



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General
Offices of Audit Services

MAR 29 2007

Region VII
601 East 12th Street
Room 284A
Kansas City, Missouri 64106

Report Number: A-07-06-03085

Mr. Daryl D. Wusk
Administrator
Nebraska Department of Health and Human Services
Office of Economic and Family Support Division
P.O. Box 94728
Lincoln, Nebraska 68509-4728

Dear Mr. Wusk:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG) final report entitled "Review of Nebraska's Undistributable Child Support Collections for the Period October 1, 1998, Through September 30, 2005." A copy of this report will be forwarded 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 the HHS action 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.

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If you have any questions or comments about this report, please do not hesitate to call me at (816) 426-3591 or contact Raylene Mason, Audit Manager, at (816) 426-3203, or through e-mail at Raylene.Mason@oig.hhs.gov. Please refer to report number A-07-06-03085 in all correspondence.

Sincerely,

A handwritten signature in black ink, which appears to read "Patrick J. Cogley".

Patrick J. Cogley
Regional Inspector General
for Audit Services

Enclosures

Direct Reply to HHS Action Official:

Linda Lewis
Regional Administrator, Region VII
Administration for Children and Families
U.S. Department of Health and Human Services
601 East 12th Street, Room 276
Kansas City, Missouri 64106-2817

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF NEBRASKA'S
UNDISTRIBUTABLE CHILD
SUPPORT COLLECTIONS FOR THE
PERIOD OCTOBER 1, 1998,
THROUGH SEPTEMBER 30, 2005**



Daniel R. Levinson
Inspector General

March 2007
A-07-06-03085

Office of Inspector General

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OAS FINDINGS AND OPINIONS

The designation of financial or management practices as questionable or a recommendation for the disallowance of costs incurred or claimed, as well as other conclusions and recommendations in this report, represent the findings and opinions of the HHS/OIG/OAS. Authorized officials of the HHS 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 for distribution to custodial parents. Within the U.S. Department of Health and Human Services, the Administration for Children and Families, Office of Child Support Enforcement (OCSE) provides Federal oversight.

OCSE requires States to offset Child Support Enforcement program costs by recognizing and reporting program income from Title IV-D undistributable child support collections and interest earned on child support collections. Specifically, the instructions for Federal forms OCSE-34A, "OCSE Child Support Enforcement Program Quarterly Report of Collections," and OCSE-396A, "Child Support Enforcement Program Financial Report," used to report undistributable collections and program income, respectively, require States to report program income for undistributable collections when State law considers them abandoned.

In Nebraska, the Department of Health & Human Services (State agency) administers the federally mandated program through the Office of Economic and Family Support Division. The State agency uses the automated Children Have A Right To Support (CHARTS) system as a tool to help locate absent parents, establish paternity, establish and monitor child and medical support orders, enforce child and medical support, review and modify court orders, monitor collection and distribution of support payments, and to interface and cooperate with Federal and other State systems.

Before December 2001, the Clerk of District Court offices for each of the 93 counties in Nebraska processed child support collections. In December 2001, the State agency selected the State Treasurer's office to operate the State Disbursement Unit (Treasurer's State Payment Center), which collects and disburses child support. As the county Clerk of District Court offices stopped processing child support collections, they generally transferred the remaining undistributable child support collections to the State Treasurer as abandoned property. However, some Clerk of District Court offices continue to hold undistributable child support collections that they took in before December 2001.

Pursuant to the Nebraska statutes, undistributable child support collections are considered abandoned if the owner has not claimed them after 3 years.

OBJECTIVE

Our objective was to determine whether the State agency appropriately recognized and reported program income for undistributable child support collections and interest earned on child support collections.

SUMMARY OF FINDINGS

The State agency did not recognize and report program income for undistributable child support collections because the State did not have policies and procedures to recognize and report such collections. As a result, for the period October 1, 1998, through September 30, 2005, the State agency did not recognize and report program income totaling an estimated \$467,941 (\$308,841 Federal share). With respect to the \$467,941 amount, the State agency:

- did not report, as program income, \$339,528 (\$224,088 Federal share) of Title IV-D undistributable child support collections that three Clerk of the District Court offices (Douglas, Lancaster, and Sarpy counties) transferred to the State Treasurer as abandoned property, and
- did not recognize \$128,413 (\$84,753 Federal share) of Title IV-D undistributable child support collections that were not transferred to the State Treasurer as abandoned property. The \$128,413 amount includes:
 - \$123,409 (\$81,450 Federal share) of Title IV-D undistributable child support collections held at four Clerk of the District Court offices (Douglas, Lancaster, Sarpy, and Hall counties), and
 - \$5,005 (\$3,303 Federal share) of Title IV-D undistributable child support collections recorded within the CHARTS system.

