

**CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES**

P.O. Box 419064, Rancho Cordova, CA 95741-9064

Reason for this Transmittal

- State Law or Regulation Change
- Federal Law or Regulation Change
- Court Order or Settlement Change
- Clarification requested by One or More Counties
- Initiated by DCSS

January 16, 2003

LCSA LETTER: 03-01

ALL IV-D DIRECTORS

SUBJECT: PROCEDURES FOR THE 2002 DATA RELIABILITY AUDIT

The purpose of this letter is to communicate the Department of Child Support Services' (DCSS) expectations of local child support agencies (LCSA) during the federal fiscal year (FFY) 2002 Data Reliability Audit (DRA). As you are aware, the outcome of DRA 2002 determines the amount of federal incentive payments and penalty assessments against the State's Temporary Assistance for Needy Families (TANF) Block Grant in FFY 2003. As you well know, DCSS and local agencies have worked hard to ensure success in DRA 2002. In order to ensure that every effort is made to achieve this goal, the following procedures have been developed and should be closely followed by each LCSA during DRA 2002.

The Office of Child Support Enforcement (OCSE), Administration for Children and Families (ACF), Office of Audits will conduct an entrance conference with DCSS in late January 2003. The actual DRA 2002 audit will occur between late-January through April 2003. Based on past experience, the federal auditors will draw a sample of cases from the statewide universe of all cases provided by LCSAs with their submission of the CS 157. In DRA 2001, a total of 286 cases representing 30 LCSAs were selected randomly from the statewide universe. Of these 286 cases, 173 were determined to be open cases during the audit period, and were therefore reviewed for lines 1, 2, 24, 25, 28 and 29 of the OCSE 157 form. Different samples of cases are used to audit the Paternity Establishment Percentage (PEP) for lines 8 and 9 of the OCSE 157. In DRA 2001, 50 cases from each of lines 8 and 9 were reviewed. We have been informed by OCSE, ACF that 100 cases from each of lines 8 and 9 will be reviewed for DRA 2002. Line 8 data is compiled by Department of Health Services (DHS), Office of Vital Records (OVR). Neither DCSS nor the LCSAs compile or maintain line 8 data. The federal auditor contacted the OVR to review line 8 data for DRA 2001 and we expect the same for DRA 2002. In DRA 2001, 28 of the cases reviewed for line 9 were cases adjudicated locally and 22 were cases from the Paternity Opportunity Program (POP) database.

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As part of the DRA, the federal auditors make site visits to conduct actual case audits from selected LCSAs and also request case records be submitted via mail from other LCSAs. In DRA 2001, the federal auditors visited 12 of the 30 LCSAs and requested hard copy documentation from the other 18. We will make contact with those LCSAs selected for audit in DRA 2002, once we receive that information.

Once the federal auditors have completed site visits, the draft audit report is compiled and issued. In DRA 2001, the draft audit report was issued in June 2002. DCSS is given 14 days to provide a response to the draft audit report. Our response is incorporated into the final audit report. DRA 2001 was completed when the final audit report was issued in July 2002. It is important to note that additional evidence may be submitted to the federal auditor throughout the audit process and as part of the state's response to the draft audit report.

All staff involved in DRA 2002 should understand the importance of thoroughly analyzing each case identified as a variance. Just one case can mean the difference between the entire state passing or failing a particular measure. For example, in DRA 2001, California failed the Paternity Establishment Measure by one case. Had additional evidence existed in that case to overturn the finding, California's performance score would have been sufficient. Thorough examination of all cases could mean the difference between California passing DRA 2002, or being assessed a TANF penalty in FFY 2003.

The following procedures have been developed in preparation for DRA 2002, and will apply regardless of whether your LCSA is visited by the auditor or requested to submit hard copy case documentation. These procedures are critical in order for the DCSS Audit Unit to respond to audit findings from a statewide perspective. Due to the complexity and significance of even a single variance, DCSS is requiring LCSA management review and DCSS concurrence prior to concurring with an audit.

- During the federal auditor's review, LCSA staff assisting the auditor should provide information to attempt to resolve variances. LCSA staff should inform their management and refer all unresolved variances to DCSS Audit Unit staff.
- When research of a case is necessary to determine whether evidence exists to overturn a finding, the analysis of the evidence must be conducted by LCSA staff, the LCSA Director and DCSS Audit Unit staff. All documentation and/or explanations about a case must be provided to DCSS Audit Unit staff, who will be responsible for compiling and forwarding information to the federal auditor.
- If a variance(s) is identified in your LCSA, daily communication with DCSS Audit Unit staff is imperative while working to resolve the issue.

- Regional Administrators and DCSS Audit Unit staff will participate via conference call in all exit conferences conducted by the federal auditor in each LCSA audited.
- Each LCSA Director and appropriate LCSA management staff must remain actively involved in all aspects of the audit.

**Audit Unit contacts:**

Cindi Pocaroba, (916) 464-5235, [cindi.pocaroba@dcss.ca.gov](mailto:cindi.pocaroba@dcss.ca.gov)

Elizabeth Gonzalez, Supervisor, (916) 464-5048, [elizabeth.gonzalez@dcss.ca.gov](mailto:elizabeth.gonzalez@dcss.ca.gov)

If you have questions or need additional assistance, you may contact the Audit Unit staff or Annette Siler, Chief, Financial Services Branch at (916) 464-5150.

Sincerely,

JAN SHERWOOD  
Deputy Director  
Administrative Services Division