TO: Margot Bean
Commissioner, Office of Child Support Enforcement
Administration for Children and Families

FROM: Joseph E. Vengrin
Deputy Inspector General for Audit Services


Attached is an advance copy of our final report on undistributable child support collections in Massachusetts from October 1, 1998, through September 30, 2005. We will issue this report to the Massachusetts Department of Revenue, Division of Child Support Enforcement (the State agency) within 5 business days.

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

For the period October 1, 1998, through September 30, 2005, the State agency did not report program income totaling $1.9 million ($1.3 million Federal share) for child support collections that qualified as abandoned property. Pursuant to Federal requirements and Massachusetts law, the State agency should have declared these collections abandoned and reported them as undistributable and program income. This deficiency occurred because the State agency did not have adequate procedures to identify and report collections that met the State’s abandoned property requirements.

During our review, the State agency provided us with its calculations of unreported interest of about $3.5 million ($2.3 million Federal share) earned on undistributed collections from October 1, 1998, through September 30, 2004. The regional Office of Child Support Enforcement (OCSE) audit office will review the acceptability of the State agency’s methodology and calculations and will include the results in a separate audit report.

We recommend that the State agency:

- report child support collections totaling $1.9 million ($1.3 million Federal share) as abandoned and undistributable on Federal Form OCSE-34A, “Child Support Enforcement
Program Quarterly Report of Collections,” and report this amount as program income on the next quarterly Federal Form OCSE 396-A, “Child Support Enforcement Program Financial Report” and

- revise its procedures to ensure that undistributable child support collections meeting the State’s abandoned property requirements are reported as undistributable and program income on the quarterly Federal financial reports.

In its comments on our draft report, the State agency generally agreed with our first recommendation. However, it believed that funds held for more than 3 years should not necessarily be classified as undistributable and reported as program income. In addition, the State agency indicated that, after we completed our audit, it had reduced the amount of undistributable collections from $1.9 million to $1.1 million by distributing $0.7 million to parents and reporting $0.1 million as program income. Regarding the second recommendation, the State agency said that it had made progress in reducing undistributed collections as a percentage of total collections.

All collections that we identified in our recommendations had been held for more than 3 years and were therefore presumed abandoned in accordance with State law. Accordingly, we maintain that the State agency should declare collections not distributed after 3 years as abandoned and undistributable and report this amount as program income. If the State agency locates an obligee or obligor after these funds are reported as program income, it may reverse the transaction.

If you have any questions or comments about this report, please do not hesitate to call me, or your staff may contact Joseph J. Green, Assistant Inspector General for Grants, Internal Activities, and Information Technology Audits, at (202) 619-1175 or through e-mail at Joe.Green@oig.hhs.gov. Please refer to report number A-01-06-02500.

Attachment
Report Number: A-01-06-02500

Mr. Alan LeBovidge  
Commissioner  
Massachusetts Department of Revenue  
100 Cambridge Street  
Boston, Massachusetts 02114

Dear Mr. LeBovidge:

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 Undistributable Child Support Collections in Massachusetts From 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.

In accordance with the principles of the Freedom of Information Act (5 U.S.C. § 552, as amended by Public Law 104-231), OIG reports issued to the Department’s grantees and contractors are made available to the public to the extent the information is not subject to exemptions in the Act that the Department chooses to exercise (see 45 CFR part 5).

Should you have any questions or comments about this report, please do not hesitate to call me, or contact George Nedder, Audit Manager, at (617) 565-3463 or through e-mail at George.Nedder@oig.hhs.gov. Please refer to report number A-01-06-02500 in all correspondence.

Sincerely yours,

Michael J. Armstrong  
Regional Inspector General  
for Audit Services

Enclosures
Direct Reply to HHS Action Official:

Hugh Galligan
Regional Administrator
Administration for Children and Families – Region 1
U.S. Department of Health and Human Services
JFK Federal Building, Room 2000
Boston, Massachusetts 02203
REVIEW OF UNDISTRIBUTABLE CHILD SUPPORT COLLECTIONS IN MASSACHUSETTS FROM OCTOBER 1, 1998, THROUGH SEPTEMBER 30, 2005
The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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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 and State 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 Massachusetts, the Department of Revenue, Division of Child Support Enforcement (the State agency), administers the child support program and generally receives Federal reimbursement at a rate of 66 percent of program costs.

Undistributable collections result when the State agency 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 undistributable child support collections as program income at the time the funds are considered abandoned under State law. Massachusetts statute considers child support collections to be abandoned when they have been maintained in the child support trust fund for more than 3 years.


OBJECTIVES

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

SUMMARY OF FINDINGS

For the period October 1, 1998, through September 30, 2005, the State agency did not report program income totaling $1.9 million ($1.3 million Federal share) for child support collections that qualified as abandoned property. Pursuant to Federal requirements and Massachusetts law, the State agency should have declared these collections abandoned and reported them as undistributable and program income. This deficiency occurred because the State agency did not have adequate procedures to identify and report collections that met the State’s abandoned property requirements.

