DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Region IX
Office of Audit Services
90 – 7th Street, Suite 3-650
San Francisco, CA 94103

June 5, 2008

Report Number: A-09-07-00049

Mr. David Maxwell-Jolly
Director
California Department of Child Support Services
P.O. Box 419064
Rancho Cordova, California 95741-9064

Dear Mr. Maxwell-Jolly:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Review of Undistributable Child Support Collections in Riverside County, California, From October 1, 1998, Through March 31, 2006." We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, OIG reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5). Accordingly, this report will be posted on the Internet at http://oig.hhs.gov.

If you have any questions or comments about this report, please do not hesitate to call me at (415) 437-8360, or contact Thomas Lenahan, Audit Manager, at (323) 261-7218, extension 604, or through e-mail at Thomas.Lenahan@oig.hhs.gov. Please refer to report number A-09-07-00049 in all correspondence.

Sincerely,

Lori A. Ahlstrand
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Ms. Sharon M. Fujii
Regional Administrator
Administration for Children and Families
90 – 7th Street, 9th Floor
San Francisco, California 94103

Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

REVIEW OF UNDISTRIBUTABLE CHILD SUPPORT COLLECTIONS IN RIVERSIDE COUNTY, CALIFORNIA, FROM OCTOBER 1, 1998, THROUGH MARCH 31, 2006

Daniel R. Levinson
Inspector General

June 2008
A-09-07-00049

Office of Inspector General

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Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

REVIEW OF UNDISTRIBUTABLE CHILD SUPPORT COLLECTIONS IN RIVERSIDE COUNTY, CALIFORNIA, FROM OCTOBER 1, 1998, THROUGH MARCH 31, 2006

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

EXECUTIVE SUMMARY

BACKGROUND

The Child Support Enforcement program is a Federal, State, and local partnership, established in 1975 under Title IV-D of the Social Security Act, to collect child support payments from noncustodial parents for distribution to custodial parents. Within the U.S. Department of Health and Human Services, Administration for Children and Families, the Office of Child Support Enforcement (OCSE) provides Federal oversight.

In California, the Department of Child Support Services (the State agency) supervises the child support program, and individual counties administer the program. Beginning in 2000, the State agency gradually transferred county administration from the county offices of the district attorneys to newly created independent county departments of child support services (local child support agencies). The transitions were completed by July 1, 2002.

Undistributable collections result when a State receives a child support payment but cannot identify or locate the custodial parent or return the funds to the noncustodial parent. OCSE requires States to offset Child Support Enforcement program costs by recognizing and reporting program income from undistributable child support collections and interest earned on child support collections. OCSE defines undistributable collections as those that are considered abandoned under State law. California law provides that amounts of $15 or greater that remain unclaimed for 3 years become the property of the county after public notice. Amounts that are less than $15, or any amount if the depositor's name is unknown, that remain unclaimed for a period of 1 year may be transferred to the county's general fund without the necessity of public notice.

States are required to report undistributable collections to OCSE on Federal Form OCSE-34A, "Child Support Enforcement Program Quarterly Report of Collections," and program income on Federal Form OCSE-396A, "Child Support Enforcement Program Financial Report, Quarterly Report of Expenditures and Estimates."

This report focuses on Riverside County's local child support agency, Child Support Services (the county agency), which reported undistributable collections and program income to the State agency.

OBJECTIVES

Our objectives were to determine whether the State agency appropriately recognized and reported program income for the county agency's undistributable child support collections and interest earned on child support collections.

SUMMARY OF FINDINGS

For the period October 1, 1998, through March 31, 2006, the State agency did not recognize or report program income totaling $244,722 ($161,517 Federal share) for undistributable child support collections and interest earned on child support collections. This amount consisted of (1) unreported program income totaling $30,866 ($20,372 Federal share) for undistributable collections that had been recognized as abandoned and transferred to the Riverside County general fund; (2) unclaimed collections totaling $3,533 ($2,332 Federal share) held by the county agency as of March 31, 2006, that had met or exceeded the required time periods for holding unclaimed collections but had not been recognized as abandoned; and (3) unreported program income totaling $210,323 ($138,813 Federal share) for interest earned on child support collections.

