

## **NCCSD-OCSE Meeting New Orleans, June 16, 2010**

**Attendees (NCCSD):** Robbie Endris (LA), Steve Veno (KY), Gary Dart (GH), Nick Young (VA), Alicia Key (TX), Barry Miller (NC), Charles Bryson (TN), Cynthia Longest (IN), Lisa Andres (LA), Jack Rogers (NC), John Bernhart (CO), Sharon Santilli (RI), Brenda Lyttle (WY), Mike Schwindt (ND), Jerry Joy (ME), Jean Fogarty (OR), Louise Bush (NV), Joe Jackins (MD), Benidia Rice (DC), Cory Chandler (DC), Chuck Hayward (DE), Scott Cade (NY), Sue Pfiffer (WI), Jeff Cohen (VT); On phone: David Stillman (WA), Larry McKeown (SC), Carol Eaton (IA), Ann Coffin (FL)

**Attendees (OCSE):** Vicki Turetsky, Donna Bonar, Eileen Brooks, Robin Rushton, Kimberly Smith, Monique Miles, Joyce Pitts, Jennifer Burnszynski, Yvette Riddick, Jackie Mull, Linda Gillett, Daphne Risch, Nancy Thoma Groetken, Wendy Gray, Charla Long, John Kersey, James Travis, Eileen Brooks, Sherri Grigsby, Dennis Putze, Chuck Kenher, Gabby Pagin, Jens Feck, Roy Nix, Susan Bennington, Linda Lawrence, Juanita DeVine, Linda Keely

### **Audit Issues**

#### *Commissioner's Opening Remarks*

1. OCSE understands the need for fair, transparent, and predictable audit processes.
2. Conversation about audits has three components.
  - a. Grants policy – reporting forms, timing of incentive payments, cost allocation (functions external to OCSE)
  - b. Conducting audits – OCSE conducts data reliability audits (DRAs) and limited cost audits (LCAs); other federal and state entities also conduct audits
  - c. Audit resolution – responsibility for decision-making is unclear; OCSE is setting up a system to ensure all audits are tracked and results are timely.
3. OCSE is not in charge of all of the components. There are multiple offices involved in determining what is an allowable cost. OCSE will facilitate an ACF discussion to get more clarity.

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4. OCSE would like to understand the perception of unfairness. Region 1 has stated their concerns. Do other regions feel the same? Is it limited to specific types or characteristics of audits (e.g., involvement of courts)?
5. OCSE is under pressure to conduct more LCAs. GAO report supports that as well as Deputy Secretary is focused on decreasing improper payments.
6. List of questions pertaining to audits were provided to OCSE by NCCSD. Two particular areas of interest:
  - a. DRAs - entrance or exit conferences, sharing annual findings through information letter to IV-D Directors;
  - b. LCAs – how do states get more information – can OCSE acknowledge states that were audited and information about the audits

*General Discussion*

7. DE just implemented a new SDU and would like a discussion with auditors prior to LCA to ensure we have got it right; need input upfront; easier to fix now than down the road (Hayward)
8. Division of State and Tribal Systems (DSTS) is responsible for doing a review of the SDU; sometimes they get assistance from the auditors (Rushton)
9. OCSE is struggling with how we can provide more information upfront given the sensitivity of audit standards – can't audit what you create; OCSE needs to determine a division of labor with the goal of addressing audit issues upfront (Turetsky)
10. Office of Audit is appreciative of addressing the issues with NCCSD. Kim Smith is the Director of the Office of Audit (OA). Susan Bennington is Chief of Audit Activities – produces audit guide, coordinates training, and ensures OCSE audit activities are in compliance. Office of Audit is an external office housed in OCSE. There are 11 regional audit offices around the country. OA is tasked with involvement in numerous audits though main focus is DRAs and LCAs. Auditors cannot assist in training those they are auditing or respond to policy questions. Once OA issues an audit report, there are a number of other ACF agencies that participate in the review process before the report is finalized. (Smith)

