

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



December 30, 2004

CSS LETTER: 04-34

ALL IV-D DIRECTORS
 ALL COUNTY ADMINISTRATIVE OFFICERS
 ALL BOARDS OF SUPERVISOR
 COUNTY AUDITOR CONTROLLER

SUBJECT: COUNTY FUNDS TRANSITION LETTER

This letter serves to inform and advise the Local Child Support Agencies (LCSAs) and county Auditor Controller's Offices (AC) of the fast approaching implementation of the California State Disbursement Unit (SDU) and processes that will be necessary for the LCSAs to transition to the SDU. The Department of Child Support Services (DCSS) recognizes that due to the diversity in size and complexity of the 58 counties in California, finding a balance in statewide policy will be challenging. Therefore, this transition will involve the input and cooperation from all stakeholders, including the LCSA Directors, the County ACs and the State.

Background

The Family Support Act of 1988 requires each state IV-D agency to have a single statewide child support system and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) added a title IV-D state plan requirement that, on or after October 1, 1998, the state IV-D agency must have an SDU. The California solution to the federally required statewide system is known as the California Child Support Automation System (CCSAS) and contains two major components: 1) The Child Support Enforcement (CSE) system, and 2) The SDU. CSE is the case management system and the SDU will process all of the statewide program collections and disbursements from a single location. There are two development phases: 1) Version 1 in which the 58 counties will be brought together under two county-based systems (CASES and ARS) linked by a statewide database with collection and payment activity shifting to the SDU, and 2) Version 2 which will add to the statewide database a single statewide child support application allowing the retirement of the two county-based systems.

Specific to the SDU component, Section 454B of the Social Security Act requires the State IV-D agency to establish and operate an SDU for the collection and disbursement of payments under support orders in all IV-D cases, and in all non-IV-D cases in which

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

the support order was initially issued in the State on or after January 1, 1994, and in which the income of the noncustodial parent is subject to and being withheld under section 466(a)(8)(B) of the Social Security Act.

As a part of complying with these federal regulations, Chapter 387, Statutes of 2003 (Assembly Bill 739) amended Section 706.030 of the Code of Civil Procedure and Sections 4200, 4201, 4204, 5235, 5237, 5240, 5247, 5253, and 17309. The Chapter also added Sections 17311, 17311.5, and 17311.7 to the Family Code. This legislation creates the Child Support Payment Trust Fund in the State Treasury and requires all support payments be made to the SDU once it is implemented. In addition, the code requires a closeout report after transfer of collection and disbursement activities to the SDU.

Trust Fund Reconciliation Overview

The California SDU will be the federally required single point for the statewide collection and disbursement of Child Support Program (CSP) funds. One critical step in the implementation of the SDU is the transition of collection and disbursement activities from each county LCSA to the SDU. Within this transition, the CSP funds that exist at the county level will become the responsibility of the State. It is anticipated that a portion of the funds will transfer to the State, with some funds remaining at the county level for a period of time necessary to respond to identified needs (e.g., disbursements made, but not redeemed). Each LCSA will need to work closely with its AC to perform the reconciliation of these trust funds.

The first important step in developing policy and refining procedures to support the funds transition process is to assess the current status of the CSP funds at the county level. In order to accomplish this, counties' CSP fund(s) must be reconciled. Thus, DCSS has joined with the Child Support Director's Association (CSDA) SDU Sub-Committee to develop processes for the reconciliation of CSP trust funds. These processes are attached as a reference (Attachment A).

The fund reconciliation process will likely be different for each county. However, in order for counties to initiate the appropriate course of action, DCSS has identified the following three categories: 1) LCSAs currently using CASES, 2) LCSAs that have not yet transitioned to CASES, and 3) LCSAs currently using the ARS system.

The LCSAs currently using the CASES system shall use: 1) The Child Support Trust Fund Reconciliation Process (Attachment A) as an overall process, and 2) The Child Support Trust Fund Reconciliation Process for CASES Counties (Attachment B) for detailed procedures. These processes have been reviewed and tested by LCSAs that are on CASES in cooperation with the SDU Sub-Committee.

