and trained NECSES support personnel was also noted by a federal certification team.

In order for the State to assume more of the responsibility in maintaining and operating NECSES, the division has divided staff between two work groups. The NECSES Support Group is located in OCS and is responsible for training, problem solving, and interaction with technical staff. The NECSES Development Group is located in the Bureau of Management Systems (BMS is an office in the Commissioner's Office of Administration and Finance) and is responsible for maintenance and development of NECSES. The Development Group is not under the direction of OCS, yet its entire work effort is devoted to NECSES. Further complicating this structure is the multi-headed project management approach the division is using. The BMS is represented by the NECSES technical manager, OCS is represented by the NECSES project manager, and the contractor is represented by a project manager. The reporting arrangements and personnel holding these positions have varied over the course of the project.

NECSES was designed to be a comprehensive, statewide, automated child support case management system in accordance with federal requirements. The system supports daily activities of OCS staff through 210 available screens, 235 tables, and 127 sequential files. Data are entered through on-line screens and tables contain demographic and financial data on clients, non-custodial parents, and their dependents. Individual personal computers in



## **4. NECSES (Continued)**

### **4.2 NECSES DEVELOPMENT (Continued)**

the central and district offices are connected to one another, electronic mail, and to NECSES through a Local Area Network. The OCS also maintains an interface with the Division of Human Services' Eligibility Management System and the Sweepstakes Commission has read only access to OCS' database to match obligors with lottery winners. Data are exchanged with the Employment Security and Safety departments on a weekly basis via magnetic tape exchange. The OCS also maintains an on-line interface with a local credit bureau for locate purposes and receives information on magnetic tapes from the Federal Parent Locate Service (FPLS). The FPLS allows access by states to various federal databases, such as the Social Security Administration and the Department of Defense, to assist in locating non-custodial parents.

### **4.3 FEDERAL CERTIFICATION**

NECSES went on-line March 1991, though development is still in progress. The last several contract amendments have had to address the regulations stemming from the Family Support Act of 1988 and to enhance several areas of NECSES to improve operations. Prior to these amendments New Hampshire had completed implementation of its first version of NECSES in June 1992 according to pre-Family Support Act requirements. The State requested a federal review in January 1993 which was conducted during March 1993. Subsequently, a report was issued in November 1993.

The federal review team found NECSES met or partially met all of the pre-Family Support Act requirements for certification. All but two of the 32 objectives for certification were fully met. Problems were discovered regarding the automated distribution of money that should be identified as future collections and the need for a disaster recovery plan. The problems were considered minor by the review team, who required the problems be corrected by November 1994. OCSE granted conditional Level II certification pending correction of those problems. As of May 1995 certification requirements had not been fully met.

In order to address the October 1, 1995 certification requirements and other NECSES deficiencies, OCS divided the modifications into three phases. The first two phases, which have been approved, dealt specifically with the certification requirements and other system "enhancements". The enhancements include an estimated 30,000 hours of backlogged programming time (as of April 1994). The third phase has not yet been submitted and concerns modifications to NECSES' operating system. The cost for phase three has not been estimated by OCS.

## 4. NECSES (Continued)

### 4.3 FEDERAL CERTIFICATION (Continued)

During the course of our audit, we noted system shortcomings related to basic features of an automated system that should have been included in the initial implementation of NECSES. For example, we found several management control deficiencies relating to the security of the NECSES database and contingency planning.

#### OBSERVATION NO. 23

##### **MANAGEMENT CONTROLS FOR ELECTRONIC DATA SHOULD BE IMPROVED**

NECSES allows workers to access, manipulate, and store confidential case information about custodial and non-custodial parents including names, addresses, and telephone numbers; Social Security numbers;

and support order amounts and other personal financial information. We noted several management control deficiencies that relate to electronic data processing. These deficiencies include:

- Inadequate Log Off Procedures

A properly functioning log off process removes a user from the system and prevents further access to the system without logging back on. If a computer is left on and unattended for an extended period of time, NECSES does not automatically log off until the system "recycles" in the evening. The system could be vulnerable for up to 12 hours before the automated procedure is activated. Case file information may be accessed and altered by someone other than an authorized user and those changes could be attributed to someone other than the person who makes the changes. During our on-site visits to district offices, we observed several instances where computers were left unattended for prolonged periods of time while still logged onto NECSES.

- Inadequate Tracking Procedures for Case File and Programming Modifications

Modifications could be made to electronic case files that may not be tracked and may not identify the modifier. For example, the identification of the person changing addresses on case files is not recorded. Child support payments are mailed to those clients identified on the NECSES database.

- Inadequate System Password Procedures

A tri-level security system is maintained to limit access to the personal computers, the IBM mainframe, and NECSES. Separate user identification codes (IDs) are needed to access all three levels. Passwords, in addition to IDs, are needed to access the mainframe and

#### 4. NECSES (Continued)

##### 4.3 FEDERAL CERTIFICATION (Continued)

#### OBSERVATION NO 23: MANAGEMENT CONTROLS FOR ELECTRONIC DATA SHOULD BE IMPROVED (Continued)

- Inadequate System Password Procedures (Continued)

NECSES. While passwords are required to be changed every 60 days for the IBM mainframe, there is no such requirement to regularly change passwords for NECSES users. A "super password" exists for NECSES which bypasses normal security measures. The password was created for use by programmers when developing NECSES and is thought to be widely known among OCS and Bureau of Management Systems' staff.

If sufficient security controls are not in place to restrict access to electronic files or to adequately detect alteration of those files, unauthorized persons may access the system. This situation could contribute to fraud and abuse of State resources. Additionally, the work performed by OCS staff may be impeded by unsanctioned program alterations that could adversely affect the timeliness of tasks to be performed and the accuracy of data produced.

#### RECOMMENDATION:

We recommend division management:

- develop log off procedures that would ensure that computers are automatically disconnected from NECSES after a reasonable period of inactivity to prevent unauthorized access;
- develop tracking procedures for case file and programming modifications to prevent, detect, and record alterations as appropriate; and
- determine if a "super password" is necessary and, if so, develop procedures to ensure only authorized personnel have knowledge of it and make necessary programming changes to track users of the password.

#### AUDITEE RESPONSE:

We concur in part with the observation and recommendation.