The State agency properly reported interest earned on child support collections as program income to offset program expenditures.

RECOMMENDATIONS

We recommend that the State agency:

- report on the quarterly Federal financial report (form OCSE-396A) \$339,528 (\$224,088 Federal share) of Title IV-D program income that three Clerk of the District Court offices transferred to the State Treasurer as abandoned property;
- report \$128,413 (\$84,753 Federal share) in Title IV-D program income on form OCSE-396A after it:
 - works with the counties to transfer to the State Treasurer the undistributable child support collections the counties are holding and
 - transfers \$5,005 (\$3,303 Federal share) of Title IV-D undistributable child support collections recorded within the CHARTS system to the Child Support Operating Fund;

- work with OCSE to review the other 89 Clerk of District Court offices and
 - determine whether they have appropriately declared and transferred to the State Treasurer any remaining undistributable child support collections and
 - report any remaining undistributable child support collections as program income on form OCSE-396A; and
- develop policies and procedures to ensure that undistributable child support collections are recognized, considered abandoned after 3 years, and reported as program income.

STATE AGENCY’S COMMENTS AND OFFICE OF INSPECTOR GENERAL’S RESPONSE

The State agency agreed with all of our audit findings and recommendations and provided us with additional information as to its plans to implement those recommendations. In elaborating upon these plans, the State agency indicated that it would attempt to determine the actual Title IV-D undistributable child support collections sent from the counties to the State Treasurer, rather than relying on the estimated Title IV-D amounts that our methodology calculated. We are concerned, however, that it may not be possible to determine the actual amounts accurately, and as a result, we continue to recommend that the State agency report the amounts specified in our recommendations.

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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 ensure that noncustodial parents provide support to their children. The program collects child support payments from noncustodial parents for distribution to custodial parents. Within the U.S. Department of Health and Human Services, the Administration for Children and Families, Office of Child Support Enforcement (OCSE) provides Federal oversight by setting program standards and policy, evaluating performance, and offering technical assistance.

OCSE requires States to offset Child Support Enforcement program costs by recognizing and reporting program income from Title IV-D undistributable child support collections and interest earned on child support collections. Specifically, the instructions for Federal forms OCSE-34A, "OCSE Child Support Enforcement Program Quarterly Report of Collections," and OCSE-396A, "Child Support Enforcement Program Financial Report," used to report undistributable collections and program income, respectively, require States to report program income for undistributable collections when State law considers them abandoned.

Nebraska's Program

Within the State of Nebraska, the Department of Health & Human Services (State agency) administers the federally mandated program through the Office of Economic and Family Support Division. The State agency uses the automated Children Have A Right To Support (CHARTS) system as a tool to help locate absent parents, establish paternity, establish and monitor child and medical support orders, enforce child and medical support, review and modify court orders, monitor collection and distribution of support payments, and to interface and cooperate with Federal and other State systems.

Before December 2001, the Clerk of District Court offices for each county in Nebraska processed child support collections. In December 2001, the State agency selected the State Treasurer's office to operate the State Disbursement Unit (Treasurer's State Payment Center), which collects and disburses child support. As the county Clerk of District Court offices stopped processing child support collections, they generally transferred the remaining undistributable child support collections to the State Treasurer as abandoned property. However, some Clerk of District Court offices continue to hold undistributable child support collections that they took in before December 2001.

Pursuant to the Nebraska statutes, undistributable child support collections are considered abandoned if the owner has not claimed them after 3 years.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the State agency appropriately recognized and reported program income for undistributable child support collections and interest earned on child support collections.