LCSAs that have not yet transitioned to CASES should review and become familiar with both the Child Support Trust Fund Reconciliation Process (Attachment A) and the Child Support Trust Fund Reconciliation Process for CASES Counties (Attachment B), because these LCSAs will be transitioning to CASES prior to the implementation of the

SDU. If a county falls into this category, the reconciliation processes need to be used as a reference to ensure consistency in current trust fund reconciliation efforts.

Reconciliation guidelines were not developed specifically for the three LCSAs that are on ARS. The ARS LCSAs have been operating for a sufficient time and have effective CSP fund reconciliation procedures in place. To ensure ARS LCSAs meet the desired reconciliation results that DCSS and CSDA seek, the ARS counties need to review the Child Support Trust Fund Reconciliation Process (Attachment A).

LCSA Reconciliation Reporting Requirements

Upon receipt of this letter all counties that are not currently doing so, must begin efforts to reconcile all CSP related trust funds.

Within 30 days from the date of this letter, all LCSAs shall complete and return the attached Child Support Trust Funds Data Collection Survey (Attachment C). This point-in-time information will establish a baseline for each county. Complete this information regardless of the status of reconciliation efforts. Send the completed survey to:

Stephen Fullenwider
Department of Child Support Services
CCSAS Fiscal Support Branch
P.O. Box 419064 (MS 23)
Rancho Cordova, CA 95741-9064.

Following the initial baseline report to DCSS, each county will be asked to provide fund detail no later than March 30, 2005. A subsequent letter will be sent with specific instructions to define the required information.

Timing of the Transitions

At a point in time that an LCSA transitions to the SDU, which will be defined by the SDU implementation schedule, the county's CSP funds will transfer to the State. The State anticipates that the transitions to the SDU will begin in September 2005. The transition approach and schedule will be outlined in an Implementation Plan and Implementation Schedule that are being developed by the SDU Service Provider with input from the CSDA, LCSAs, consortia, the State and other stakeholders. The current schedule calls for delivery of the Implementation Plan on January 27, 2005 and the Implementation Schedule on February 10, 2005.

The timing of the transfer of funds within each county is dependent upon the type and nature of the funds. DCSS is currently working with the CSDA SDU Sub-Committee to define which funds must be transferred upon SDU implementation, and which funds may remain at the county level to cover obligations, such as un-redeemed warrants. The policy regarding fund deficiencies, such as non-sufficient funds and checks and program related fees, has not yet been developed. DCSS is in the process of developing instructions that will assist in determining when and how these funds will transition. The

status of the funds identified by the LCSA will be monitored throughout the SDU transition. One year after the transition to the SDU, all CSP funds remaining at the county will transfer to the State.

Close-Out Report

Each county shall perform close-out activities to ensure accounting for all collections, obligations, and payments as defined in the previously mentioned legislation, AB739. These closeout activities must be documented in a report certified by the LCSA Director and county AC within one year of the transfer of collection and disbursement activities to the State. DCSS will work with the CSDA SDU Sub-Committee and AC representatives to define the closeout report criteria and the methodology to audit these reports.

Conclusion:

LCSAs and ACs are expected to make a determined effort to reconcile all CSP related trust funds. The reconciliation process presents challenges, not the least of which includes old (legacy) funds that may remain from prior system transitions. DCSS is aware and sensitive to the staff resources that must be dedicated to the reconciliation process. Nonetheless, DCSS expects a timely completion and submission of the Child Support Trust Funds Data Collection Survey.

DCSS is committed to working with the stakeholders to accomplish successful transitions to the SDU for all LCSAs. Throughout the trust fund reconciliation process, DCSS strongly encourages and requests county feedback. From this input, whether directly, through CSDA and/or the California Auditor Controller Association, issues can be identified and shared with stakeholder groups as policies are developed.

Any comments and/or questions may be directed to Stephen Fullenwider, CCSAS Fiscal Support Branch at (916) 464-5365 or via e-mail: stephen.fullenwider@dcss.ca.gov.

Sincerely,



DIANNE KOELZER
CCSAS Project Leader

Attachments

**CHILD SUPPORT TRUST FUND RECONCILIATION PROCESS
(Attachment A)**

With the advent of the California Child Support Automated System (CCSAS) and the State Disbursement Unit (SDU) county-level activities of receiving, depositing, and accounting for money will be shifted to the State. Local Child Support Agency (LCSA) collection and disbursement activities cease upon transition to the SDU. Upon transition to the SDU, all subsequent child support payments received directly by the LCSA should be forwarded to the SDU as prescribed by OSCE AT 97-13 (e.g., walk-in cash payments, check payments mailed to the LCSA, etc.). However, LCSAs will still have money in accounts that must be transferred to the State. The purpose of this document is to identify the types of money that reside in county accounts and to define steps and procedures to reconcile that money. This reconciliation will prepare LCSAs for the subsequent State audit.