- OCS staff and contract development staff adhere to a rigorous and thorough promotion to production process that incorporates documentation (Librarian Promotion Submission Process document) of all program changes as well as the programmer/analysts who have made the changes. In addition, test regions are also subject to the security provisions.

#### 4. NECSES (Continued)

##### 4.3 FEDERAL CERTIFICATION (Continued)

#### OBSERVATION NO 23: MANAGEMENT CONTROLS FOR ELECTRONIC DATA SHOULD BE IMPROVED (Continued)

##### AUDITEE RESPONSE (Continued):

- In April, 1996, the following changes to security were implemented:
  - The "super password" was eliminated and new security levels with appropriate authority permissions and access privileges were created for the Office of Information Systems (OIS, formerly BMS) development staff and OCS staff. These passwords are maintained and known only to those at the highest levels of security administration within the NECSES Support Group and the OIS development staff.
  - Audit trails were implemented for address changes to augment the existing audit trails for financial transactions.
  - An automatic two hour NECSES "logoff" was instituted. In addition, a "screen saver" program which is invoked after ten minutes of inactivity resides on all OCS and Office of Economic Services (OES) PC workstations.
  - NECSES security passwords are changed every three months for all users.

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In addition, we noted that certain forms, such as consent decrees and court petitions, are not available to employees through NECSES. Case workers must use a word processing program, separate from NECSES, to create those forms resulting in duplicative data entry which increases the possibility of errors. This feature should have been a part of the system.

In some areas, the division's automation efforts have been frustrated by changing or conflicting federal mandates. As noted earlier, NECSES does not properly disburse child support payments with a "futures" balance (those payments in excess of the current month's obligation). According to OCS, NECSES' distribution scheme had the approval of federal officials, even though it disbursed payments in excess of obligations. The Level II certification review, issued in November 1993, cited the division's procedure as deficient. It was argued by OCS that a conflicting federal regulation which requires all receipts be distributed within 15 days after the end of the month takes precedence over the requirement that futures be held. The OCS did not receive final clarification until August 1994. The cost to make this change to NECSES is approximately \$540,000.

#### 4. NECSES (Continued)

##### 4.3 FEDERAL CERTIFICATION (Continued)

All automated child support enforcement systems are required to have a back-up and disaster recovery plan. NECSES is backed up on tape every night and the tapes are stored in an off-site location. The disaster recovery system is developed but not yet implemented.

##### OBSERVATION NO. 24

**DEVELOP AND IMPLEMENT CONTINGENCY  
PLAN FOR NECSES**

OCS does not have a tested and approved disaster recovery plan. NECSES supports the day-to-day activities of OCS case workers and as such it is an integral part of the child support establishment and

enforcement functions. The system has been operational since March 1991 and contains over 48,000 case files. NECSES data files and application files are backed-up each workday and are maintained for multiple generations. The previous days' (second generation) back-ups are stored off-site. OCS, though, has not developed and tested a disaster recovery plan to assure continuity of operations in the event of a computer failure or catastrophic loss. The State has spent over \$13 million in developing NECSES and the system has been operating for the past four years without such a plan.

A disaster recovery plan not only assures the continuation of operations but also protects valuable State assets. A contingency plan assists in maintaining irreplaceable records and diminishes the amount of disruption and confusion that can ensue after a catastrophic loss. It is unknown how long it would take OCS to restore the system but, without a plan, it is conceivable the continuum of child support services would be suspended for an extended period of time. The State, as provider of child support services, has a responsibility to ensure that some of its most vulnerable citizens are not subject to undue hardship because of a disruption of services.

##### RECOMMENDATION:

We recommend division management test and establish a disaster recovery plan consistent with program needs and federal requirements. This plan should identify roles and responsibilities of division and other State officials, facilities to be utilized, and detailed procedures of actions to be taken to minimize the disruption of child support services in the event of a computer failure or catastrophic loss.

#### 4. NECSES (Continued)

##### 4.3 FEDERAL CERTIFICATION (Continued)

#### OBSERVATION NO. 24: DEVELOP AND IMPLEMENT CONTINGENCY PLAN FOR NECSES (Continued)

##### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- In December, 1995, a detailed disaster recovery plan was established for the NECSES application. The plan provides specific, detailed disaster recovery instructions; identifies the disaster recovery teams and designated team leaders and the responsibilities of each team and the respective team leaders; and provides a process for maintaining and updating the plan.
- In September, 1996, contract negotiations were finalized with IBM and the contract to purchase disaster recovery services from IBM will be presented for G&C approval in November, 1996.

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##### 4.4 PRODUCTIVITY

One of the division's primary goals in developing an automated system was to enhance worker and management productivity. Two principal components of this improvement were the introduction of automated case management features and an improved management information system. Using FTE measurement our analysis disclosed that the OCS has improved productivity in two key areas in the child support process, while one area has declined. This improvement is tempered, however, when one compares New Hampshire's performance in these areas to the other New England states. Additionally, management reports produced by NECSES do not in all cases facilitate decision-making.

We reviewed the federal Child Support Enforcement - Annual Report to Congress to determine New Hampshire's performance on a variety of collection and performance measures for federal fiscal years 1986 through 1994. This time period predates our audit period but is necessary to compare OCS' performance before and after NECSES implementation. An average of the five-year period prior to NECSES going on-line was calculated and compared to the average of the four-year period after NECSES became operational for several performance measures. To present a valid comparison across time and between states an FTE measure is used.

## 4. NECSES (Continued)

### 4.4 PRODUCTIVITY (Continued)

Table 10 indicates the number of paternity and support orders established has increased on average for post-NECSES years. The paternity establishment rate went from an average of 3.0 per FTE for pre-NECSES years to an average of 4.2 in post-NECSES years. Similarly, the number of support orders established increased from an average of 5.1 per FTE for pre-NECSES years to an average of 16.6 in post-NECSES years. The number of non-custodial parents located, however, has declined. In pre-NECSES years the number of non-custodial parents located on average was 33.6 and in the years since NECSES became operational that number has declined to 24.2, even though the average number of cases has increased.

Using the same data and time period, we compared New Hampshire's performance to that of the other New England states using FTE measurement. Our results indicate that New Hampshire has improved in only one area, has remained at the bottom in one, and declined overall in another relative to the other states. Over the same period, however, New Hampshire compares favorably to the other New England states using a percentage of growth measurement.