Scope

For our review period of October 1, 1998, through September 30, 2005, we examined undistributable child support collections that met one of three criteria: (1) collections that four Clerk of District Court offices (Douglas, Lancaster, Sarpy, and Hall counties) should have transferred to the State Treasurer as abandoned property; (2) collections recorded in the CHARTS system that met the definition of abandoned property in accordance with Nebraska statutes; and (3) collections reported on form OCSE-34A.¹

We selected 4 Clerk of District Court offices (Douglas, Lancaster, Sarpy, and Hall counties) that had the highest number of cases out of the 93 Clerk of District Court county offices statewide based on June 2006 case data provided by the State agency. For the four counties, we reviewed all undistributable child support collections, which totaled \$775,241 during the audit period. We did not review the overall internal control structure of the offices because all four had stopped processing child support collections during our review period.

Within the CHARTS system, we reviewed an additional \$3,081 of child support collections that were placed on “address hold”.² We also reviewed \$2,587 of child support collections that were considered to be unidentified receipts. The collections met the definition of abandoned property because they were more than 3 years old.

We did not review the overall internal control structure of the State agency’s operation or financial management. At the time of this audit, the State agency did not have controls in place to report undistributable child support collections that met the State’s definition of abandoned property as program income and interest income.

We performed fieldwork at the State agency’s office in Lincoln, Nebraska, during June 2006.

¹During our review period, the State agency did not report any undistributable child support collections on form OCSE-34A, nor did it report any program income for undistributable child support collections on form OCSE-396A.

²Within CHARTS, the reason code utilized is “IADD” for an invalid address. The “IADD” reason code indicates that the child support payment was held because the disbursement recipient does not receive child support payments electronically and does not have a verified financial processing address.

Methodology

To accomplish our objectives, we:

- reviewed applicable Federal and State laws, regulations, and guidance, including OCSE program and policy announcements,
- reviewed forms OCSE-34A and OCSE-396A to determine the undistributable child support collections that the State agency reported,
- verified interest that the State agency earned and reported in its child support accounts to determine whether the State agency appropriately reported the interest,
- reviewed undistributable child support collections data from the CHARTS system that met the State's definition of abandoned property,
- reviewed undistributable child support collections for the four Clerk of District Court offices to determine whether these payments were appropriately reported as program income, and
- estimated the Title IV-D undistributable child support collections as shown in the appendix to this report.

We performed the audit in accordance with generally accepted government auditing standards.

FINDINGS AND RECOMMENDATIONS

The State agency did not recognize and report program income for undistributable child support collections because the State did not have policies and procedures to recognize and report such collections. As a result, for the period October 1, 1998, through September 30, 2005, the State agency did not recognize and report program income totaling an estimated \$467,941 (\$308,841 Federal share). With respect to the \$467,941 amount, the State agency:

- did not report, as program income, \$339,528 (\$224,088 Federal share) of Title IV-D undistributable child support collections that three Clerk of the District Court offices (Douglas, Lancaster, and Sarpy counties) transferred to the State Treasurer as abandoned property, and
- did not recognize \$128,413 (\$84,753 Federal share) of Title IV-D undistributable child support collections that were not transferred to the State Treasurer as abandoned property. The \$128,413 amount includes:
 - \$123,409 (\$81,450 Federal share) of Title IV-D undistributable child support collections held at four Clerk of the District Court offices (Douglas, Lancaster, Sarpy, and Hall counties), and

- \$5,005 (\$3,303 Federal share) of Title IV-D undistributable child support collections recorded within the CHARTS system.

The State agency properly reported interest earned on child support collections as program income to offset program expenditures.

FEDERAL AND STATE REQUIREMENTS TO REPORT PROGRAM INCOME

The OCSE policy interpretation question memorandums OCSE-PIQ-88-7 and OCSE-PIQ-90-02 require States to offset Child Support Enforcement program costs by recognizing and reporting program income from Title IV-D undistributable child support collections when the funds are considered abandoned. Specifically, OCSE-PIQ-88-7 states:

If a [Title] IV-D . . . 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. In the latter case, if clearly identified as [Title] IV-D collections, this revenue must be counted as program income and be used to reduce [Title] IV-D program expenditures, in accordance with Federal regulations at 45 CFR 304.50.

OCSE-PIQ-90-02 states that: “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 title IV-D collections as title IV-D program income.”

Federal forms OCSE-34A and OCSE-396A require States to report program income for Title IV-D undistributable collections when State law considers them abandoned. Specifically, instructions for OCSE-34A, line 9a (undistributable child support collections), refer to “[t]he portion of collections reported on Line 9 [Gross Undistributed Collections] that, despite numerous attempts, the State has determined it will be unable to distribute in accordance with the provisions of Section 457 of the Social Security Act and unable to return to the non-custodial parent. Under State law, these amounts are considered to be ‘abandoned property.’”