Governmental accounting systems are traditionally organized and operated on a fund basis with some exceptions. A “fund” is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and equities, and changes therein. Funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The type of fund used for Child Support activities is called a “Trust Fund”. A Trust Fund is used to account for assets held by the County in a trustee capacity for individuals, private organizations, other governments, and/or funds.

Some LCSAs may use a bank account instead of a Trust Fund to record receipt and disbursement of funds.

The accounts that may be used in the Trust Fund along with the account type and definition are summarized below. Not all accounts will be used and some are considered optional.

ACCOUNT NAME	ACCOUNT TYPE	DEFINITION
Cash	Asset	<p>An asset account reflecting currency, coin, checks, postal and express money orders, and bankers’ drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.</p> <p>In addition to deposits to the Child Support Trust Fund, , dishonored payments (NSFs, stop payments, etc.) are recorded as credits in the Trust Fund’s Cash account.</p>
Accounts Receivable	Asset	<p>An asset account reflecting amounts due from private persons or organizations.</p> <p>In the business community, Accounts Receivables are considered an asset because they represent sources of future income. However, in a Child Support Trust Fund an Accounts Receivable is created when money has been disbursed erroneously for unfunded collections or for recalled money, and therefore, represents a debt owed to the Trust Fund.</p>

ACCOUNT NAME	ACCOUNT TYPE	DEFINITION
		Situations that may result in Accounts Receivables include dishonored payments, etc.), negative IRS adjustments, tax refunds advanced awaiting receipt of the actual tax intercept money (when a contingency fund is not used), and money advanced to the correct payer/payee when a misapplication or misidentification has occurred.
Due From Other Funds	Asset	An asset account used to indicate amounts owed to the Trust Fund by another fund. Fees due the Trust Fund for dishonored payments, IRS collection fees, etc. may be recorded in this account or may be recorded in this account pending reimbursement from the County's General Fund.
Due From Other Governments	Asset	An asset account reflecting amounts due to the Trust Fund from another government. If the LCSA advance refunds an IRS tax intercept, an entry may be made in this account to record the amount due from the State for the pending receipt of the original tax intercept.
Due to Other Funds	Liability	A liability account reflecting amounts owed by the Trust Fund to another fund. Welfare collections pending disbursement to the County IV-A agency may be recorded in this account.
Warrants Payable (Optional).	Liability	The amount of warrants outstanding and unpaid. A Warrant Payable account tracks warrants that are issued, paid and cancelled. The ending balance of this account must agree with the bank and/or County records of outstanding and unpaid warrants.
Due to Other Governments	Liability	A liability account reflecting amounts due from the Trust Fund to another government. Welfare collections pending disbursement to the State may be recorded in this account.
Fund Balance	Equity	The net difference between a fund's assets and liabilities. A change in fund balance represents the difference between fund receipts and disbursements.
Receipts		Amounts received or receivable, which increase the governmental unit's fund balance, including amounts received and applied to accounts receivables or net assets.
Disbursements		Amounts paid or payable which decrease the governmental unit's fund balance or net assets.

Some LCSAs have already reconciled their Child Support Trust Fund. For those who have not, the LCSA needs to contact its County Auditor Controller (AC) and determine if coordination is required for the initial reconciliation. This is an opportunity to actively engage the AC in the reconciliation and to develop a partnership for addressing issues that may arise during the State audit.

Some County ACs may choose to actively participate in the Trust Fund reconciliation process. Others may request copies of reconciliation worksheets and documentation when the process is completed and schedule time to review the completed process and results.

Once contact has been made with the AC and responsibilities have been defined, the LCSA is ready to proceed. The first step is to analyze the Trust Fund and obtain an understanding of the accounts, transactions, and tracking processes used.