4. NECSES (Continued)

4.4 PRODUCTIVITY (Continued)

TABLE 10

| NEW HAMPSHIRE<br>CHILD SUPPORT PERFORMANCE MEASURES<br>FFY 1986 - FFY 1994 |            |      |      |      |      |                      |             |      |      |      |                      |
|----------------------------------------------------------------------------|------------|------|------|------|------|----------------------|-------------|------|------|------|----------------------|
|                                                                            | PRE-NECSES |      |      |      |      | FIVE YEAR<br>AVERAGE | POST-NECSES |      |      |      | FOUR YEAR<br>AVERAGE |
|                                                                            | 1986       | 1987 | 1988 | 1989 | 1990 |                      | 1991        | 1992 | 1993 | 1994 |                      |
| CASELOAD                                                                   | 296        | 284  | 204  | 181  | 210  | 235.0                | 295         | 234  | 240  | 246  | 253.8                |
| NON-CUSTODIAL<br>PARENTS LOCATED                                           | 11.6       | 21.3 | 27.6 | 46.3 | 61.0 | 33.6                 | 12.5        | 23.6 | 26.4 | 34.3 | 24.2                 |
| PATERNITIES<br>ESTABLISHED                                                 | 1.0        | 2.1  | 3.4  | 4.0  | 4.6  | 3.0                  | 5.6         | 3.5  | 3.4  | 4.2  | 4.2                  |
| SUPPORT ORDERS<br>ESTABLISHED                                              | 5.4        | 4.5  | 4.3  | 3.1  | 8.2  | 5.1                  | 13.4        | 16.5 | 15.6 | 20.9 | 16.6                 |

Note: Per Full Time Equivalent Employee.

Source: Child Support Enforcement - Annual Report to Congress, OCSE, and LBA calculations.



**4. NECSES (Continued)**

**4.4 PRODUCTIVITY (Continued)**

Table 11 demonstrates, with regard to the number of support orders established per FTE, New Hampshire has improved relative to other New England states but has ranked in the bottom half of all New England states for three of four post-NECSES years. New Hampshire has remained at the bottom of the rankings for each of the nine years except one for paternity establishment. For four of five years prior to NECSES' implementation, New Hampshire ranked third in the region for non-custodial parents located and after NECSES' implementation, New Hampshire ranked at or near the bottom.

We previously noted several concerns in the case management area affecting the efficiency and effectiveness of OCS' child support establishment and enforcement efforts and suggest the division revise existing practices and procedures. While the introduction of increased automation should allow employees to work more efficiently, this alone will not ensure success.

**TABLE 11**

| NEW HAMPSHIRE'S RANKING AMONG NEW ENGLAND STATES<br>FFY 1986 - FFY 1994 |            |    |    |    |    |             |    |    |    |
|-------------------------------------------------------------------------|------------|----|----|----|----|-------------|----|----|----|
|                                                                         | PRE-NECSES |    |    |    |    | POST-NECSES |    |    |    |
|                                                                         | 86         | 87 | 88 | 89 | 90 | 91          | 92 | 93 | 94 |
| NON-CUSTODIAL PARENTS LOCATED                                           | 5          | 3  | 3  | 3  | 3  | 5           | 6  | 6  | 5  |
| PATERNITIES ESTABLISHED                                                 | 6          | 6  | 6  | 6  | 6  | 5           | 6  | 6  | 6  |
| ORDERS ESTABLISHED                                                      | 6          | 6  | 6  | 6  | 6  | 6           | 5  | 4  | 3  |

Note: Per Full Time Equivalent Employee

Source: Child Support Enforcement - Annual Report to Congress, OCSE.

Another aspect of productivity improvements, which was to be realized through NECSES, was the production of timely and informative management reports. Supervisors have traditionally had few tools to measure worker and district office performance. Management information system (MIS) reports should allow management to monitor the performance of the organization as well as identify and promptly correct any problems.

## 4. NECSES (Continued)

### 4.4 PRODUCTIVITY (Continued)

NECSES routinely produces a considerable number of reports. When interviewing various supervisory staff, however, they expressed frustration when trying to use the reports. Several supervisors stated that they do not understand the terminology and have difficulty properly interpreting the reports. This problem was highlighted by the trouble some upper management staff had in interpreting reports for us during the course of our audit.

#### OBSERVATION NO. 25

##### **ENHANCE MANAGEMENT INFORMATION CAPABILITIES**

We found NECSES does not produce any management reports to determine compliance with federal time frames for completing various elements of the child support process. In fact, OCS uses an off-the-shelf software

package separate from NECSES to track some of the time lines. The federal OCSE has issued timeliness standards governing all major aspects of the processing of child support cases.

Because NECSES does not produce routine management reports to monitor federal compliance, OCS uses its Legal Unit's database which is completely separate from NECSES to track some of the federal time lines. However, this database does not contain or monitor all federal compliance dates nor do all OCS cases necessarily go through the Legal Unit (48,000 cases in NECSES versus 14,000 cases in the Legal Unit database).

A basic principle guiding the development of any management information system is the requirement the system produce essential management information in a readily usable format. MIS reports should allow management to monitor performance of the organization, evaluate any deviations from expected or desired results, identify necessary improvements, and implement corrective actions in a timely manner.

#### RECOMMENDATION:

We recommend division management evaluate the need to develop and implement modifications to NECSES which would enhance summary reporting capabilities and allow OCS to evaluate its actual performance with federal timeliness standards.

#### 4. NECSES (Continued)

##### 4.4 PRODUCTIVITY (Continued)

###### OBSERVATION NO. 25: ENHANCE MANAGEMENT INFORMATION CAPABILITIES (Continued)

###### AUDITEE RESPONSE:

We concur with the observations and recommendation.

- In November, 1995, the PC legal database referenced in the observation, was incorporated into a new legal subsystem in NECSES, thereby eliminating the data integrity problem resulting from data residing on separate databases.
- Also incorporated into the NECSES legal subsystem, are reports which monitor compliance with Federal timeframes for establishment and support. Reports are also provided to address establishment caseload trends.
- In August, 1996, the ability to track the Federal timeframes relative to application processing (date application requested and date application mailed) was incorporated into NECSES.
- In December, 1994, several NECSES management and worker reports were examined by OCS field, legal and administrative staff and appropriately modified.
- Since 1991, NECSES has provided useful management reports which meet Federal reporting criteria and management reporting needs, such as OCSE - 34, RO 38, OCS 158 (collection reports), OCSE 156 & 158 (orders and paternities established reports), and RO 33 & 34 (caseload trend reports), Review and Adjustment and License Revocation processing timeframe reports.

