

**STATE OF NEW HAMPSHIRE  
OFFICE OF LEGISLATIVE BUDGET ASSISTANT - AUDIT DIVISION**

**PROPOSED SCOPE STATEMENT  
PERFORMANCE AUDIT OF DIVISION OF CHILD SUPPORT SERVICES**

In April 2014, the Fiscal Committee approved a joint Legislative Performance Audit and Oversight Committee recommendation to conduct a performance audit of the Division of Child Support Services (DCSS) within the Department of Health and Human Services (DHHS). We held an entrance conference with the DCSS in April 2015.

**Background**

Federal requirements are the primary drivers for services for children receiving child support. Beginning in 1975 Congress, recognizing the importance of enforcing support obligations owed by non-custodial parents to their children, enacted Title IV-D of the Social Security Act, *Child Support and Establishment of Paternity*, and its subsequent revisions to help in locating non-custodial parents, establishing paternity, and obtaining child support for minor children. Title IV-D established the federal Office of Child Support Enforcement (OCSE) within the Department of Health and Human Services' Administration for Children and Families. The OCSE oversees state child support programs and ensures compliance with federal requirements. Title IV-D also requires states to designate a separate entity responsible for child support enforcement and requires services to all children receiving public assistance, Medicaid, and those in foster care, as well as any other child, if requested to do so by the custodial parent. The federal government pays approximately 66 percent of the costs to administer the program and awards incentive funds to states meeting or exceeding established performance standards.

*New Hampshire Division Of Child Support Services*

To comply with these federal initiatives, in 1977 the New Hampshire Legislature established the child support services program. The act authorized the DHHS to establish, direct, and maintain a program of child support based on Title IV-D. To carry out its duties, DCSS personnel help locate non-custodial parents, establish paternity through a voluntary affidavit or through genetic testing, and establish child support orders through the circuit courts' Family Division. Eleven district offices in Berlin, Claremont, Concord, Conway, Keene, Laconia, Littleton, Manchester, Nashua, Portsmouth, and Rochester work directly with case members throughout the State. To assist establishing and enforcing child support orders when the non-custodial parent lives out-of-State, the DCSS' Interstate Unit works with other jurisdictions to establish and enforce child support orders.

To improve consistency, in 1988 the Legislature established a uniform system for determining the appropriate amount of child support. The law required both parents to share the financial responsibility of supporting their children, established the percent of combined parental income which reasonably would be devoted to financial support of a child, and required the amount to vary according to the number of children and the parents' income level. Additionally, State laws required support obligations to be divided between parents in proportion to their respective incomes. In other words, parents with higher incomes would be responsible for a larger portion.

Once a child support order has been established, the DCSS is responsible for enforcing orders, collecting and disbursing child support, and reviewing support orders when requested. Federal and State laws authorize the DCSS to utilize a variety of enforcement mechanisms including

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requiring employers to withhold wages; intercepting federal tax refunds and lottery winnings; requesting other State agencies to revoke motor vehicle, occupational, or recreational licenses; reporting delinquent non-custodial parents to credit bureaus; placing liens on assets; and other remedies. According to DCSS data, in the past five years between 65 and 70 percent of payments were collected through wage withholdings annually, while an additional seven percent were collected by intercepting federal tax refunds.

DCSS data shows the number of child support cases has remained relatively stable over the past five federal fiscal years. The percentage of cases with established child support orders has also remained stable at approximately 85 percent. Table 1 below shows the number of cases, amount of support due and collected, as well as the amount of arrears owed at the end of each federal fiscal year.

The DCSS uses the New England Child Support Enforcement System (NECSES) to support its daily activities. The statewide, automated case management system allows staff to access, edit, and store case information; query and exchange information with federal and State databases; and alerts case workers to needed action. In October 2014, the DCSS introduced an upgraded version of NECSES which would help the DCSS comply with forthcoming federal requirements, as well as enhance management capabilities. The OCSE is scheduled to conduct a certification review of the system during 2015.