1. Analyze the County Trust Fund(s).

- A. Determine if the County is using a Trust Fund to segregate financial activities for child support or a bank account.
 - 1) Determine the number of trust funds used by the LCSA and prepare a narrative of the purpose of each (if more than one)
 - a) Do this for funds currently in use
 - b) Do this for abandoned funds or funds linked to legacy systems
 - c) Determine the age of the funds
 - d) Determine when the funds were last used
 - e) Determine the purpose of these funds (disbursement only, or receipts plus disbursements)
 - 2) Determine if the County maintains outstanding warrants within the Trust Fund, in a separate account at the AC, or by utilizing some other process such as a bank account only.
- B. Analyze the source of funds deposited to the Trust Fund to determine if the dollars represent child support funds only or whether the county commingles money from other country programs.

Within each Trust Fund, determine the number of accounts and sub-accounts used and prepare a narrative describing the purpose of each. Refer to the table for accounts that may be used in a Trust Fund.

- C. Analyze and summarize the processes used to record transactions within the Trust Fund.
 - 1) Summarize the methods and processes used to record transactions within the Trust Fund.
 - 2) Summarize the entries in the Trust Fund to record transactions and the department (LCSA, IV-A, or AC) responsible for making the entries.
- D. Analyze the Trust Fund to determine if fees are charged. If fees are charged, how are they are reimbursed?

Some of the fees that may be charged include bank fees for dishonored payments, IRS collection fees, etc. For some LCSAs, fees for dishonored payments may not be charged as a separate item in the Trust Fund but may be included in the COWCAP (Countywide Cost Allocation Plan) charges.

- 1) Identify the fees typically charged to the Trust Fund, if any.
- 2) Determine County procedure/process for reimbursing fees charged to the Trust Fund.
 - a) If fees are reimbursed, what is the process and timing for reimbursing the Trust Fund?
 - b) If fees are not reimbursed, are they collected from the NP or CP?
 - c) If fees are not reimbursed and are not collected from the NP or CP, compute the amount of fees in the Trust Fund that have not been reimbursed.

Once an understanding of the structure of the Trust Fund, as well as the processes used to record transactions, has been obtained, the LCSA is ready to proceed to the first step of the reconciliation process, which for CASES counties is in Attachment B.

CHILD SUPPORT TRUST FUND RECONCILIATION PROCESS FOR CASES COUNTIES (Attachment B)

A "Trust Fund" is used to record assets held by A Local Child Support Agency (LCSA) in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds

A reconciliation of the Trust Fund needs to be performed on a monthly basis. The reconciliation process confirms that entries recorded in the Trust Fund have been processed in CASES and visa versa.

Before the Trust Fund Reconciliation can be performed, the structure of the Trust Fund, as well as the processes used to record transactions, must be understood. Once an understanding of the Trust Fund has been obtained, the reconciliation process can begin.

Procedure

1. Perform the sub-reconciliations required for the Trust Fund Reconciliation.

There are various sub-reconciliations that need to be completed before the Trust Fund Reconciliation can be performed.

The sub-reconciliations identify reconciling items which need to be accounted for in the Trust Fund Reconciliation. Some of the reconciling items relate to timing issues, but some may relate to transactions that require corrective action to be taken when a problem has occurred.

Timing issues occur when an entry has been recorded in the Trust Fund, but not CASES, and visa versa. For example, a deposit may be recorded in the Trust Fund on the last business day of the current month, but the collection may not have been entered in CASES until the first business day of the following month.

One example of an entry requiring corrective action could relate to an error when posting a payment. A payment may have posted in CASES for an amount that does not agree with the deposit made in the Trust Fund. An entry must be made to either correct the deposit in the Trust Fund or the receipt(s) in CASES.

Reconciling items must be carried in the Trust Fund Reconciliation until resolved, which may be one month or many depending on the issue.

The sub-reconciliation processes are listed in the table that follows. A copy of the Excel worksheets that support the CASES reconciliation processes can be obtained from Mary Clesi at mclesi@dcss.co.santa-clara.ca.us.