The OCSE-396A instructions for line 2b (interest earned and other program income received) refer to “[t]he total amount of other income to the State used to offset the administrative costs reported on Lines 1a or 1b. Include: (i) interest or investment income earned when child support collections, fees or other program income funds are deposited in interest-bearing accounts or used in other investment-type activities; (ii) undistributable child support collections as reported on Line 9a of Form OCSE-34A. . . .”

Nebraska Revised Statutes, section 43-3344, requires the State agency to consider Title IV-D child support order payments within the Title IV-D Support Payment Distributive Fund as abandoned property if, “within three years after the date of receipt, the Title IV-D Division is unable to disburse support order payments collected pursuant to law and also unable to return the collected payments to the noncustodial parent. . . .”

The collections processed through the counties (i.e., Clerks of the District Court) did not go through the “Title IV-D Support Payment Distributive Fund” because this fund was set up specifically for the State Disbursement Unit (Treasurer’s State Payment Center). Thus, section 43-3344 of Nebraska’s Revised Statutes would not be applicable. Instead, Nebraska’s Revised Statutes, section 69-1307.01, would be applicable for child support funds that became abandoned at the counties. This statute requires the counties to presume intangible property to be “abandoned property” if the property “remained unclaimed by the owner for more than three years.”

Nebraska Revised Statutes, section 69-1310, requires that every holder of funds or other property that is presumed abandoned report and transfer such property annually to the State Treasurer.

STATE AGENCY DID NOT REPORT UNDISTRIBUTABLE CHILD SUPPORT COLLECTIONS AS PROGRAM INCOME

Undistributable Child Support Collections Not Properly Reported

The State agency did not report \$339,528 (\$224,088 Federal share) of Title IV-D undistributable child support payments that three Clerk of District Court offices transferred to the State Treasurer as abandoned property. The following table shows the amounts transferred by each Clerk of the District Court office, including the estimated Title IV-D portions:

CLERK OF THE DISTRICT COURT OFFICES	AMOUNT TRANSFERRED TO THE STATE TREASURER	ESTIMATED TITLE IV-D AMOUNT
1. Douglas County	\$323,920	\$241,741
2. Lancaster County	158,846	95,371
3. Sarpy County	3,789	2,416
TOTAL	\$486,555	\$339,528

We estimated the Title IV-D portion of the \$486,555 of undistributable child support collections to be \$339,528 (\$224,088 Federal share). Our estimation methodology is included in the appendix.

Undistributable Child Support Collections Not Properly Transferred and Recognized

For the period October 1, 1998, through September 30, 2005, a total of \$128,413 (\$84,753 Federal share) of Title IV-D undistributable child support collections was not transferred to the State Treasurer as abandoned property and was not recognized as program income by the State agency.³

³For the child support collections recorded within CHARTS, the State actually transfers collections to the Child Support Operating Fund rather than to the State Treasurer.

The Four Clerk of District Court Offices Did Not Send All Undistributable Child Support Collections to the State Treasurer

The four Clerk of District Court offices did not transfer \$179,989 of undistributable child support collections to the State Treasurer as abandoned property, and the State agency did not recognize the Title IV-D portion estimated to be \$123,409 (\$81,450 Federal share) as program income on form OCSE-396A. Because the collections met the State’s definition of abandoned property, they should have been transferred to the State Treasurer. The following table shows the undistributable child support collections that the four Clerk of the District Court offices did not send to the State Treasurer as abandoned property:

CLERK OF THE DISTRICT COURT OFFICES	AMOUNTS HELD AT THE CLERK OF THE DISTRICT COURT OFFICES	ESTIMATED TITLE IV-D AMOUNTS
1. Douglas County	\$44,707	\$33,365
2. Lancaster County	64,379	38,653
3. Sarpy County	235	150
4. Hall County	<u>70,668</u>	<u>51,241</u>
TOTAL	<u>\$179,989</u>	<u>\$123,409</u>

The CHARTS System Recorded Undistributable Child Support Collections Not Sent to the Child Support Operating Fund

The State agency did not transfer to the Child Support Operating Fund \$5,005 (\$3,003 Federal share) of Title IV-D undistributable child support collections that met the definition of abandoned property, as recorded in the CHARTS system, and did not recognize this amount as program income on form OCSE-396A.