**Table 1:  
DCSS Child Support Case Information By Federal Fiscal Year<sup>1</sup>**

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

Notes:

1. The federal fiscal year starts on October 1 and ends on September 30.
2. Number on the last day of each FFY.
3. Represented in millions.

Source: LBA analysis of DCSS data reports.

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**Audit Scope**

This performance audit will focus on how DCSS activities help to ensure child support services are delivered in an effective and efficient manner. This performance audit will focus on the following question: *Did the DCSS efficiently and effectively administer the child support program during federal fiscal years 2013 and 2014?* Specifically, we will determine whether:

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

The child support enforcement program is subject to periodic review by the OCSE including an annual review to ensure data used for calculating incentive payments for achieving performance measures are accurate. Additionally, under the Single Audit Act, the program is subject to annual audit. The program was reviewed as part of the 2014 Single Audit of Federal Financial Assistance Programs. Consequently, we will focus our efforts on areas not routinely reviewed by external parties. We anticipate completing this project in August 2015 and presenting the final report to the Fiscal Committee at its September 2015 meeting.

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PROPOSED PERFORMANCE AUDIT SCOPE STATEMENT  
DEPARTMENT OF ENVIRONMENTAL SERVICES DAM BUREAU

In April 2015, the Fiscal Committee of the General Court adopted a joint Legislative Performance Audit and Oversight Committee recommendation to conduct a performance audit of the Department of Environmental Services (DES) Dam Bureau. We also held our entrance conference with the DES management in April 2015.

**Background**

In 1937, the Legislature declared there was a need to conserve and control water in streams, rivers, lakes, and ponds. The Department of Environmental Services (DES) is responsible for the general functions of maintenance of State-owned dams, dam inspections, and flood control. The DES Dam Bureau regulates dam operation, maintenance, and repair; and construction, reconstruction, and removal. The Dam Bureau also regulates water levels in lakes, ponds, streams, and rivers to meet the water needs for the State of New Hampshire, as well as to lessen flood damage, enhance public safety, and improve the recreational facilities within the State. The Bureau also oversees hydro-energy production at State-owned dams.

As of May 2015, there were 2,627 active dams throughout the State. Approximately 75 percent of the dams in New Hampshire are privately owned while the State owns 276 active dams (or nearly ten percent), including 19 structures below six feet, which are exempt from dam safety and inspection requirements because they do not meet the definition of a dam; 13 percent are owned by local governments; and less than two percent are owned by the federal government and public utilities. Dams are inspected at regular intervals, between two and six years, depending on their hazard classification. Hazard classification refers to the potential damage downstream from a dam resulting from a dam breach or failure rather than the condition of the dam itself. According to the DES, approximately 37 State-owned dams require repair for a total current estimated cost of \$23.3 million, including 20 high hazard dams, three significant hazard dams, 12 low hazard dams, and two non-hazard dams. The cost of repairing the high hazard dams is currently estimated at \$15.2 million.

The Dam Bureau was staffed by 38 Full-Time Equivalent (FTE) positions as of April 2015. The Dam Bureau consists of three sections: the Operations and Maintenance Section, the Engineering and Construction Section, and the Dam Safety and Inspections Section.

**Audit Scope**

Our audit period will include State fiscal years 2014 and 2015, and will seek to answer the following question: *Did the Department Environmental Services efficiently and effectively manage State-owned dams during State fiscal years 2014 and 2015?* Specifically, we will determine whether:

- *The DES operated and maintained State-owned dams efficiently and effectively; and*
- *The DES repaired and reconstructed State-owned dams efficiently and effectively.*

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To address these questions, we plan to:

- review relevant State statutes, administrative rules, policies, procedures, plans, and guidelines;
- observe DES dam operations and maintenance practices and review standard operating procedures and emergency action plans;
- interview DES personnel, review project planning documents, and files; and
- review project management practices and equipment.

We anticipate completing this project in August 2015 and presenting the final report to the Fiscal Committee at its September 2015 meeting.