These deficiencies occurred because the county agency was unaware that the office of the district attorney had not reported program income for some undistributable child support collections and interest earned on child support collections. The county agency was also unaware that it was required to report to the State agency undistributable collections transferred to the Riverside County general fund. In addition, the county agency did not use the correct dates to age undistributed collections, which impacted the State agency's oversight of older unclaimed collections.

RECOMMENDATIONS

We recommend that the State agency:

- report program income totaling $30,866 ($20,372 Federal share) for undistributable collections that the county agency already recognized as abandoned;
- monitor the county agency's progress in resolving the status of $3,533 ($2,332 Federal share) of unclaimed child support collections that had met or exceeded the required time periods for holding unclaimed collections as of March 31, 2006, and report as program income those collections recognized as abandoned pursuant to State requirements;
- ensure that the county agency uses the correct dates to age undistributed child support collections that are reported to the State agency; and
- report program income totaling $210,323 ($138,813 Federal share) for interest earned on child support collections.

STATE AGENCY COMMENTS

In comments on our draft report, the State agency concurred with the findings and described how it was addressing the recommendations. The complete text of the State agency comments is included as the Appendix.

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STATE AGENCY COMMENTS

INTRODUCTION

BACKGROUND

Child Support Enforcement Program

The Child Support Enforcement program is a Federal, State, and local partnership, established in 1975 under Title IV-D of the Social Security Act, to collect child support payments from noncustodial parents for distribution to custodial parents. Within the U.S. Department of Health and Human Services, Administration for Children and Families, the Office of Child Support Enforcement (OCSE) provides Federal oversight by setting program standards and policy, evaluating performance, and offering technical assistance.

In California, the Department of Child Support Services (the State agency) is responsible for supervising the Child Support Enforcement program and generally receives Federal reimbursement at a rate of 66 percent of program costs. The individual counties administer the program.

Requirements for Reporting Program Income

Undistributable collections result when a State receives a child support payment but cannot identify or locate the custodial parent or return the funds to the noncustodial parent. OCSE Policy Interpretation Question (PIQ)-88-7 and OCSE-PIQ-90-02 require States to offset Child Support Enforcement program costs by recognizing and reporting undistributable child support collections as program income at the time the funds are considered abandoned under State law. OCSE-PIQ-90-02 states: "Every State has statutes and regulations governing the handling of unclaimed or abandoned property left in its care. OCSE-PIQ-88-7 . . . recognizes this fact and encourages each State to utilize these individual State procedures to report undistributable or uncashed . . . collections as title IV-D program income."

In addition, OCSE Action Transmittal (AT)-89-16 requires States to offset Child Support Enforcement program costs by recognizing and reporting program income from interest earned on child support collections.

States are required to report undistributable collections to OCSE on Federal Form OCSE-34A, "Child Support Enforcement Program Quarterly Report of Collections," and program income on Federal Form OCSE-396A, "Child Support Enforcement Program Financial Report, Quarterly Report of Expenditures and Estimates."

California's Child Support Enforcement Program

Before January 1, 2000, the Child Support Enforcement program in California was supervised by the Department of Social Services and administered at the county level by the offices of the district attorneys. Effective January 1, 2000, the State agency took over supervision of the program and gradually transferred county administration of the program to newly created

independent county departments of child support services (local child support agencies). All transitions were completed by July 1, 2002.

From November 2005 through May 2006, the State agency transferred child support collection and disbursement activities from the local child support agencies to the State Disbursement Unit (SDU). During the transition, local child support agencies forwarded to SDU on a daily basis the child support payments that they received. The local child support agencies retained all other functions, such as locating custodial and noncustodial parents and enforcing collection actions. Within 1 year after the transfer of collection and disbursement functions to SDU, all collections remaining unclaimed in the child support trust accounts at the local child support agencies were to be transferred to SDU.[1]

California law provides that amounts of $15 or more that remain unclaimed for 3 years become the property of the county after public notice. Amounts that are less than $15, or any amount if the depositor's name is unknown, that remain unclaimed for a period of 1 year may be transferred to the county's general fund without the necessity of public notice.

Review of Riverside County Child Support Services

Within California, we selected for review several local child support agencies that had large amounts of unclaimed child support collections that were 3 years old or older and/or had reported no undistributable collections. This report focuses on Riverside County's local child support agency, Child Support Services (the county agency), which reported undistributable collections and program income to the State agency. We will address other local child support agencies in separate reports.