	EXCEL WORKSHEET
CASES Monthly Summary of Daily Reconciliations	TF-01
CASES Cash Reconciliation	TF-02
CASES Warrant Payable Reconciliation <i>Perform the reconciliation if a Warrant Payable account is used in the Trust Fund</i>	TF-03
CASES Welfare Reconciliation <i>Includes worksheets for the CS35 reconciliation to CASES</i>	TF-04
CASES Receivable Reconciliation	TF-05 Dishonored Payments AR TF-06 Misapplication/Rebatch AR TF-07 Negative Tax AR TF-08 Tax Advance AR <i>(if a contingency fund is not utilized)</i> TF-09 Legacy AR
CASES Escheated Receipts <i>Although the worksheet is not a reconciliation, receipts eligible for escheatment may have been removed from CASES, but may have not been transferred to the County's Child Support/ General Fund. The worksheet provides details of all receipts removed from CASES pending the funds transfer. The total of all receipts must be reported in the Trust Fund Reconciliation worksheet. Stale dated warrants eligible for escheatment are also listed in the worksheet.</i>	TF-10
CASES Trust Fund Reconciliation	TF-11

CASES Monthly Summary of Daily Reconciliations (TF-01)

The LCSA must confirm that CASES properly allocates, distributes and disburses support payments. A daily reconciliation process is performed to summarize all daily transactions and verify they balance. Monthly totals are also computed as part of the daily process and are used to prepare the Trust Fund Reconciliation.

Refer to the CASES Daily Reconciliation procedure and worksheet #TF-01 CASES Monthly Summary of Daily Reconciliations for instructions on reconciling daily transactions and creating and reconciling monthly reports.

Transactions from the daily reconciliation process must be carried to sub-reconciliation worksheets.

- New receivables and receivable recoveries need to be entered in the receivable worksheets #TF-05, 06, 07, 08, and/or 09.

- Receipts eligible for Escheatment that have been removed from CASES need to be entered in worksheet #TF-10 CASES Escheated Receipts.

CASES Cash Reconciliation (TF-02)

Typical entries recorded in the Cash account of the Trust Fund consist of deposits, dishonored payments, welfare disbursements paid to the State (CS35), fund transfers in/out to the County IV-A agency and/or Child Support General Fund, etc. Entries for warrants issued, paid, and/or cancelled are also recorded in the Cash account depending on whether a Warrant Payable account is maintained in the Trust Fund.

For a Trust Fund without a Warrant Payable account, the Cash account is reduced for warrants issued and increased for warrant cancellations. Paid warrants are not recorded in the Trust Fund, but in an account maintained by the County Auditor Controller(AC) Warrant issues and cancellations in the Trust Fund must be reconciled with entries recorded in CASES using the CASES Cash Reconciliation process.

For a Trust Fund with a Warrant Payable account, the Cash account is only reduced for paid warrants and no reconciliation process is needed. Warrant issues and cancellations are not recorded in the Cash account, but are recorded in the Warrant Payable account instead. The issues and cancellations in the Warrant Payable account need to be reconciled to CASES using the CASES Warrant Payable Reconciliation process.

Worksheet #TF-06 CASES Cash Reconciliation can be used to assist with the reconciliation of the Cash account in the Trust Fund.

The worksheet consists of three processes (each has its own tab within the worksheet).

1. Sort and summarize the daily transactions in the Cash account of the Trust Fund (Tab 1 within the worksheet).

If the same information can be obtained from the County's financial system through production or ad hoc reports, the first tab within the worksheet does not have to be prepared. Counties may also have the ability to download the data and format it in a worksheet or database that mirrors the format in Tab 1.

2. Compute the difference between entries recorded in the Cash account within the Trust Fund to CASES (Tab 2 within the worksheet).
 - A. Enter the total of released batches (Total Cash Receipts) in CASES from worksheet TF-01.

The difference between the CASES total and entries recorded in the Trust Fund will be automatically computed.

- B. If a Warrant Payable account is not maintained in the Trust Fund, enter the total of warrants issued and cancelled in CASES from worksheet TF-01.
3. Analyze the difference identified in Step 2 (Tab 2 within the worksheet) and list the details of the reconciling items on Tab 3 within the worksheet.

- A. Reconcile daily cash deposits recorded in the Trust Fund with batches released (Total Cash Receipts) in CASES.

Identify and list receipts released in CASES, but the deposits were not recorded in the Trust Fund and visa versa.

- B. Reconcile daily warrant issues and cancellations recorded in the Trust Fund to CASES.

If there is a Warrant Payable account in the Trust Fund, the only entry made to the Cash account occurs when warrants have been paid. No reconciliation process of the Cash account is required for paid warrants. Refer to the TF-03 CASES Warrant Payable Reconciliation for the process that needs to be used to reconcile warrant issues and cancellations when a Warrant Payable account exists.