STATE AGENCY LACKED POLICIES AND PROCEDURES

The State agency did not recognize and report program income for undistributable child support collections that met the State’s definition of abandoned property because the State did not have policies and procedures to recognize and report such collections. The State agency had drafted policies and procedures covering child support collections that were to become effective in July 2006, after completion of our fieldwork.

RECOMMENDATIONS

We recommend that the State agency:

- report on the quarterly Federal financial report (form OCSE-396A) \$339,528 (\$224,088 Federal share) of Title IV-D program income that three Clerk of the District Court offices transferred to the State Treasurer as abandoned property;

- report \$128,413 (\$84,753 Federal share) of Title IV-D program income on form OCSE-396A after it:
 - works with the counties to transfer to the State Treasurer the undistributable child support collections the counties are holding and
 - transfers \$5,005 (\$3,303 Federal share) of Title IV-D undistributable child support collections recorded within the CHARTS system to the Child Support Operating Fund;
- work with OCSE to review the other 89 Clerk of District Court offices and
 - determine whether they have appropriately declared and transferred to the State Treasurer any remaining undistributable child support collections and
 - report any remaining undistributable child support collections as program income on form OCSE-396A; and
- develop policies and procedures to ensure that undistributable child support collections are recognized, considered abandoned after 3 years, and reported as program income.

STATE AGENCY'S COMMENTS

The State agency agreed with all of our audit findings and recommendations. Specifically, the State agency agreed to:

- report the Title IV-D amount of undistributable child support collections on the quarterly Federal financial report (form OCSE-396A) by working with the State Treasurer to specifically identify the portion of abandoned property reported to the State Treasurer as Title IV-D undistributable child support collections. The State agency noted that because it was attempting to differentiate these actual Title IV-D collections from other abandoned property collections, this reported amount might differ from the amount stated (based on our estimation methodology) in our recommendation;
- report on the quarterly form OCSE-396A the amount of undistributable child support collections still being held in the counties and still recorded within the CHARTS system as program income. At the State agency's request, the State Treasurer has asked the counties to report this information by April 1, 2007. Moreover, the State agency has implemented a program change in the CHARTS system to identify and report those collections still being held within that system;
- review, in coordination with OCSE, all Clerk of the District Court offices to identify and transfer any remaining Title IV-D undistributable child support collections to the State Treasurer and report these collections as program income on form OCSE-396A;

- implement (as of December 2, 2006) revised policies and procedures to ensure that undistributable child support collections are recognized, considered abandoned after 3 years, and reported as program income.

OFFICE OF INSPECTOR GENERAL'S RESPONSE

We commend the State agency for addressing our findings and recommendations. While the State agency was in agreement with the findings and recommendations, it also indicated that it would attempt to determine the actual Title IV-D undistributable child support collections sent from the counties to the State Treasurer, rather than relying on the estimated Title IV-D amounts that our methodology calculated. We are concerned, however, that it may not be possible to determine the actual amount accurately, and as a result, we continue to recommend that the State agency report the amounts specified in our recommendations.

APPENDIXES

ESTIMATION DESCRIPTION AND METHODOLOGY

I. Description of Estimates to be Calculated

We estimated the Title IV-D undistributable child support collections from:

1. four Clerk of District Court offices (Douglas, Lancaster, Sarpy and Hall counties) that no longer had the ability to determine the Title IV-D portions of the abandoned child support collections sent to (or not sent to) the State Treasurer, and
2. unidentified receipts, recorded within the Children Have A Right To Support system (CHARTS), which could not be disbursed.

II. Estimation Methodology

We estimated the Title IV-D undistributable child support collections by multiplying the total undistributable child support collections by the percentage of Title IV-D cases.¹ For the Clerk of the District Court offices, we utilized the county-specific Title IV-D percentages. For the unidentified receipts, we utilized the average Title IV-D percentages for the State.

¹The percentage of Title IV-D cases is based on the ratio of Title IV-D cases to total child support cases as provided by the State agency during June 2006.