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##### 4.5 COLLECTIONS

The second objective of developing the automated system was to significantly increase collections. The primary purpose of child support offices is to ensure non-custodial parents are financially responsible for their children. The establishment and enforcement of regular support payments increase the likelihood of economic self-sufficiency for the custodial parent and his or her child(ren). We reviewed the federal Child Support Enforcement - Annual Report to Congress to determine New Hampshire's performance on a variety of collection and expenditure measures for federal

## 4. NECSES (Continued)

### 4.5 COLLECTIONS (Continued)

fiscal years 1986 through 1994 and again used full-time equivalent measures. On an FTE basis we found total distributed collections have on average increased in post-NECSES years by about 12 percent, while expenditures increased by about 58 percent.

Tables 12 and 13 compare total distributed collections, expenditures, and cost effectiveness measures for pre- and post-NECSES years. Average distributed collections for the five-year period preceding NECSES implementation were \$166,931. The average for the four-year period since NECSES became operational was \$187,147. The average expenditure per FTE for pre-NECSES years was \$38,988, while the average expenditure in post-NECSES years was \$61,571.

The difference between average distributed collections and expenditures is also reflected in cost effectiveness ratios. The cost effectiveness ratio is a comparison of distributed collections and expenditures. With this measure we can compare how much money was collected for every dollar spent. The average overall cost effectiveness ratio in pre-NECSES years was \$4.31, that is, for every dollar spent on the child support program \$4.31 was collected. In post-NECSES years this ratio declined to \$3.05.

#### 4. NECSES (Continued)

##### 4.5 COLLECTIONS (Continued)

**TABLE 12**

COLLECTIONS AND EXPENDITURES FOR PRE-NECSES YEARS FFY 1986 - FFY 1990						
	1986	1987	1988	1989	1990	FIVE YEAR AVERAGE
DISTRIBUTED COLLECTIONS	\$179,798	\$192,768	\$184,779	\$122,392	\$154,919	\$166,931
EXPENDITURES	\$40,985	\$36,174	\$37,500	\$38,492	\$41,789	\$38,988
COST EFFECTIVENESS RATIO	\$4.39	\$5.33	\$4.93	\$3.18	\$3.71	\$4.31
Note: Per Full Time Equivalent Employee.						
Source: <u>Child Support Enforcement - Annual Report to Congress</u> , OCSE, and LBA calculations.						

**TABLE 13**

COLLECTIONS AND EXPENDITURES FOR POST-NECSES YEARS FFY 1991 - FFY 1994					
	1991	1992	1993	1994	FOUR YEAR AVERAGE
DISTRIBUTED COLLECTIONS	\$197,033	\$164,819	\$177,947	\$208,787	\$187,147
EXPENDITURES	\$68,797	\$50,608	\$61,983	\$64,896	\$61,571
COST EFFECTIVENESS RATIO	\$2.86	\$3.26	\$2.87	\$3.22	\$3.05
Note: Per Full Time Equivalent Employee.					
Source: <u>Child Support Enforcement - Annual Report to Congress</u> , OCSE, and LBA calculations.					

#### 4. NECSES (Continued)

##### 4.5 COLLECTIONS (Continued)

We also compared New Hampshire's ranking among New England states for collections distributed and expenditures per FTE (Table 14). In three of five years prior to NECSES' implementation, New Hampshire ranked first among New England states in total collections distributed. In three of four years following NECSES implementation, New Hampshire ranked at the middle or at the bottom. In four of five pre-NECSES years, New Hampshire's expenditures for child support were among the lowest of the New England states. For two of four post-NECSES years OCS was the second highest and for the other two years it was among the lowest.

**TABLE 14**

NEW HAMPSHIRE'S RANKING AMONG NEW ENGLAND STATES FOR COLLECTIONS DISTRIBUTED AND EXPENDITURES FFY 1986 - FFY 1994									
	PRE-NECSES					POST-NECSES			
	86	87	88	89	90	91	92	93	94
COLLECTIONS	1	1	1	5	4	2	6	5	3
EXPENDITURES	2	4	4	5	5	2	6	2	4

Note: Per Full Time Equivalent Employee.

Source: Child Support Enforcement - Annual Report to Congress, OCSE.

Based on rate of growth measurement, New Hampshire achieved the highest growth in collections in New England. OCS distributions increased from \$16.0 million in 1989 to \$36.6 million in 1994, a 128.8% increase. According to OCS, NECSES contributed significantly to New Hampshire's collection performance during the period.

##### 4.6 OTHER FINDINGS AND RECOMMENDATIONS

In addition to observations noted earlier in this case study, three other NECSES-related issues warrant mention. These issues relate to system training, archiving within the system, and OCS' linkage with another DHS system.

#### 4. NECSES (Continued)

##### 4.6 OTHER FINDINGS AND RECOMMENDATIONS (Continued)

###### OBSERVATION NO. 26

**TRAINING ON NECSES SHOULD BE IMPROVED**

Training for OCS staff on NECSES is insufficient. Recent efforts at NECSES training have been largely accomplished through the use of a "task force." OCS selects one person from each district office to

be trained periodically on a particular function and then take that information back to the field to train co-workers. Three district office supervisors described past and present NECSES training efforts as deficient. Other district office supervisors and State office staff disclosed they do not always understand NECSES-generated reports or perceive the utility of certain reports. Thirty-six of 44 SEOs and case technicians we surveyed indicated training needed improvement. Moreover, the federal OCSE in its Level II certification review cited training as a catalyst to greater productivity. OCS has recently hired additional personnel to assist in developing training plans for NECSES.

Training is a tool where technical and conceptual knowledge and skills are imparted to employees. Training is also a part of the organizational development process that could increase the productivity of the division by improving the skills of its employees.

###### RECOMMENDATION:

We recommend division management:

- conduct a NECSES needs assessment for employees at all levels in the organization and then design and implement a training program consistent with employee needs and the division as a whole; and
- evaluate all NECSES-generated reports to determine if they are utilized and that the report format facilitates ease of comprehension.