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

Our objectives were to determine whether the State agency appropriately recognized and reported program income for the county agency's undistributable child support collections and interest earned on child support collections.

Scope

We reviewed the county agency's undistributable collections reported on Form OCSE-34A and program income reported on Form OCSE-396A for the period October 1, 1998, through March 31, 2006. Our review included child support collections that could not be identified with or disbursed to the custodial parent or returned to the noncustodial parent and checks for child support collections that were disbursed to the recipients but not cashed.

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[1]A child support trust account was an account established by a local child support agency for the receipt and disbursement of child support collections.

We limited our review of internal controls to understanding the State agency's and county agency's policies and procedures for reporting undistributable collections and interest earned on child support collections.

We performed fieldwork at the State agency in Rancho Cordova, California, in June and July 2006 and at the county agency in Riverside, California, from January through August 2007.

Methodology

To accomplish our objectives, we:

- reviewed applicable Federal and State laws, regulations, and guidance, including OCSE program and policy announcements;

- reviewed the State agency's policies and procedures for recognizing and reporting program income pertaining to undistributable collections and interest earned on child support collections;

- reviewed the county agency's policies and procedures for identifying unclaimed property, reporting abandoned property, and identifying and reporting undistributable collections and program income to the State agency;

- interviewed State agency and county agency officials to obtain an understanding of procedures for recognizing and reporting program income pertaining to undistributable collections and interest earned on child support collections;

- compared and reconciled undistributable collections from the State agency's supporting documentation to amounts reported on Forms OCSE-34A and OCSE-396A for the period October 1, 1998, through March 31, 2006;

- compared and reconciled undistributable collections from the county agency's accounting records to undistributable collections reported to the State agency;

- reviewed 12 monthly Riverside County auditor controller's reports of warrants issued but not cashed that covered the period December 30, 1999, through September 26, 2005, to determine whether the county agency appropriately reported the uncashed warrants as unclaimed collections;

- reviewed pertinent documentation that the Riverside County office of the district attorney transferred to the county agency, such as monthly collection reports, quarterly expenditure reports, and schedules of unclaimed child support collections identified for transfer to the Riverside County general fund;

- reviewed the county agency's unclaimed collections data through March 31, 2006, to determine (1) whether the collections were aged appropriately and (2) actions that the

county agency took on unclaimed collections that had met or exceeded the time periods required by California law for holding unclaimed collections;

- assessed the county agency's documentation for any unclaimed child support collections that the county agency transferred to SDU as of March 31, 2006, to determine whether those unclaimed collections qualified as abandoned property pursuant to State requirements; and

- compared data for interest earned that the State agency reported on the OCSE-396A with interest earned that the county agency entered in its accounting records for the period October 1, 1998, through March 31, 2006.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS AND RECOMMENDATIONS

For the period October 1, 1998, through March 31, 2006, the State agency did not recognize or report program income totaling $244,722 ($161,517 Federal share) for undistributable child support collections and interest earned on child support collections. This amount consisted of (1) unreported program income totaling $30,866 ($20,372 Federal share) for undistributable collections that had been recognized as abandoned and transferred to the Riverside County general fund; (2) unclaimed collections totaling $3,533 ($2,332 Federal share) held by the county agency as of March 31, 2006, that had met or exceeded the required time periods for holding unclaimed collections but had not been recognized as abandoned; and (3) unreported program income totaling $210,323 ($138,813 Federal share) for interest earned on child support collections.

These deficiencies occurred because the county agency was unaware that the office of the district attorney had not reported program income for some undistributable child support collections and interest earned on child support collections. The county agency was also unaware that it was required to report to the State agency undistributable collections transferred to the Riverside County general fund. In addition, the county agency did not use the correct dates to age undistributed collections, which impacted the State agency's oversight of older unclaimed collections.

UNDISTRIBUTABLE CHILD SUPPORT COLLECTIONS

Federal and State Requirements

OCSE-PIQ-88-7 states:

> If a . . . collection is truly undistributable, the State may dispose of it in accordance with State law. States may, for example, provide that such collections must be refunded to the obligor or that they become the property of the State if unclaimed after a period of time . . . . [T]his revenue must be counted as program income and be used to reduce IV-D program expenditures, in accordance with Federal regulations at 45 CFR § 304.50.