Identify and list warrants issued and cancelled in CASES, but entries were not recorded in the Trust Fund and visa versa.

4. Confirm that entries have been recorded for fund transfers.
- A. Confirm that entries have been recorded to replenish the Trust Fund for IRS Collection Fees for IRS Tax Intercept batches.
- B. Confirm that entries have been recorded to transfer Cost/Fee recoveries to the County Child Support General Fund.
- C. Confirm that entries have been recorded to transfer funds for county-only aid type collections (aid type 4K, 5K, etc.) to the County IV-A agency.
- D. Confirm that entries have been recorded to transfer the CS35 welfare distribution to the County IV-A agency and/or the State DCSS.
- E. Confirm that entries have been recorded to transfer funds (receipts and/or stale dated warrants) identified for Escheatment to the County Child Support General Fund.
5. Confirm that entries that have been recorded in the Cash account have been entered in sub-reconciliation worksheets.
- A. Confirm that dishonored payments recorded in the Cash account have been entered in worksheet #TF-03 Dishonored Payments A/R.

B. Confirm that funds transferred from the Cash account to the County IV-A agency and the State DCSS for the CS35 welfare distributions and collections on County-only aid types (4K/5K) have been entered in worksheet #TF-04 CASES Welfare Reconciliation.

6. If correcting or missing entries need to be recorded in the Trust Fund, prepare the entries or submit a request to the authorized individual. Correcting or missing entries needed in CASES must be resolved quickly.

Until the correcting or missing entries are entered, the amounts will have to be carried in the Trust Fund reconciliation worksheet.

CASES Warrant Payable Reconciliation (TF-03)

A Warrant Payable Reconciliation needs to be performed if a Warrant Payable account is maintained in the Trust Fund. Worksheet #TF-03 CASES Warrant Payable Reconciliation can be used to assist with the process.

The Warrant Payable account in the Trust Fund consists of the beginning balance of unpaid warrants as of the end of the prior month. Warrant issues are added and warrant cancellations and paid warrants are deducted. The result is the ending balance of unpaid warrants, which should agree with the bank and or AC's report of outstanding unpaid warrants.

The Warrant Payable Reconciliation process analyzes and reconciles the daily warrants issued and cancelled in CASES to the transactions recorded in the Trust Fund. There is no process that currently reconciles paid warrants in the Trust Fund with CASES.

The reconciliation consists of three processes.

1. Summarize the daily entries recorded in the Warrant Payable account within the Trust Fund (Tab 1 within the worksheet).

If the same information can be obtained from the County's financial system through production or ad hoc reports, the first tab within the worksheet does not have to be prepared. Counties may also have the ability to download the data and format it in a worksheet or database that mirrors the format in Tab 1.

2. Reconcile the Warrant Payable entries in the Trust Fund to CASES entries (Tab 2 within the worksheet).

A. Enter the total of CASES warrant issues.

The difference between the CASES total and entries recorded in the Trust Fund will be automatically computed.

B. Enter the total of CASES warrant cancellations.

The difference between the CASES total and entries recorded in the Trust Fund will be automatically computed.

3. Analyze the difference identified in Step 2 (Tab 2 within the worksheet) and list the details of the reconciling items on Tab 3 within the worksheet.

Identify and list warrants issued and cancelled in CASES, but entries were not recorded in the Trust Fund and visa versa.

4. If correcting or missing entries need to be recorded in the Trust Fund, prepare the entries or submit a request to the authorized individual. Correcting or missing entries needed in CASES must be resolved quickly.

Until the correcting or missing entries are entered, the amounts will have to be carried in the Trust Fund reconciliation worksheet.

5. Confirm that the balance in the Trust Fund's Warrant Payable account matches the balance of the bank/Auditor's list of outstanding unpaid warrants.

Although not needed for the Trust Fund Reconciliation, the LCSA should confirm that the balances agree.

CASES Welfare Reconciliation (TF-04)

The balance of pending welfare disbursements owed to the County IV-A agency and the State DCSS must be calculated for the Trust Fund reconciliation. Worksheet #TF-04 CASES Welfare Reconciliation can be used to assist with the process.