###### AUDITEE RESPONSE:

We concur in part with the observation and recommendation.

- In 1994 and 1995, OCS conducted several training events. 48 sessions held in 1995 rendered that year's effort higher than the three years preceding it. Most of the training was developed and presented to assist caseworkers in efficient case management through the effective use of automation and NECSES. In addition to the training conducted by the NECSES training unit, additional NECSES training via contract was purchased.

#### 4. NECSES (Continued)

##### 4.6 OTHER FINDINGS AND RECOMMENDATIONS (Continued)

###### OBSERVATION NO. 26: TRAINING ON NECSES SHOULD BE IMPROVED (Continued)

###### AUDITEE RESPONSE (Continued):

- In December, 1995, a training needs assessment was conducted by the NECSES Training Coordinator and was utilized in the development of the 1996 NECSES training plan. A formal comprehensive training questionnaire is currently being developed by the NECSES training unit for all NECSES users, to assess future NECSES training needs, including enhancements and modifications of NECSES functionality.
- In January, 1995, OCS began development of an enhanced NECSES user manual to provide a detailed, step by step guide for processing cases within NECSES. The manual currently provides detailed processing instructions for case initiation procedures, interstate processing, the legal subsystem, and major enforcement remedies. The manual is updated to reflect new initiatives and significant enhancements or modifications of NECSES functionality.
- In December, 1994, all NECSES field and management reports were examined by OCS field, legal and administrative staff and modified as required.

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###### OBSERVATION NO. 27

###### **EVALUATE FEASIBILITY OF ARCHIVING CLOSED CASE RECORDS**

OCS does not archive NECSES case files. NECSES went on-line in March 1991 and its database included a number of cases converted from NECSES' predecessor, the Welfare Support System. All cases have been

retained in NECSES since it became operational. Of the more than 48,000 cases stored in NECSES, nearly 20,000 are listed as closed. In FY 1994 alone, the division reported closing in excess of 9,000 cases.

Federal requirements outlined by the Office of Child Support Enforcement in Automated Systems for Child Support Enforcement: A Guide For the States (dated June 1993) state that closed cases on an automated system must retain certain identifying information on an on-line index and all case data must be capable of being retrieved in an automated manner from the archived files. These guidelines do not require that all cases be kept on-line in their entirety.



#### 4. NECSES (Continued)

##### 4.6 OTHER FINDINGS AND RECOMMENDATIONS (Continued)

###### OBSERVATION NO. 27: EVALUATE FEASIBILITY OF ARCHIVING CLOSED CASE RECORDS (Continued)

Because NECSES unnecessarily contains closed cases, State resources are not being utilized as efficiently as possible. While capacity planning has been performed, the division has apparently not fully benefited from this process. The result has been the purchase of more disk space three times since 1991.

###### RECOMMENDATION:

We recommend division management evaluate the feasibility of archiving closed cases on NECSES. The goal of the evaluation should be freeing up electronic file space to facilitate a more efficient and effective use of State resources. The system should have the capability to hold a skeletal record of closed cases that contains basic identifying information consistent with the State's program needs and any federal requirements.

###### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- Shortly after NECSES became operational, OCS examined the issue of archiving. At that time, OCS decided not to pursue this issue due to the relatively small proportion of closed cases in the database, Federal systems certification requirements, and the problems typically experienced when a major system becomes operational.
- In July, 1996, due to caseload growth and an increase in closed cases, an OCS project team was formed to develop and implement an efficient approach to archiving. By January, 1997, OCS intends to have a NECSES archiving process in place.

#### 4. NECSES (Continued)

##### 4.6 OTHER FINDINGS AND RECOMMENDATIONS (Continued)

###### OBSERVATION NO. 28

**IMPROVE INTERFACE WITH ELIGIBILITY  
MANAGEMENT SYSTEM**

AFDC cases are referred to NECSES from the Office of Economic Services' Eligibility Management System (EMS) through a nightly batch process. NECSES will verify if the new AFDC case members are OCS

clients and update the change in eligibility. For those cases not known to NECSES, OCS case workers are notified via an on-line mail screen of new AFDC cases. The child support case worker must then manually enter application information, gathered by an AFDC case worker, on the NECSES system. EMS is not currently equipped to electronically transfer basic application information to NECSES. In addition, when an individual's AFDC participation is terminated, but the individual remains on Medicaid, NECSES may not send the child support payment to the client but incorrectly to the Office of Economic Services. There are also instances where the client may receive too much money because of miscommunication between the two systems.

Both OCS and OES are within the Division of Human Services. The missions of both agencies are intertwined. A primary goal of OCS is to assist custodial parents and their children in maintaining financial independence by ensuring non-custodial parents fulfill their support obligations. The success of OCS in achieving this goal directly impacts the cost of the AFDC program. Division management asserted OCS and OES mutually serve approximately 16,000 cash assistance or Medicaid-related clients. The emphasis should be on maximizing opportunities to share information while minimizing the effort to do so. This problem has existed since NECSES came on-line in March 1991. The EMS is a 17 year old system that has been described by division management as a "pending disaster".

###### RECOMMENDATION:

We recommend division management:

- develop and implement appropriate measures to improve the integrity and utility of information, especially initial applicant data, between EMS and NECSES; and
- identify and correct all interface defects to ensure former AFDC recipients receive the appropriate child support payments in a timely manner.

#### 4. NECSES (Continued)

##### 4.6 OTHER FINDINGS AND RECOMMENDATIONS (Continued)

###### OBSERVATION NO. 28: IMPROVE INTERFACE WITH ELIGIBILITY MANAGEMENT SYSTEM (Continued)

###### AUDITEE RESPONSE:

We concur with the observation and recommendation.

- The interface between the Office of Economic Services' Eligibility Management System (EMS) and NECSES has seen significant improvement during the last fifteen months, such as:
  - EMS cases are cross matched with NECSES cases, ensuring the proper AFDC, non AFDC and Medicaid case type designation.
  - The number of fields which can be used by NECSES to match an EMS case with an existing NECSES case has been expanded from one to three.
  - The process of adding new AFDC cases received through the interface to NECSES was fully automated.
  - Existing problems with several NECSES screens containing EMS information were corrected and information provided on these screens was expanded.
  - NECSES interface processing was enhanced to update NECSES with name, address, and SSN information received from EMS.
  - In September, 1996, NECSES began to populate new screens on EMS with critical child support case information.
  - In October, 1996, new reports relative to disbursed child support monies, changes in support orders, first child support receipts in an AFDC case, and wage assignment information will be provided to the OES case worker.