The Form OCSE-396A instructions for line 2b define program income as "The total amount of other income to the State used to offset the administrative costs reported on Lines 1a or 1b. Include: . . . (ii) undistributable child support collections as reported on Line 9a of Form OCSE-34A, the 'Quarterly Report of Collections'. . . ."

In November 2004, the State agency issued Child Support Services (CSS) letter 04-22 to local child support agencies. This letter states that pursuant to Federal requirements, when child support collections have reverted to the county general fund, they are considered to be program income and must be abated and reported as program income by the local child support agency.

Undistributable Collections Recognized as Abandoned but Not Reported as Program Income

For the period October 1, 1998, through March 31, 2006, the State agency did not report program income totaling $30,866 ($20,372 Federal share) for undistributable child support collections that had been recognized as abandoned and transferred to the Riverside County general fund. This amount consisted of $14,783 ($9,757 Federal share) transferred to the Riverside County general fund before December 1, 2000, and $16,083 ($10,615 Federal share) transferred after that date.

Regarding the $14,783, county agency officials stated they were unaware that this amount had not been reported to the State agency as program income because the county agency did not administer the Child Support Enforcement program until December 1, 2000. Regarding the $16,083, county agency officials stated that they were unaware that undistributable collections had to be reported to the State agency. Based upon State agency clarification, the county agency began reporting as program income the collections transferred to the Riverside County general fund on the "Administrative Expense Claim" form for the quarter ended June 2004. The State agency includes the amount for undistributable collections on Form OCSE-396A.

UNCLAIMED CHILD SUPPORT COLLECTIONS

Federal and State Requirements

The instructions for Forms OCSE-34A and OCSE-396A require States to report program income for undistributable collections when State law considers them abandoned. The Form OCSE-34A instructions for line 9a define undistributable collections as "[t]he portion of collections reported on Line 9 that, despite numerous attempts, the State has determined it will be unable to distribute . . . and unable to return to the non-custodial parent. Under State law, these amounts are considered to be 'abandoned property.' "

In addition, effective September 30, 2004, OCSE required States to attach Schedule UDC, "Itemized Undistributed Collections," to Form OCSE-34A. This schedule enables States to itemize and differentiate the individual components of their undistributed collections. In section B, "Undistributed Collections by Age," line 18 allows States to specify the portion of collections remaining undistributed "for more than 1 year but equal to or less than 3 years from the date of receipt."

California law establishes how long property must be held before it is presumed abandoned. Section 50050 of the California Government Code states: ". . . money . . . that is not the property of a local agency that remains unclaimed in its treasury or in the official custody of its officers for three years is the property of the local agency after notice . . . . the treasurer of the local agency may cause a notice to be published once a week for two successive weeks in a newspaper of general circulation. . . ." The requirements for holding property for 3 years and for public notice do not apply to collections that are less than $15 or any amounts that are unidentified. Section 50055 of the California Government Code states: ". . . individual items of less than fifteen dollars ($15), or any amount if the depositor's name is unknown, which remain unclaimed in the treasury or in the official custody of an officer of a local agency for the period of one year . . . may be transferred to the general fund . . . without the necessity of publication of a notice in a newspaper."

State policy letter CSS 04-22 provides policy direction for the disbursement of child support collections and the resolution of collections that cannot be distributed, such as warrants issued but not cashed and collections received for which a custodial or noncustodial parent cannot be identified.

For warrants issued to the custodial parent but not cashed, the letter states that the local child support agency should attempt to contact the custodial parent. If the custodial parent cannot be reached because the contact information is no longer valid, the local child support agency should attempt to locate the custodial parent for a period of 6 months using all available locate tools as specified in the California Code of Regulations, Title 22, Division 13, Article 1, section 113100(a). When the local child support agency has been unsuccessful in locating the custodial parent after a 6-month period and/or the check has become stale-dated, the payment shall be reversed and the collection returned to the noncustodial parent. If the refund to the noncustodial parent remains uncashed, the local child support agency shall attempt to contact the noncustodial

