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**OFFICE OF TEMPORARY AND DISABILITY ASSISTANCE**  
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**Andrew M. Cuomo**  
*Governor*

**Local Commissioners Memorandum**

**Section 1**

<b>Transmittal:</b>	12-LCM-13
<b>To:</b>	Local District Commissioners
<b>Issuing Division/Office:</b>	Division of Child Support Enforcement/Center for Child Well-Being
<b>Date:</b>	December 14, 2012
<b>Subject:</b>	Results of the Federal Fiscal Year 2011 Data Reliability Audit and Procedures to Prevent Deficiencies
<b>Contact Person(s):</b>	Division of Child Support Enforcement at 800-343-8859, extension 30574
<b>Attachments:</b>	None
<b>Attachment Available On – Line:</b>	

**Section 2**

**I. Purpose**

The purpose of this Local Commissioners Memorandum (LCM) is to provide social services districts (SSDs) with the results of the Federal Data Reliability Audit (DRA) for Federal Fiscal Year (FFY) 2011 and to provide the SSD's child support enforcement units and their support collection units (collectively CSEUs) with procedures to address two deficiencies identified in the audit.

On August 27, 2012, the Federal Office of Child Support Enforcement (OCSE) determined that the child support performance reporting for New York State (NYS) for FFY 2011 (October 1, 2010 through September 30, 2011) is complete and reliable. Based on the results of the DRA, there will be no negative impact to incentive funding.

Although NYS performance was determined to be complete and reliable for FFY 2011, the DRA did identify two deficiencies in the cases reviewed which had an impact across several performance indicators:

1. Title IV-D never-assistance case records were reviewed which did not include an application for child support services; and

2. Manual adjustments were made to past due amounts on current support ledgers that resulted in a reduction in the current amount that charged for the month for federal reporting purposes because of the batch type used.

Continued deficiencies in these areas may result in the failure of a performance indicator in the next DRA and thereby impact the amount of incentive funding received as a result of that DRA. This letter provides procedures to prevent further deficiencies in these areas.

## II. Background

Pursuant to Section 458(b)(4) of the Social Security Act (SSA), the Child Support Enforcement program performance is measured by performance indicators which are computed using statewide data, and include paternity establishment; cases with support orders; collections distributed to current support (including total amount of current support due and support distributed as current support); collections towards arrears (including cases with arrears due and cases paying towards arrears); and cost effectiveness. Pursuant to SSA § 452(a)(4)(C)(i), OCSE's Division of Audit is required to conduct audits annually to evaluate the completeness, reliability, security and the accuracy of the performance indicator data reported by the state. States will receive incentives based on the results of their performance as measured against established standards for each performance indicator if their data is determined to be reliable, complete, and accurate.

On January 1, 2004, OCSE issued *Dear Colleague Letter* DCL-04-02 providing guidance on the DRA process for auditing states less frequently than annually, referred to as a limited Data Reliability Review (DRR) or desk audit. The DCL permits the auditing of states' data reliability on a cycle less frequent than annually if the state has demonstrated the ability to report consistently reliable data over a period of at least two years and has passed all performance standards. Because of the deficiencies identified with cases reviewed in the FFY 2011 DRA, NYS did not meet the requirements for the limited DRR and will be subject to the full annual DRA for FFY 2012 (October 1, 2011 through September 30, 2012.)

## III. Program Implications

To prepare for the next DRA, procedures have been developed to assist CSEUs in preventing continued deficiencies as identified under the DRA for FFY 2011. Addressing these deficiencies now may ensure that NYS passes all performance standards in the next DRA so that incentive funding is not jeopardized. Passing all performance standards in the next DRA may also permit NYS to meet the requirements for the limited DRR in subsequent years.

### **DEFICIENCY 1: NEVER-ASSISTANCE CASE RECORDS WITH NO CHILD SUPPORT APPLICATION**

The DRA for FFY 2011 identified certain never-assistance case records which were deficient because no application for child support services was available for the case record. The case records identified without an application for child support services include cases with (1) orders of support received as a result of an individual's direct application to the Supreme or Family Court, and (2) orders of support made payable through the SCU by the change in payee process.