##### 4.7 CONCLUSION

The intent of NECSES was to develop a model automated child support system. OCS has benefitted in some ways from the automation of many routine functions inherent in a manual case processing system. However, the objective of a significant increase in productivity has not been achieved.

#### **4. NECSES (Continued)**

##### **4.7 CONCLUSION (Continued)**

While collections have increased, the cost effectiveness ratio has decreased from over four to one in 1986 to about three to one in 1994. Similarly, the number of locates per FTE has decreased after NECSES went on-line. The number of paternities and support orders established have increased but New Hampshire still trails other New England states on an FTE basis.

OCS has experienced several obstacles in completing development of the automated system which include the addition of many federal mandates, insufficient State resources assigned to the project, and inadequate project oversight. Begun in 1987 as a 20-month project NECSES has cost nearly \$14 million. Basic system elements are still being modified and additional contractor work is planned. It remains to be seen if substantial gains in productivity will be realized.

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# STATE OF NEW HAMPSHIRE CHILD SUPPORT SERVICES

## CONCLUSION

### 5. CONCLUSION

The New Hampshire Child Support Services program provides vital services to public assistance and non-public assistance clients and their families through the establishment and enforcement of support orders. During the six-year period of our audit, the program experienced significant growth in terms of caseload, collections, and expenditures. Moreover, there have been many additional program mandates placed on the states by the federal government. In response to these mandates, OCS automated many of its routine functions and modified its approach to establishing and enforcing support orders in an attempt to keep pace. These efforts, however, have not proven altogether successful in such a dynamic environment.

Although OCS has achieved success in some areas of the CSS program, our analysis disclosed opportunities for improvement in efficiency and effectiveness in other areas. While frequent client inquiries are common in child support agencies nationwide and an active role by the child support client is essential to the establishment and enforcement of child support orders, the program overall appears to be driven by client contact rather than deliberate plans and procedures to address changing conditions. This makes the process more reactive than proactive. Moreover, using full time equivalent staff and cost analysis measures, our report, analyzing the program over time as well as comparing the State to regional and national data, indicates that New Hampshire's improvement in efficiency and productivity slowed toward the end of the audit period. However, when other measures such as distributed collections, paternities established, and support orders established are applied, New Hampshire's achievement in terms of percentage rate of growth compares favorably over time and with other New England states.

While OCS continues to develop case management reports there is still much work to be done in the development and utilization of management reports which would enable managers to identify necessary improvements and implement corrective actions. Additionally, the lack of adequate training on the system has led to the frustration of many OCS staff and an inefficient utilization of some system features. OCS has neither conducted formal analyses nor established workload standards to determine the maximum number of cases its caseworkers can effectively manage. These basic management capabilities are required if OCS intends to monitor operations and strategies and take an active role in redirecting its approach to meet changing demands being placed on the organization.

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# STATE OF NEW HAMPSHIRE CHILD SUPPORT SERVICES

## OTHER ISSUES AND CONCERNS

In this section we present issues examined during our audit which we did not develop into formal observations. While these issues have not been fully developed, we consider them noteworthy. OCS, the General Court, and the Executive Branch may consider them worthy of action or further study, therefore, we have included recommendations where appropriate.

### **LEGISLATIVE INITIATIVES**

OCS recently proposed two pieces of legislation which would assist in the establishment and enforcement of child support orders. These initiatives involve a revision of the interstate child support process and a "new hire" reporting program. Enactment of these laws would provide OCS with additional tools that would allow the agency to be more effective.

#### Adoption of UIFSA

Currently, the interstate process is governed by the Uniform Reciprocal Enforcement of Support Act (URESA), which has been adopted by all states. However, several problems have surfaced in the implementation of URESA. For example, URESA laws are not consistently applied in all states due to differing interpretations by their courts. Under URESA, the state with the non-custodial parent will often assert its right to modify or create a new support order resulting in multiple valid orders being in effect at the same time. To combat these and other shortcomings, about half the states have decided to replace URESA with the Uniform Interstate Family Support Act (UIFSA). This act mandates the law of the initiating state apply to most legal issues involving the support order and allows for only one support order to be in effect at one time.

#### New Hire Legislation

The new hire legislation would enhance OCS ability to track down non-custodial parents and enforce child support orders. The proposed legislation requires employers to report new hires within 21 days to the Department of Labor. The new hire reporting program would assist OCS in receiving crucial information on the location and employment of non-custodial parents in a more timely manner, while minimizing the responsibility of employers. Massachusetts enacted a similar law in 1993, located 13,500 delinquent obligors through the program, and reported an additional \$14.5 million in collections in the first year of the program's implementation.



## **OTHER ISSUES AND CONCERNS (Continued)**

### **LEGISLATIVE INITIATIVES (Continued)**

#### New Hire Legislation (Continued)

Both proposals were introduced during the 1995 session of the General Court and were referred to committee. Both appear worthy of consideration as they would serve to strengthen OCS ability to establish and enforce child support orders.

### **GOOD CAUSE WAIVERS FOR FOSTER CARE CASES**

When children are placed in foster care, it is the Division of Children, Youth, and Families' (DCYF) philosophy that reunification of the family is the anticipated goal. According to DCYF policy, if the parent may be "reasonably anticipated to participate with DCYF to achieve reunification, good cause exists for waiving child support action..." (DCYF Manual PD 94-28, Item 741). The only criteria that guides DCYF case workers in implementing this policy is that reunification must be planned or "reasonably planned in the future."

According to OCS management, nearly all of the recent foster care cases have been exempted from the child support process and the majority of foster care collections are from older cases. We recommend the Division of Human Services and DCYF reexamine this blanket waiver. Our concern is DCYF criteria leaves a considerable amount of discretion to its case workers. While restoration of the family is important to the development of the child(ren), financial well being and stability should be considered as well. An analysis should be conducted to determine the number of actual reunifications that occur and if the unsuccessful cases are, in fact, referred to OCS. Additionally, in cases that do not result in or are not anticipated to result in reunification of the family, the non-custodial parent should be pursued for all support amounts due.