parent. If the local child support agency is unable to contact the noncustodial parent, locate efforts shall be made for a period of 6 months using all available locate resources as specified in the California Code of Regulations, Title 22, Division 13, Article 1, section 113100(a). If the noncustodial parent cannot be located after 6 months and the warrant remains uncashed, the payment transaction shall be reversed. The local child support agency shall hold the unclaimed funds in trust for an additional 6 months (for a total of 1 year from the date of the refund warrant) if funds are less than $15 or an additional 2 years (for a total of 3 years from the date of the warrant) if funds are $15 or more. Once the local child support agency has complied with all State requirements, which may include publishing notice of the unclaimed collections in the local newspaper, the funds held in trust are considered abandoned property and may be reverted to the county general fund.

For collections in which a custodial or noncustodial parent cannot be identified, the letter states that upon receipt of funds that cannot be associated with a specific case or where the local child support agency is unable to identify the payor, efforts to identify the payments shall commence for a period of 6 months. If the sender (i.e., the noncustodial parent) or the associated case (i.e., the custodial parent) cannot be identified after diligent efforts, the local child support agency shall hold the funds in trust for an additional 6 months, for a total of 1 year from the date the funds were received. At the end of the 1-year period, the funds held in trust are considered abandoned property and may be reverted to the county general fund.

Unclaimed Collections Held by the County Agency Not Recognized as Abandoned

As of March 31, 2006, the county agency held in its child support trust account $3,533 ($2,332 Federal share) in unclaimed child support collections that had met or exceeded the required time periods for holding unclaimed collections but had not been recognized as abandoned. The table below summarizes the ages and amounts of the different types of unclaimed collections:

Type of Unclaimed Collection	Over 1 Year but Less Than 3 Years	3 Years Old or Older	Total
Less than $15 and unidentified collections	$933	$161	$1,094
$15 or more		2,439	2,439
Total	**$933**	**$2,600**	**$3,533**

For the unclaimed collections in which a custodial or noncustodial parent had been identified, payments had previously been issued but not cashed. No payments had been issued for unidentified collections. Although these collections had been held in trust longer than required by California law, the county agency did not take timely action to address the collections, as required by State policy letter CSS 04-22. Such action would have resulted in returning the collections to the custodial or noncustodial parents or transferring the collections to the Riverside County general fund after all State requirements had been met.

This deficiency occurred because the State agency did not sufficiently monitor the county agency's unclaimed collections that remained undistributed for over 1 year but less than 3 years and for 3 years or more to ensure that the county agency took timely actions in accordance with State policy. These actions would have included attempts to locate the custodial and noncustodial parents for a period of 6 months for collections that had been paid out but not cashed or attempts to identify the custodial or noncustodial parent for collections that remained unidentified.

The State agency was not aware of these older collections because the county agency had not identified them on the Schedule UDC report. This report ages collections that remain undistributed at the county agency. The Schedule UDC report for March 31, 2006, disclosed no collections that were older than 1 year because the automated system that the county agency used to record collections and disbursements did not correctly age the collections remaining to be distributed. Instead of using the date of receipt for aging purposes, as required by OCSE instructions for the Schedule UDC, the automated system used the suspend date. The suspend date is the date that a collection is placed on hold pending further actions by the county agency. The county agency began using the automated system in July 2005. Based upon the aging of collections from the date of receipt, we calculated that as of March 31, 2006, the county agency had unclaimed collections totaling $3,533 ($2,332 Federal share) that had not been recognized as abandoned.

INTEREST EARNED ON CHILD SUPPORT COLLECTIONS

Federal and State Requirements

Federal regulations (45 CFR § 304.50) state that interest earned must be used to reduce Child Support Enforcement program expenditures. In addition, OCSE AT-89-16 requires States to offset program costs by recognizing and reporting program income from interest earned on child support collections. Specifically, OCSE AT-89-16 states: "Although not required by either statute or regulation, many States have chosen to invest or deposit these funds in income-producing accounts. Any amount earned through these activities is considered program income and must be used by States to offset program expenditures."

State agency policy, Local Child Support Agency letter 02-36, provides clarification on the reporting of interest earned on child support collections: "All interest earned on Child Support Enforcement program funds must be reported . . . " and used to offset program expenditures.