#TF-04 provides worksheets for two reconciliation processes. Tab 2 through 13 provide worksheets for the monthly reconciliation of CASES to the CS35 report. There are many reconciling items that must be identified. One of the reconciling items is that warrants (Pass-on and Excess) for the current month are not issued until the following month, yet they are included in the current month's CS35. This example is one of many.

Tab 1 is a monthly summary of Tabs 2 through thirteen 13. It also includes a section summarizing the County-only collections (4K, 5K) due the County IV-A agency. The final section is used to compute the pending welfare distribution that must be included in the Trust Fund reconciliation. Data from Tabs 2 through 13 automatically flow to Tab 1.

One of the items that must be considered is that Welfare funds owed to the County and/or State (for the CS35) for the current month are not issued until the following month, so the Trust Fund Reconciliation will always carry a balance for pending transfers.

CASES Receivable Reconciliation (TF-05, 06, 07, 08, 09)

New receivables, as well as receivable recoveries, need to be tracked on a daily basis. The balance of receivables at the end of the month must be calculated and included in the Trust Fund Reconciliation because they represent funds due to the Trust Fund.

There are five possible types of receivables that may be used and tracked by the LCSA.

- 1) Dishonored Payments (NSF, stop payments, etc.)
- 2) Negative Tax Adjustments
- 3) Misapplications-Rebatch (if a contingency fund is not used)
- 4) Tax Advance Refunds (if a contingency fund is not used)
- 5) Legacy (receivable is not recorded in CASES; however, a cost/fee account may have been opened within the case associated to the Trust Fund CP Par Id to recover the receivable).

If a contingency fund is used to replenish the Trust Fund when a receivable is created, receivables will not be reported in the Trust Fund Reconciliation as no funds are due to the Trust Fund.

Worksheets need to be maintained for each receivable type. The list of worksheets are provided.

- Worksheet #TF-05 Dishonored Payments A/R
- Worksheet #TF-06 Misapplication-Rebatch A/R
- Worksheet #TF-07 Negative Tax A/R
- Worksheet #TF-08 Tax Advance A/R
- Worksheet #TF-09 Legacy A/R

Escheated Receipts (TF-10)

Use this worksheet to list receipts removed from CASES and stale dated warrants that have been identified as being eligible for Escheatment.

Perform the Trust Fund Reconciliation (TF-11)

Once all sub-reconciliations have been completed, the Trust Fund Reconciliation can be performed. The Trust Fund Reconciliation compares the total of various transactions within the Trust Fund, as well as the balance at the end of the month to CASES. Pending transactions (timing differences between the transactions recorded in the Trust Fund compared to transactions recorded in CASES) need to be summarized.

Worksheet #TF-11 CASES Trust Fund Reconciliation can be used to assist with the process.

1. Fill in the first section of the worksheet which summarizes the accounts and balances in the Trust Fund as of the last day of the month being reconciled.

Confirm that total Assets (Cash, Receivables) equals Liabilities (Warrants Payable) and Equity balances (Fund Balance) in the Trust Fund.

2. Enter the amount of Exceptions and Prepaids in CASES as of the last business day of the month.

The ending balances are provided in worksheet #TF-01 CASES Monthly Summary of Daily Reconciliations

3. List the results of reconciling items identified in the sub-reconciliations.

Provide as much detail as possible—month/year, case number, receipt number, description, etc.

4. Confirm the total per the Trust Fund equals the Total Adjusted Balance per CASES.
5. Once the reconciliation is balanced, if required, print and/or forward a copy of the Trust Fund Reconciliation and sub-reconciliations to the County AC.

For CASES counties, following this reconciliation procedure and using the worksheets TF-01 through TF-11 will enable the LCSA to perform a Trust Fund Reconciliation and reconcile it to CASES with no unreconciled difference (\$0.00).

Although it is highly recommended that LCSAs converting to CASES start a new and separate Trust Fund to ease the reconciliation process, this has not been possible for some counties for varying reasons. If one fund is used for legacy and CASES transactions, the CASES transactions must be isolated in order to use this reconciliation process.

When the Trust Fund Reconciliation for CASES has been completed and balanced, an unreconciled difference in the Trust Fund may be identified that relates to the prior legacy system. A separate process for reconciling the legacy difference must be used.