Administrative Directive 12-ADM-03 issued on May 1, 2012, titled *Information about Child Support Services and Application/Referral for Child Support Enforcement Services (LDSS-4882)*, introduced the LDSS-4882, *Application/Referral for Child Support Enforcement Services*, and instructed CSEUs on how to ensure that an application for child support services is in the

case record. However, there is no automated mechanism to ensure that never-assistance cases receiving child support services prior to issuance of 12-ADM-03 have the required application in the case record. As such, **anytime that a CSEU is reviewing a never-assistance case, the CSEU must ensure that the case record contains the required application for child support services.**

To assist CSEUs with review of their existing never-assistance caseload, procedures and forms have been developed. The procedures, titled *Procedures for Ensuring that a Never-Assistance Case Contains an Application for Child Support Services*, provide CSEUs with guidance on contacting the recipient of services in never-assistance cases to obtain the necessary application for child support services where the required application is absent from the case record. A new cover letter and affidavit that are to be sent to the recipient of services along with a blank LDSS-4882 for completion are included with the procedures. The procedures and two new documents are available on ERS under *Resources, Application/Referral*.

## **DEFICIENCY 2: ADJUSTMENTS TO REDUCE PAST DUE SUPPORT ON CURRENT SUPPORT LEDGERS**

The DRA for FFY 2011 identified cases where erroneous account adjustments to reduce past due support on individual current support ledgers impacted the aggregate current support due amount reported on the federal OCSE-157. The Division of Child Support Enforcement (DCSE) issued a DCL on May 10, 2002, explaining modifications to the Child Support Management System (CSMS) intended to increase the reliability, for federal reporting purposes, of the current support due amount reported on the federal OCSE-157. The DCL explained that when past due current support is reduced to a judgment, entry of a negative batch type 61 to reduce past due amounts on current support ledgers caused the calculation of current support due to be incorrect for federal reporting purposes. CSEUs were instructed to use negative batch type 65 instead of batch type 61 to reduce past due current support ledger amounts whenever past due current support was reduced to a judgment.

As stated, the DRA for FFY 2011 identified cases which did not follow this instruction. Additionally, new case scenarios were identified where use of a negative batch type 61 resulted in an incorrect current support due amount for federal reporting purposes. As a corrective measure, CSEUs must process a negative batch type 65 when adjusting the past due support on a current support ledger on an account in the following circumstances:

- The court orders that the past due support be reduced to non-judgment arrears;
- The court orders that the past due support be reduced to a money judgment; and
- The court orders a retroactive downward modification that results in a reduction of past due support.

For court orders that require the past due support be reduced to non-judgment arrears or to a money judgment, the CSEU must also process a positive batch type 62 to the arrears or judgment ledger. Batch type 65 is only allowed as a negative transaction to ledgers with -1 in the second position.

Correct use of batch types will permit adjustments to the current support due amounts on the account without adversely impacting the reliability of current support due amounts reported on the federal OCSE-157. Use of the negative batch type 65 will have the same effect as the batch type 61 on the due totals at case and ledger level and on the end of month 69 CDUE transactions. It will not have an impact on the actual amount adjusted, but rather it will impact the way that current support due amounts are reported on the OCSE-157 for the appropriate federal fiscal year. CSEUs must continue to use batch type 61 for all other adjustments to current support obligations to reflect the actual court-ordered charges.

In a future release, a new ASSETS feature will be implemented to assist CSEUs in the proper use of the negative batch type 65. When the new feature is available, submission of a negative batch type 61 transaction in ASSETS to a ledger with a -1 in the second position will generate the following Warning message: *If you are taking delinquency off a current support ledger in order to load it onto a judgment or arrears ledger, or as a result of a retroactive downward modification, you must use transaction 65 instead of 61.* The Warning message will be generated before the final batch is transmitted so that the user has the opportunity to make a batch type correction from a negative batch type 61 to a negative batch type 65, if necessary.

**Issued By:**

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