Interest Earned on Child Support Collections Not Reported as Program Income

The State agency did not report program income totaling $210,323 ($138,813 Federal share) for interest earned on child support collections held by the county agency. This amount consisted of $182,138 of interest earned before December 1, 2000, and $28,185 of interest earned after December 1, 2000.

Because the county agency did not administer the Child Support Enforcement program before December 1, 2000, it was unaware that $182,138 of interest earned was not reported to the State agency as program income. After December 1, 2000, because of clerical, computational, or omission errors, the county agency did not report as program income $28,185 of interest earned.

RECOMMENDATIONS

We recommend that the State agency:

- report program income totaling $30,866 ($20,372 Federal share) for undistributable collections that the county agency already recognized as abandoned;
- monitor the county agency's progress in resolving the status of $3,533 ($2,332 Federal share) of unclaimed child support collections that had met or exceeded the required time periods for holding unclaimed collections as of March 31, 2006, and report as program income those collections recognized as abandoned pursuant to State requirements;
- ensure that the county agency uses the correct dates to age undistributed child support collections that are reported to the State agency; and
- report program income totaling $210,323 ($138,813 Federal share) for interest earned on child support collections.

STATE AGENCY COMMENTS

In comments on our draft report (included in their entirety as the Appendix), the State agency concurred with the findings. In response to the first and fourth recommendations, the State agency commented that the county agency will report the full amounts as program income. In response to the second recommendation, the State agency commented that the county agency had resolved or was currently resolving all remaining unclaimed child support collections, either by returning funds to custodial or noncustodial parents or by transferring funds to the Riverside County general fund. In response to the third recommendation, the State agency commented that the county agency has converted to new State systems to ensure proper aging of undistributed child support collections.

APPENDIX

STATE OF CALIFORNIA - HEALTH AND HUMAN SERVICES AGENCY ARNOLD SCHWARZENEGGER, *Governor*

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES
P.O. Box 419064, Rancho Cordova, CA 95741-9064

May 5, 2008

Ms. Lori A. Ahlstrand
Regional Inspector General for Audit Services
Department of Health & Human Services
Region IX
90 – 7th Street, Suite 3-650
San Francisco, California 94103

SUBJECT: REPORT NUMBER A-09-07-00049

Dear Ms. Ahlstrand:

This is in response to your draft report of the "Review of Undistributable Child Support Collections in Riverside County, California, from October 1, 1998 through March 31, 2006." Thank you for your letter of March 18, 2008 and the opportunity to respond.

We have reviewed your recommendations contained in the draft report and concur with the findings. Please find our responses to your recommendations, as noted below.

Undistributable Child Support Collections

Recommendation: Report program income totaling $30,866 ($20,372 Federal share) for undistributable collections that the county agency already recognized as abandoned.

Response: We concur with the finding. This amount of undistributable collections should have been reported on the Administrative Expense Claim. The full amount will be reported by the county agency as program income.

Recommendation: Ensure that the county agency uses the correct dates to age undistributed child support collections that are reported to the State agency.

Response: Riverside County has converted to the State Disbursement Unit and CCSAS CSE systems to ensure proper aging of undistributed child support collections.

Ms. Lori A. Ahlstrand
May 5, 2008
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Unclaimed Child Support Collections

Recommendation: Monitor the county agency's progress in resolving the status of $3,533 ($2,332 Federal share) of unclaimed child support collections that had met or exceeded the required time periods for holding unclaimed collections as of March 31, 2006, and report as program income those collections recognized as abandoned pursuant to State requirements.

Response: We concur with the finding. The unclaimed collections identified in the report have either been applied to child support arrears, refunded to the custodial or non-custodial parent or are in the process of being transferred to the Riverside County general fund.

Interest Earned on Child Support Collections

Recommendation: Report program income totaling $ 210,323 ($138,813 Federal share) for interest earned on child support collections.

Response: We concur with the finding. This amount of interest earned should have been reported on the Administrative Expense Claim. Full amount will be reported by the county agency as program income.

If you have any questions regarding this response, please contact Barbara Owens, Audit Manager, at (916) 464-5168.

Sincerely,

DAVID MAXWELL-JOLLY
Director

cc: John Replogle, Director
Riverside County Department of Child Support Services