NEBRASKA HEALTH AND HUMAN SERVICES SYSTEM

STATE OF NEBRASKA
DAVE HEINEMAN, GOVERNOR

March 5, 2007

Mr. Patrick J. Cogley
Regional Inspector General for Audit Services
Region VII
601 East 12th Street
Room 284A
Kansas City, Missouri 65106

Re: Report Number A-07-06-03085

Dear Mr. Cogley:

I have received the two copies of the draft report entitled "Review of Nebraska's Undistributable Child Support Collections for the Period October 1, 1998, Through September 30, 2005." This report has been reviewed and the Nebraska Department of Health and Human Services, Child Support Enforcement presents the following responses to your findings and recommendations.

Recommendation:

Report on the quarterly Federal financial report (form OCE-396A) \$339,528 (\$224,088 Federal share) of title IV-D program income that three Clerk of the District Court offices transferred to the State Treasurer as abandoned property.

Response:

The Nebraska Department of Health and Human Services, Child Support Enforcement agrees with the finding that the State agency did not report Title IV-D undistributable child support collections that Clerk of the District Court offices transferred to the State Treasurer as Title IV-D program income. The State agency is currently working with the State Treasurer to specifically identify the portion of abandoned property reported to the State Treasurer as Title IV-D undistributable child support collections and report only these collections as program income on the quarterly Federal financial report (form OCE-396A). This amount will differ from the amount stated in the above recommendation.

Recommendation:

Report \$128,413 (\$84,753 Federal share) in Title IV-D program income on form OCSE-396A after it:

- works with the counties to transfer to the State Treasurer the undistributable child support collections the counties are holding, and

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- transfers \$5,005 (\$3,303 Federal share) of Title IV-D undistributable child support collections recorded within CHARTS system to the Child Support Operating Fund.

Response:

The Nebraska Department of Health and Human Services, Child Support Enforcement agrees with the finding that the State agency needs to have the Clerk of the District Court offices transfer any remaining held undistributable child support collections to the State Treasurer.

The State agency has met with the State Treasurer to address the matter of the Clerk of the District Court offices reviewing their records and transferring any remaining held undistributable child support collections to the State Treasurer. The State Treasurer, at our request, has sent a letter to all the Clerk of the District Court offices reminding them of their duties under the Uniform Disposition of Unclaimed Property Act and requested these offices review their records to ensure they are not holding any undistributable child support collections. The State Treasurer asked that the Clerk of the District Court offices report back to him regarding this review by April 1, 2007. Child Support Enforcement will review any undistributable child support collections reported by the Clerk of the District Court offices and determine the Title IV-D amount to report as program income on the OCSE-396A.

The State agency also agrees that it needs to report all Title IV-D undistributable child support collections recorded within the CHARTS System as program income on the quarterly Federal financial report (form OCE-396A). A program change on the computer system was implemented in July 2006 to determine these collections and is occurring quarterly to coincide with reporting this amount on the OCSE-396A. The State agency is reviewing the CHARTS system to determine any conversion amounts. When determined the State agency will report these amounts.

Recommendation:

Work with OCSE to review the other 89 Clerk of the District Court offices and

- determine whether they have appropriately declared and transferred to the State Treasurer any remaining undistributable child support collections, and
- report any remaining undistributable child support collections as program income on form OCSE-396A.

Response:

The Nebraska Department of Health and Human Services, Child Support Enforcement agrees with this recommendation. The State agency will work with OCSE to review all Clerk of the District Court offices and determine if the clerk offices have properly declared and transferred any remaining undistributable child support collections to the State Treasurer. Any Title IV-D undistributable collections declared will be reported as program income on form OCSE-396A.

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Recommendation:

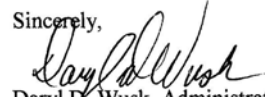
Develop policies and procedures to ensure that undistributable child support collections are recognized, considered abandoned after three years, and reported as program income.

Response:

The Nebraska Department of Health and Human Services, Child Support Enforcement is in agreement with this recommendation. As stated in the body of your report, "The State agency had drafted policies and procedures covering child support collections that were to become effective in July 2006, after completion of our fieldwork." These policies were incorporated into the Nebraska Administrative Code, Title 466 and became regulations on December 2, 2006.

I want to thank you for the opportunity to review and respond to the draft report of OIG's audit findings and recommendations. Please contact John Kwiatek, CSE Finance Administrator, if we can provide additional information.

Sincerely,



Daryl D. Wusk, Administrator
Office of Economic and Family Support
Department of Health and Human Services

cc: Shane Osborn, Nebraska State Treasurer