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11. NCCSD: Can OA send audit findings to IV-D Directors instead of the “umbrella” agency? OA is charged with addressing the “umbrella” head given audit may impact other agency funds (e.g., TANF). (Smith)
12. Is there anything special with formatting of the cover letter or report? It is difficult to easily discern (especially for the umbrella head) whether a state has passed the audit. Could OCSE include the results in the opening paragraph? (Cade)
13. OCSE can look into revising the letter. (Bennington)
14. Policy questions are addressed by the OCSE regional staff or Division of Policy, not the auditors. (Smith)
15. NCCSD Sampling methodology questions – answers are addressed in the audit guide (which was last distributed in 2007). The current version is not published on the OCSE website because it needs to be cleared. Instead, it was sent to IV-D Directors through the IV-D link. Information and calculations are spelled out in the guide. The sample size is based on a ratio of Line 1 to the universe. (Smith)
16. Information on the website needs to go through multiple agencies and can take up to 1 year for review. In lieu of the website, we use the IV-D Link or policy documents. (Turetsky)
17. NCCSD: Is there a need for physical documents if a state uses electronic interfaces? No, as long as the documents are scanned/imaged and stored in your system. There have been instances where the imaged forms do not include complete information. Auditors may ask for hard copy in these instances. (Smith)
18. NCCSD: Why must a responding jurisdiction get original documentation from the initiating state? The auditor will not have audited the other state so they need corroborative evidence. A note in the case file or some type of supporting documentation is needed. (Bennington)
19. If presumably you have audited the other state, why do you need the documentation? The source has deemed to be generally reliable. (Cohen)
20. Information reviewed is to assess the accuracy, reliability and completeness that you report for each year. So auditors can’t assume that if one state is ok on an initiating case that the responding state is

also ok. It is not in adherence with auditing regulations and standards.  
(Bennington)

21. CPA firms can accept the work of other CPA firms if they have been audited. If everyone is passing at 95%, the probability of not having supporting evidence is pretty low. Given the audits occur nationally, why shouldn't the documentation be assumed to be reliable? (Schwindt)
22. These issues were reviewed by an external consultant and through peer review. We will take this under advisement (Smith).
23. We are not challenging the validity of the current process; we are challenging that another process can be valid as well. (Cohen)
24. States are purging documents as we move to imaging. We need standards are what is required to store. (Rice)
25. NCCSD: How can required documents vary across states? What one state uses for establishment (given judicial/administrative nature of that state) may be different from another. (Smith)
26. Examples of supporting documents are very important given move to imaging. (Bush)
27. In addition to a list of examples of what supporting documents are required, an illustration through case study/explanations may also be helpful. (Turetsky)
28. An exit conference is a vehicle to provide the illustration of issues. (Cade)
29. Currently, an entrance and exit conference is held with each state. OCSE agrees to conduct a national annual forum to discuss common findings, issues, themes, and changes to the process. (Smith)
30. Need to determine the timing of the national meeting. (Turetsky)
31. It does not appear that entrance/exit conferences are the norm for all states. Some states have to request the conference. (Bush)
32. Every state should receive a phone call to determine the date of the entrance conference and a letter that states the agreed upon time for the entrance conference. The exit conference has been less formal because some states opt out of the formal exit conference. (Smith)
33. States have the right to an entrance/exit conference. OCSE will figure out a consistent way to communicate that right to you. OCSE needs a

point of contact in each state to ensure the communication is going to the right place. (Turetsky)

34. It is appropriate for the federal regional staff to participate in the entrance/exit conference. (Smith)
35. NCCSD: What is proper procedure to follow for disputes while the audit is ongoing (e.g., state is concerned that policy not reasonably interpreted or applied)? Questions or concerns that occur during the audit process should be addressed to the regional office staff. (Smith)
36. Can a meaningful correction action period be established for DRAs and LCAs? OCSE has done analysis of statutes. On DRAs, this is statutorily determined outside of OCSE. We are still trying to determine if there is any flexibility. Also looking into appeals timeframes. Monique Miles is the ombudsman for these issues. It will take time to determine. OCSE is committed to determine answers and get back to you. (Turetsky)
37. What is the status of the undistributed collection (UDC) LCAs? (Jackins)
38. There were several OIG audits with regard to UDC. OCSE is currently working with Region 5 to complete the audit resolution process. Right now, OCSE has control of the audit though we are not sure of the steps outside of OCSE. (Miles)
39. The UDC results are delayed outside of our office. We are determined to resolve these audits. The escheatment finding is an internal deliberation and we are meeting with OGM and OIG to resolve. (Turetsky)
40. With respect to LCAs, WI is aware of limitations of non-IV-D funding. The payroll companies want to call the states to correct IWO issues. If everyone used the correct form it would help with the funding issues. There is concern that the form is not going to be used in all appropriate cases. Is there funding available if a state needs to redirect payments or ensure the employers are getting the right form? (Pfeiffer)
41. OCSE is in the process of identifying non IV-D activities that are allowable particularly as related to the SDU. We are issuing a policy PIO based on a WI letter. There are activities in regards to processing non IV-D cases that are allowable. (Riddick)