### **ASSESSMENT OF FEES**

The OCS does not charge fees for many of the services it provides to clients even though allowed by federal regulations. OCS occasionally seeks reimbursement for blood testing costs when a man denies paternity but is later determined to be the father. Federal regulations require States to collect an application fee from non-public assistance (NPA) applicants or pay the fee themselves. OCS paid \$1 per NPA case to the federal government between FY 1988 - FY 1991 and a one cent flat fee to the federal government since FY 1992 for each new NPA application.

## **OTHER ISSUES AND CONCERNS (Continued)**

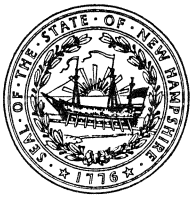
### **ASSESSMENT OF FEES (Continued)**

RSA 161-B:3, IV states, "The director may charge a fee to compensate the department for services rendered in establishment of or enforcement of support obligations. The director may by regulation establish reasonable fees for support enforcement services and may, on showing of necessity, waive or defer any such fee."

Federal regulations also allow state IV-D agencies to charge NPA clients an application fee of no more than \$25, a fee for blood tests necessary to establish paternity, and to recover costs associated with all other child support enforcement services on either an actual or standardized cost basis.

The division should consider evaluating the costs, benefits, and program impact of charging fees for services provided to NPA clients.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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November 4, 1996

Michael L. Buckley, CPA  
Deputy Legislative Budget Assistant  
Director, Audit Division  
State House, Room 102  
Concord, New Hampshire 03301

Dear Mr. Buckley:

I want to thank you for the opportunity to respond to the Legislative Budget Assistant's report and audit findings regarding the Office of Child Support ("OCS") within the Division of Human Services ("Division"), Department of Health and Human Services.

The Division would like to recognize the Legislative Budget Assistant for the many hours invested in reviewing the Office of Child Support and its efforts to assist in the strengthening of the child support services provided to the many thousands of people who benefit from this program. Through the audit process, the Legislative Budget Assistant identified many opportunities for strengthening and enhancing the operation of the Child Support program so that we can maximize our efforts to ensure financial support for children.

The Child Support program is a complex array of authority and responsibilities assigned to the Department of Health and Human Services. To be successful, the Child Support program requires the cooperation of many partners within and outside of state government. The program has grown along a continuum and will continue to respond to a changing environment in a positive manner. In fact, many of the recommendations of the Legislative Budget Assistant have been implemented or are in the process of being implemented. Through the audit process, we have strengthened the program and services provided to the people of New Hampshire.

New Hampshire Office of Child Support Achievements

The Child Support program has been in a continuous process of change since its beginnings, including the period of time covered in the audit. In spite of this changing environment, which included increased caseloads, new federal requirements, automated systems changes, and program reforms, the Child Support program has achieved much success when evaluated by the outcome measures established by the Federal Government for the program.

Over the audit period, the New Hampshire Child Support program has achieved the following:

- The highest rate of growth in the New England Region in **distributed collections**. Collections increased from \$16 million in FFY 1989 to \$36 million in FFY 1994, an increase of over 128%.
- The highest rate of growth in the New England Region in the **establishment of child support orders**. Support orders increased from 412 in FFY 1989 to 3650 in FFY 1994, an increase of 786%.
- Increases in the number of **paternities established**, reflecting a rate of growth of 41.3% over the period of the audit.

The “distributed collections”, “establishment of support orders” and “paternities established” performance measures reflect the standards established by the Federal Office of Child Support Enforcement for measuring and evaluating a state’s program performance. The Division is proud of the achievements of the Office of Child Support in these three areas of performance.

These three areas reflect substantial growth in program productivity and collections over the audit period. New Hampshire’s Office of Child Support has achieved distinction in other areas measured by the Federal government as well:

- Growth in **cost effectiveness** as represented by the most recent report of the Federal Office of Child Support Enforcement. This report for FFY 1994 ranked New Hampshire’s Child Support Program number two in the New England Region for cost effectiveness at a time when four out of the six New England States experienced a decrease in cost effectiveness.
- Continued expansion of the capacity of the program through the development and implementation of a **child support automated system (NECSES)**. This enhanced capacity has and will continue to permit the organization to handle increased caseloads and achieve new efficiencies in program operations.

When all measures of productivity and collections of child support dollars are considered, the New Hampshire Office of Child Support has achieved significant growth in its performance to collect and distribute funds, to establish child support orders, and to establish paternity orders on behalf of children.

#### The Changing Environment

The Child Support program, both nationally and within the State of New Hampshire, is complex and must respond to many changing conditions that influence the definition of the program and its procedures. During the audit period of 1989 to 1994, the Child Support program underwent **three major changes** that challenged our ability to provide services. Nevertheless, those changes added value because they created new opportunities to enhance service delivery on behalf of the people of the State of New Hampshire.

The audit period reflected a transition of the Child Support program from one that relied on limited computer automation to one that developed and implemented a new comprehensive computer system. The audit period also reflected a time when caseloads grew 82.1% from 23,657 cases to 43,069 cases. The audit period also reflected a change in the emphasis of the Child Support program from a program that focused only on the collection of child support to a program that also emphasized establishment of child support orders. This growth and increased responsibility required additional staff and enhanced computer system supports to manage productivity and collections.

In addition to these three major changes, over the six year period covered by the audit, the child support program continued to operate in a federal regulatory environment which continually imposed new requirements such as the passage of new state laws, changes to existing establishment and collection processes, and implementation of newly defined services. The requirement to increase collections and increase productivity were ever present. New Hampshire’s Child Support program was able to achieve these goals in spite of the numerous requirements placed on the program.

Through the audit process, three major areas of review were conducted: Program Administration, Child Support Services, and the NECSES computer system. Our general response to each of these areas of review follows.

## Program Administration

Over the period of the audit, OCS management put a significant amount of effort into improving its collection performance and it achieved results that make a real difference to the lives of New Hampshire children and families. From 1989 to 1994, OCS increased its child support collections 128.8%. AFDC collections, which are disbursed to the state and federal governments to reduce the costs of public assistance programs, increased 214.7% over the audit period. When evaluating the performance of a child support program, the ultimate measure is the amount of child support collected. The Department is proud of the efforts achieved by OCS and will continue to try and achieve such performance on behalf of New Hampshire families.