CHILD SUPPORT TRUST FUNDS DATA COLLECTION SURVEY (Attachment C)

Cover Page and Summary

County: _____

Please list all County Trust Funds or external bank accounts used for child support collections and/or disbursements in the history of the program within the county. Please contact the county Auditor Controller to insure that all historical Trust Funds/Accounts have been identified. For each Trust Fund/Bank Account, please complete and attach a survey detail page. Thank you.

(C)ounty Trust Fund or (B)ank Account	Date Opened (mo/yr)	Trust Fund/Account Number & Name or Other Unique Identifier	Account Purpose (ex., Regular Collections, Tax Intercepts, Security, Welfare vs. Non-welfare, etc.)	(A)ctive or (R)etired (mo/yr)
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

(Please use additional sheets as necessary.)

Unfunded disbursements are those that are not backed by valid deposits. This occurs with NSF checks, IRS/FTB Negative Offsets and disbursements to cover payments previously sent to the wrong payee (misapplication). Unresolved means that the receivable has not been recovered from the NCP nor CP, and has not been otherwise recovered with the deposit of other funds (i.e., county general funds).

Please estimate the total unresolved, unfunded disbursements: \$ _____

Average (12 months) undistributed collections: \$ _____

County LCSA Contact Date

County Auditor/Controller Contact Date

Phone Number

Phone Number

CHILD SUPPORT TRUST FUNDS DATA COLLECTION SURVEY (Attachment C)

Detail Survey Page

Please complete a detail page for each Trust Fund/Bank Account listed on the Cover Page & Summary. Thank you.

(C)ounty Trust Fund or (B)ank Account	Trust Fund/Account Number & Name or Identifier	Account Purpose (ex., Regular Collections, Tax Intercepts, Security, etc.)	(A)ctive or (R)etired (yr)
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1. If (R)etired, did this Trust Fund/Account have it's balance moved to another fund when closed? (Y/N) _____
 If "Yes", skip this section and go to number 2. below.
 - a. If you answered "No" to number 1 above, has a closing reconciliation been done? (Y/N) _____
 - b. If "Yes" to a. above, have all discrepancies been settled/resolved to a zero balance? (Y/N) _____
 - c. If "No" to either of the above, what is the overage/(deficit) in the Fund/Account? \$ _____

 2. If (A)ctive, is this Trust Fund Account currently completely reconciled (including any balances brought forward from other, now retired, Trust Funds/Accounts)? (Y/N) _____
 - a. If "No", has a partial reconciliation ever been done? (Y/N) _____
 - b. If "Yes", please indicate the "From" and "Through" dates that the partial reconciliation covered. From _____ To _____

Notes, comments and other important information about this Fund/Account:

Points to consider in identifying Trust Funds/Bank Accounts utilized for child support collections and disbursements.

1. Trust Funds/Accounts may have changed when/if the county revised its account structure or implemented new financial management software, when the IV-D office changed automated systems, or for other reasons.
2. There may be funds ordered by the court to be paid by the obligor to represent future obligations that are not to be disbursed until those future dates. These may have very specific language in the court order regarding disbursement (disburse as obligations become due vs. disburse when future obligation is missed; deposit in interest bearing account with interest due to obligor; etc.)
3. There may be funds from the collection of Blood Test fees, sanctions, etc. in the Trust Fund/Account.
4. Different Trust Funds may have been utilized for specific purposes, such as to segregate welfare from non-welfare, regular collections from tax intercept collections, court ordered security funds, etc.
5. There is a difference in reconciling a IV-D accounting system and its processes, and reconciling a trust fund.
6. Some Trust Funds/Accounts may have been used for some purposes/activities in addition to child support.
7. (A)ctive Trust Funds/Accounts are those in which child support collections are currently being deposited and from which child support disbursements are currently being issued. (R)etired Trust Funds/Accounts are those where these activities formerly occurred, but which are no longer utilized for these purposes.
8. Interest earned on the child support Trust Fund(s)/Account(s) may be deposited into that fund/account, or may be deposited into some other fund/account.
9. There may be separate deposit and disbursement accounts, or deposits and disbursements may happen in/from the same account. Disbursement records may happen in the deposit account with checks issued from a separate account.
10. Some (many) counties used to issue warrants, which did not create debits until actually cashed. Many (most) counties now issue checks, which create immediate debits when issued.