42. OCSE and employers are struggling with entities not using the standard IWO form. The form is expiring soon and OCSE is preparing the PRA package. (Riddick)
43. The form must be used in any instance where income withholding involves an employer. We are working on a process for employers on what to do when they receive a nonstandard form. (Grigsby)
44. We are actively looking for advice on what should be allowable funding for non IV-D processing given statutory/regulatory requirements. (Turetsky)
45. OCSE already does pay some states for producing the IWO in non IV-D cases. We want to ensure that funding is not cut off. (Griffin)
46. NCCSD: Can OCSE provide technical assistance on audits? Yes through regional and central office staff. Can we provide a repository of audit reports? OCSE can provide more information on audits including FAQs. Can we provide more guidance in the form of policy documents? Yes. We can analyze the audit reports more systematically to provide feedback and facilitate dialogue. (Turetsky)
47. How are PR birth certificates being handled in DRA audits next year? (Hayward)
48. OCSE has not issued guidance on this yet. (OCSE)
49. We appreciate OCSE's help in addressing LCA issues in Region 1 however issues still need to be resolved. (Santilli)
50. Region 1 issues included audit consistency, court funding, and claims submittal. OCSE is working with Office of Grants Management (OGM) to determine the steps for audit resolution. (Turetsky)

### **Performance Incentive Workgroup**

51. At the NCSEA policy form, OCSE received feedback that it is time to relook at the incentive structure. There are two issues:
  - a. As the CSE program develops more versatility in the types of services provided, will we be adequately measuring the results of that work?
  - b. What have we learned about our incentives since implementation? Congress anticipated some reassessment. The trajectory of performance has leveled out. What else do we need to do to

increase performance? Are the measures effective? Should we address the issues with the paternity measure penalties? What else should we look at in reviewing our performance system? We can look at what's working and what's not working and then cautiously and conservatively determine whether and how adjustments should be made. This is not an effort to shift away from the performance approach that has served us well. (Turetsky)

52. Current system was developed 10 years ago. Need to look at the entire system – what's been accomplished and what needs to change. We do not want to "throw out the baby with the bath water." (Pitts)
53. An incentive workgroup was formed with NCCSD members that were working on TANF reauthorization along with federal partners. We are also hoping to get some County level staff on the workgroup. At some point we will also involve the advocacy community. We will conduct a conference call in the summer to discuss scope, both short-term and long-range goals. (Pitts)
54. In WY, the incentive structure works beautifully. We use performance measures to educate the legislature on the mission/goal of child support. We do need to address the paternity establishment sanction. It is not working and does not facilitate focus on the intended outcome. It does not fit in a culture where unmarried people are purposefully having children. (Lyttle)
55. One of the main issues from region 4 directors is some tools are not acceptable to the legislature (e.g., arrears forgiveness, incarcerated flexibility) and therefore the playing field is no longer level. Can this be considered in the performance structure? (Mull)
56. How can we collectively influence congress on changing the PEP penalty? (Fogarty)
57. There are short and long term approaches. We execute what's legislated by Congress. We can acknowledge there is a problem. States can pursue action with various associations (e.g., APHSA) and congressional representatives. OCSE can use the annual budget process and the workgroup on developing recommendations for changes. We need a vehicle for getting performance incentives back on the table. Also looking at our statutory authorities. Two possible vehicles:

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- a. Congress will need to have a continuing resolution to deal with reauthorization and hopefully funding restoration
- b. TANF reauthorization (Turetsky)

58. There is also the 157 instructions as a vehicle for change. This can be a short-term fix. (Pitts)

### **Expansion of Allowable Activities**

59. Part of the bubble conversation is where the federal government should draw the lines on expenditures. How can funding support collaborations without turning us into a different program or exploiting the funding? We are not looking to do another agency's job. We are trying to figure out how to provide "glue" money while staying consistent with the mission of our program. There is a bipartisan interest in discussion about child support providing more direct job services as well as access and visitation services. This is our effort in beginning a consultation process with IV-D Directors. An outcome may be OCSE distributing a funding guide (similar to TANF funding guide). This would include policies already "on the books" as well as new policies (e.g., extended collaboration with workforce programs). This conversation is not limited to the bubble chart (e.g, can also include non IV-D funding areas). It is intended to support future visions of the program. We have a unique opportunity in that OMB, the White House, Congress are engaged in this conversation. The conversation is coupled with a data sharing discussion about reducing improper payments and supporting family-centered programs. (Turetsky)

60. While Congress may look at this through legislation and OCSE may look at this administratively, how will that impact the 66% match? Could the 66% be "dialed back" to pay for additional services? From a state perspective it is up to the legislatures as to what they are willing to appropriate for the state share. We need to be very cautious particularly given the larger budget issues. The discussions need to focus on the cost effectiveness of the strategies. There is some additional flexibility to use incentives for non-traditional services. Has OCSE analyzed the exemption approval process? (Cade)

61. Incentive exemptions have all been in the area of family strengthening activities. Politics at state level are very likely different from the federal level. Congress wants us to move in this direction. There are risks of cutting FFP however they are unrelated to this initiative. Cost effectiveness is a key factor in how to open up the funding. The data is clear that collections and cost effectiveness are improved by using these additional strategies. Therefore, they need to be available to all CSE programs. (Turetsky)
62. There has been very restrictive guidance on SCHIP v. Medicaid referrals to child support. Sometimes children from the same family have different rules for appropriate referrals. (Pfeiffer)
63. Outreach with the fatherhood programs makes sense. However there is a lot of anger and animosity towards child support in fatherhood programs. Need a conversation with that group about what will be effective so we are not beating our head against the door. (Lyttle)
64. Region 4 would like more flexibility about how the state can pay its state share. Can CBOs assist with the state share? (Mull)
65. Law is clear in this area that the state must pay its state share unless there is a waiver. (Turetsky)
66. Fatherhood programs in LA have been outstanding but there is also some anger and animosity. We need to work with the responsible fatherhood programs (child-centered) as opposed to the father rights organizations. (Endris)
67. Fatherhood programs have fundamental issue with child support's lack of support in access and visitation. (Pfeifer)
68. In LA legislation there was an issue with private attorneys and access/visitation. The attorneys are concerned that it's their purview. Access and visitation needs adequate funding. It has such a long term benefit for the family.
69. Need more family violence linkages and coalitions. Need to find a half-way point between providing full services or no services (i.e., good cause). Need training and sensitivity awareness. Based on a VA study, the number one cause of death of pregnant teenagers is murder. (Pfeifer)

70. Just because you increase funding for my program, does not mean that's where it is going to go. The IV-D Director is not necessarily the decision maker as to where the money goes. Need to ensure it is very clear as to where the money can be expended. (Lyttle)
71. Any funding changes need to include an auditable policy scheme. (Turetsky)

