



North Carolina Department of Health and Human Services
Division of Social Services

Child Support Services

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Beverly Eaves Perdue, Governor
Albert A. Delia, Acting Secretary

Sherry S. Bradsher, Director

July 13, 2012

DEAR COUNTY DIRECTOR OF SOCIAL SERVICES

DEAR CHILD SUPPORT MANAGERS, SUPERVISORS AND CASE MANAGERS

SUBJECT: DATA RELIABILITY AUDIT (DRA) FFY2011 – Potential for Non-Compliance

The Federal Office of Child Support Enforcement (OCSE) conducts a Data Reliability Audit annually to assess the completeness, reliability, and security of the child support data and the accuracy of the child support reporting systems used in calculating performance indicators. The FFY2011 audit began with the Entrance Conference on February 15, 2012. Physical case files were delivered to the auditors on March 23. There were 178 cases sampled for the review period beginning October 1, 2010, and ending September 30, 2011.

Based on the preliminary report, NC met the standard on 6 of the 8 OCSE-157 report lines reviewed. NC did not meet the standard on Line 6 – Children Born out of Wedlock with Paternity Established or Acknowledged, and is at risk of not meeting the standard for Line 5 – Children Born out of Wedlock. The primary reason for not meeting the standards is that documentation in physical case files did not match the data in ACTS.

County and state staff spent a great deal of time and effort preparing for and during the audit. Additional supporting documentation was obtained after the cases were mailed to the auditor. The documentation was forwarded to the auditor, and as a result, several cases were removed from the preliminary non-compliance list. However, more work must be done to meet the standard in the remaining non-compliance cases and your assistance is needed. NC has a small window of opportunity to provide the auditors with documentation to support reported data. If documentation that matches ACTS is not provided to the auditor, the state will NOT meet the performance standard of 95%.

Mission Statement

To consistently collect as much child support money as possible for the benefit of North Carolina's children.

Counties that have non-compliance cases have been given the case identifiers in a separate letter. A summary of the statewide report of OCSE-Line 5 and Line 6 is shown below. The other 6 Lines met the standards, 5 at the rate of 100% and 1 at 98%.

Line Description	Reported on OCSE-157	# Reviewed	Did not Meet Standard
Line 5 - Children BOW	318,774	108	10
Line 6 – Children BOW with Paternity Est.	315,756	108	13

If the state does not meet the standard on Line 6 for FFY2011, a financial penalty of \$3,022,936 will be assessed in 2012. This is one percent of the adjusted State Family Assistance Grant for the Temporary Assistance for Needy Families (TANF) program for FFY10. The penalty will continue to be assessed and increase annually until the State is determined to have submitted complete and reliable data and achieved the required performance standard. In accordance with 45 CFR 262.1 (e)(1), the State must expend additional state/county funds equal to the amount of the penalty (which will not count toward the maintenance-of-effort requirement under TANF) the year after the penalty is assessed.

In addition to the financial penalty, not meeting the standard will negatively affect the amount of incentive dollars available for payment to county offices. Incentive funds are advanced to states based on anticipated performance. Historically, incentive funds have been paid to counties before actual performance is validated for a given fiscal year by the DRA. Beginning in October 2011, incentive payments for FFY2012 were sent to counties. These payments were based on anticipated performance for FFY2012 which will not be validated until the DRA is completed, approximately 2 years later.

The most recent incentive payments were sent to counties in March 2012. These payments were for FFY2012 and were based on anticipated performance. In the Budget Narrative, NC includes an estimated incentive dollar amount for counties to use for planning purposes for the upcoming state fiscal year. These estimates are based on incentive dollars NC planned to pay to counties based on the estimated award and estimated performance prior to receiving audit results.

Settlements are awarded once audits for ALL states and territories have been completed in order for OCSE to do their calculations of the incentive pool. The last settlement NC received from OCSE was December 9, 2011, for FFY2010. It was a negative settlement due to not meeting the standard measure for Paternity Establishment. This negative settlement was accounted for by not paying incentives in February 2012. The last settlement payment to counties was made September 14, 2011, for FFY09.

In preparation for the FFY2012 DRA, future incentive and settlement payments will not be made available until the FFY2011 audit is completed, and NC receives the incentive award letter which provides the actual incentive award for FFY2011. Steps will be taken to determine how best to ensure that future payments are accurate and based on actual performance rather than anticipated performance. OCSE has historically issued these letters in December.

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Time is critical as the end of the current federal fiscal year is approaching rapidly. In October, NC is required to submit data to OCSE as of September 30, 2012, for the FFY2012 audit. Clean-up reports to aid in your local review are being developed. Reviewing cases identified on the reports will help ensure the data in ACTS matches the case file. These reports must be completed no later than September 30. Expect to receive additional information about these reports soon.

It is my clear impression, that North Carolina's State-County partnership is based on our shared commitment to excel and this compels us to constantly innovate and improve Child Support Services. At this point in time, careful attention to detail is needed to assure that Child Support's data is reliable and accurate. I am confident that by working collaboratively, we will meet this and all other challenges that we may face together.

If you have any questions, please let me know. Thank you.

Sincerely,



Daisie B. Blue, Chief

CSE-07-2012

Cc: Sherry Bradsher, Director
Jack Rogers, Deputy Director
Judy McArn, CS Assistant Chief
CS Program Representatives

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