As the Legislative Budget Assistant points out, the gains that OCS has made in its collection performance have cost the state and federal government money. While the Department must strive to maintain expenditures at a reasonable level, OCS could not have achieved its collection and support order establishment performance if the leadership of the state had not invested in the Child Support program in order to improve the lives of our children.

Many of the changes in the character and scope of the program that occurred over the audit period were costly changes. For example, the establishment of orders for paternity, financial and medical support is a very labor intensive process because it entails a caseworker interviewing both a mother and father, reviewing each parties' financial information, negotiating a support order and bringing the case to court. The return on the cost of establishing an order for financial and medical support, however, manifests itself over the of the minority of a child's life. Similarly, during the audit period, OCS implemented NECSES which represented a significant investment on the part of the state and federal governments. Without NECSES, OCS would not have been able to achieve the leading collection performance and the leading court order establishment performance that it did achieve. Without NECSES, OCS would not have been able to keep pace with the ever-growing caseload and the ever-changing nature of the Child Support program, a program that continually grows in its complexity as state and federal child support experts identify new ways to ensure that each child receives the financial and medical support to which he or she is entitled.

In conclusion, while costs must be scrutinized, controlled, and evaluated continually, we must not lose sight of the beneficial impact that the investment in the financial security of our children has had. OCS's enhanced collection performance and court order establishment performance positively affects the lives of so many of New Hampshire's children. The return on that investment makes for happier, more secure children who will grow up to be productive, contributing members of our society.

## Child Support Services

I would like to thank the Legislative Budget Assistant in particular for this section of its audit report since it addresses the processes that OCS follows to collect child support. The Legislative Budget Assistant identified several areas where OCS had the opportunity to refine the processes it employs. Because of the Legislative Budget Assistant's review, we have been able to make many of the suggested changes to those processes and to improve the level of services provided to our clients.

How we handle a case is the linchpin of our overall performance. We must manage the caseloads, locate parents, establish paternity, establish support orders, and enforce those orders. Our final job is to distribute support to New Hampshire families.

The 128.8% increase in collections over the audit period shows that we have done well. However, we must continually evaluate the processes we use in order to achieve every possible efficiency. The Legislative Budget Assistant's report helped us to identify areas where we could refine our processes and many of those areas have already been improved as a result of the audit report.

## NECSES

The audit period fell within a time of fundamental change in the child support program. In 1991, two years into the audit period, the basic components of NECSES, our automated system for the collection of child support, were implemented. NECSES was developed in phases over time, and NECSES will continue to change as the laws and requirements impacting the child support program change. The development and implementation of NECSES entailed the dedication of a significant amount of financial and staff resources. The dedication of those resources did impact on the cost efficiency of the Child Support program.

Automation of a child support process is essential to the success of any child support program. The implementation of NECSES enabled New Hampshire to meet federal systems requirements, thereby protecting federal funding of our public assistance programs. NECSES makes it possible for child support workers to process a higher volume of cases in a shorter period of time. Without an automated child support system, our child support caseworkers could not effectively manage their growing caseloads. Without an automated child support system, our child support workers could not have effectively utilized all the administrative remedies that have been implemented during and since the audit period. The growth in the number of administrative remedies available to enforce child support obligations has been critical to New Hampshire OCS's successful collection performance.

The development of any automated system is expensive and in this area NECSES is not unique. Technology costs money. Moreover, to properly develop an automated system, especially one that addresses the complexities of the locate, establishment, enforcement and distribution processes that are components of the child support program and automated system, it is essential to bring staff who have the program knowledge and experience into the development process. While we must strive to find ways to improve productivity, it is natural for productivity to be challenged somewhat during and immediately following periods of systems development and implementation.

There are several reasons why NECSES affected OCS's productivity. First, the cost of developing and implementing NECSES increased the overall cost of running the child support program. Moreover, the overall cost of running the child support program is skewed when development costs are taken into account in the years the costs were incurred, or as "one-time costs", rather than amortizing those costs over the life cycle of NECSES. Second, while bringing staff into the development process is essential to the successful development of an automated system, this also means that staff are not working on their caseloads and contributing to the outcomes measured for evaluation of a child support program: paternities established, support orders established, and collections. Finally, when new systems and systems enhancements are implemented, there is a period where productivity may be affected until staff become more familiar with the new system and enhancements.

The implementation of NECSES created a paradigm shift within the Child Support program, a shift that fell in the middle of the audit period. Many longtime child support workers had to adjust to automation of what had been a largely manual process. The process of adjustment is a natural byproduct of change and the challenge is to facilitate that change for staff as much as possible. OCS has learned from some mistakes that it made when it first implemented NECSES and has now implemented a comprehensive NECSES training program to help staff enhance their knowledge of NECSES and to help them learn new processes as they are introduced.

NECSES, along with our staff, is the lifeblood of the Child Support program. NECSES has made an extraordinary difference in the lives of the children and the families of the State of New Hampshire who have benefited from the improved collection and support order establishment performance achieved by the OCS during the audit period. In addition, the State of New Hampshire can be proud of its accomplishments with respect to NECSES, all achieved while continuing to meet the challenges of increasing caseloads and workload. NECSES, developed by New Hampshire staff, has become a national model and has been adapted for use in approximately six states.

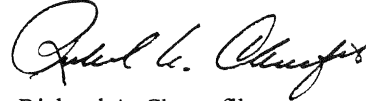
SUMMARY

The New Hampshire Office of Child Support continues to work to implement the recommendations of the audit report as well as implementing other initiatives to strengthen the program. The results of these initiatives continue to show positive signs. The New Hampshire Office of Child Support collected over \$51 million in FFY 1996, the highest level of collections in the program's history. The program continued to see improvement in both orders established and paternities established. The program has also achieved milestones in the completion of components of NECSES which will continue to enhance our operational efficiency and effectiveness.

Again, I would like to thank the Legislative Budget Assistant for their assistance and partnership in the effort to improve services for children and families through the Child Support program.

Further, I want to express my appreciation to the Joint Fiscal Committee for the opportunity to review and respond to the audit report submitted relative to the New Hampshire Office of Child Support.

Sincerely,



Richard A. Chevretils  
Assistant Commissioner