### **Monthly / Quarterly Notices**

72. OCSE is looking at the requirement to send out monthly notices. We have given exemptions in this area. Two issues:
- a. It costs a lot of money to mail paper notices.
  - b. Given the shift to EBT, there is less of a need to maintain current addresses so the notices are not serving their intended purpose. States have asked whether electronic (online, cell phone) noticing can be done in lieu of paper notices? Are the families we serve able to access the notice online? Multiple forms of notice are really the best way. In addition, the current policy only applies to TANF with assigned collections. However, it is important that families leaving TANF receive notice to ensure that the assignment is reclassified. How would an electronic notice impact rural families? How well are your websites working for low-income customers? Is the feedback positive? (Turetsky)
73. Child support gets more hits than all of our Department websites. People get a lot of information from the website. (Endris)
74. In North Dakota, child support is first or second in terms of hits. Customers have provided positive feedback about access to the information over the web. Voice response units are also used to provide information. Customer service call line in is another method. There is no need to send the monthly notice. (Schwindt)
75. With the advent of customer service units, more people call in than wait for a letter. For those going off of TANF, they get a continuation service letter. (Hayward)
76. OCSE has the authority to eliminate the notice. If OCSE eliminates the mailing, would states consider using the continuation notice to provide the financial information families need when leaving TANF? (Turetsky)

77. Have we considered asking the TANF agencies to provide the needed child support information through the termination process? (Thoma Groetken)
78. With the usage of debit cards, the address of the CP is increasingly inaccurate. Mailing a paper notice does not mean they are going to get it. (Veno)
79. States also use CP addresses for service of process notices.
80. There is still an issue with the Durbin amendment and the debit card. Brenda Lyttle will be providing NCCSD and OCSE with updates. (Endris)
81. Linking the monthly notice information and continuous service notice is not a good idea. The continuous service notice is required to be sent to TANF and Medicaid. State CSE agency is sending 1000s of letters every month and CPs don't even understand it. If purpose is to notify of retained collections, the notice won't work. Where due process is not an issue, electronic notification is a streamlining opportunity. (Pfeifer)
82. Providing information through a website also assists families to have a centralized point to get information. (Turetsky)
83. OR is focused on reviewing its business processes for sustainability. There is a disconnect as to why we are continuing to do business through mailing notices. (Forgarty)

### **Other**

84. NPRM on safeguarding was published a week and half ago. Comments are due by 8/6/2010. Addresses data sharing with private collection agencies (PCA), child welfare, and SNAP.
85. We are currently developing a second rule that will address redirection policies. (Turetsky)
86. There is an international heads of agency meeting occurring in New Zealand during September. This is an annual meeting with the five largest English-speaking countries (NZ, AU, UI, CA, USA) to collaborate and address issues. Next year the meeting will be held in the US. In 2009, OCSE developed a foreign reciprocating agreement with Israel. We have 14 countries and 11 Canadian provinces with bilateral agreements. Two caseworker guides were published for El Salvador and Switzerland. (Riddick)

87. Foreign relations, Finance, and Ways and Means committees were briefed on the Hague treaty. They are proceeding forward with ratification. UIFSA committees seemed prepared with moving forward on legislation this year. (Turetsky)
88. NCCSD: Is the official national strategic plan still under review? The Secretary is developing an HHS plan and the Assistant Secretary for ACF has hired a contractor to develop an ACF plan. It is not clear that program offices will develop their own plans nor how they will tie into the ACF plan. OCSE is not planning to print the working group strategies document, but states are free to incorporate the strategies in their own strategic planning process. (Turetsky)

### **Action Items**

1. Reissue 2008 audit guide along with guiding statutes/regulation on IV-D Link – OCSE
2. Provide examples of the type of supporting documents that are needed particularly in interstate cases - OCSE
3. Review the “umbrella head” cover letter with the intent of putting the results upfront – OCSE
4. Determine if requirement to provide supporting documentation for interstate cases can be revised - OCSE
5. Provide a contact address for the addressee of the entrance/exit conference letter to OCSE – State CSE agencies
6. Determine the timing for an annual national forum on audit findings/information - OCSE
7. Clarify whether a state can be paid to produce IWO forms for non IV-D orders and whether a state can be paid for addressing issues that employers have with the forms when they were issued from an entity other than the state – OCSE
8. Issue guidance on PR birth certificates for FY2010 DRA audits – OCSE
9. Provide answers to other NCCSD audit questions (as read by John Bernhart) that were not discussed (due to time constraints) in the meeting notes – OCSE
10. Distribute the draft of allowable activities to all states and compile feedback – NCCSD

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11. In support of the monthly notice discussion, provide statistics on customer hits (e.g., x% of the state CSE caseload gets information from the web) or different ways families can access information about their case – NCCSD