During our review, the State agency provided us with its calculations of unreported interest of about $3.5 million ($2.3 million Federal share) earned on undistributed collections from October 1, 1998, through September 30, 2004. The regional OCSE audit office will review the acceptability of the State agency’s methodology and calculations and will include the results in a separate audit report.
RECOMMENDATIONS

We recommend that the State agency:

- report child support collections totaling $1.9 million ($1.3 million Federal share) as abandoned and undistributable on the OCSE-34A and report this amount as program income on the next quarterly OCSE-396A and

- revise its procedures to ensure that undistributable child support collections meeting the State’s abandoned property requirements are reported as undistributable and program income on the quarterly Federal financial reports.

STATE AGENCY’S COMMENTS

In its comments on our draft report, the State agency generally agreed with our first recommendation. However, it believed that funds held for more than 3 years should not necessarily be classified as undistributable and reported as program income. In addition, the State agency indicated that, after we completed our audit, it had reduced the amount of undistributable collections from $1.9 million to $1.1 million by distributing $0.7 million to parents and reporting $0.1 million as program income. Regarding the second recommendation, the State agency said that it had made progress in reducing undistributed collections as a percentage of total collections.

The State agency’s comments are presented in their entirety as the Appendix.

OFFICE OF INSPECTOR GENERAL’S RESPONSE

All collections that we identified in our recommendations had been held for more than 3 years and were therefore presumed abandoned in accordance with State law. Accordingly, we maintain that the State agency should declare collections not distributed after 3 years as abandoned and undistributable and report this amount as program income on its next quarterly OCSE-396A. If the State agency locates an obligee or obligor after these funds are reported as program income, it may reverse the transaction.
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INTRODUCTION

BACKGROUND

Child Support Enforcement Program

The Child Support Enforcement program is a Federal and State 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 (ACF), the Office of Child Support Enforcement (OCSE) provides Federal oversight. In Massachusetts, the Department of Revenue, Division of Child Support Enforcement (the State agency), administers the child support program and generally receives Federal reimbursement at a rate of 66 percent of program costs.

Requirements for Reporting Program Income

Undistributable collections result when the State agency receives a child support payment but cannot identify or locate the custodial parent or return the funds to the noncustodial parent. The 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. Massachusetts statute considers child support collections to be abandoned when they have been maintained in the child support trust fund for more than 3 years. Pursuant to Federal requirements, States must consider this revenue to be program income and use it to reduce Title IV-D program expenditures. In addition, the 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 program funds.


Prior Audit of Massachusetts Child Support Costs Claimed

The OCSE Division of Audit conducted a review of undistributed collections balances reported by the State agency in August 1995 and issued a final report (MA-96-UDC) on May 6, 1997. The review found that Massachusetts needed to improve its processes for handling and controlling undistributed collections to ensure that it reported accurate and reliable balances from undistributed collections to OCSE. The review also found that the State agency did not properly report certain payments placed on hold status on its OCSE-34A. The payments on hold included rejected or unidentified collections totaling $373,430 and checks returned by the post office totaling $829,644. The report recommended that the State agency use its escheat laws to declare these collections abandoned after a specified period and report them as an offset to program expenditures. In addition, the review identified interest income on child support collections maintained in banks that represented program income not reported on the OCSE-396A as...
required. The report recommended that the State agency report interest income as program income and that either the State agency or the ACF Regional Administrator recalculate and make adjustments for prior income not reported.

The State agency generally concurred with OCSE’s recommendations. State officials commented that the State agency was developing a new federally mandated child support computer system to be implemented in late 1997 and that it would incorporate any necessary changes in the new system. OCSE is currently following up on unreported interest income and will issue a separate report on its findings. (See “Other Matter.”)

OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

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

Scope

We reviewed undistributable collections reported on the OCSE-34A and program income reported on the OCSE-396A for the period October 1, 1998, through September 30, 2005. These reports included (1) child support collections that could not be identified with or disbursed to the custodial parent or returned to the noncustodial parent and (2) checks for child support collections that were disbursed but not cashed by the recipients or were returned by the post office.

We limited our review of internal controls to understanding the State agency’s policies and procedures for reporting undistributable collections.

We performed fieldwork at the State agency in Boston, Massachusetts, from November 2005 through May 2006.

Methodology

To accomplish our objectives, we:

- reviewed applicable Federal and State laws and regulations,
- reviewed applicable ACF program and policy announcements,
- interviewed State agency officials to identify their policies and procedures for recognizing and reporting program income pertaining to undistributable collections, and
compared and reconciled undistributable child support collections data to amounts reported on the OCSE-34A and the OCSE-396A for the quarter that ended September 30, 2005.

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

FINDINGS AND RECOMMENDATIONS

For the period October 1, 1998, through September 30, 2005, the State agency did not report program income totaling $1.9 million ($1.3 million Federal share) for child support collections that qualified as abandoned property. Pursuant to Federal requirements and Massachusetts law, the State agency should have declared these collections abandoned and reported them as undistributable and program income. This deficiency occurred because the State agency did not have adequate procedures to identify and report collections that met the State’s abandoned property requirements.

During our review, the State agency provided us with its calculations of unreported interest of about $3.5 million ($2.3 million Federal share) earned on undistributed collections from October 1, 1998, through September 30, 2004. The State agency began reporting interest income during the fiscal year that ended September 30, 2005. The regional OCSE audit office will review the acceptability of the State agency’s methodology and calculations and will include the results in a separate audit report. (See “Other Matter.”)

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. In the latter case, . . . this 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 instructions for the OCSE-34A and the OCSE-396A require States to report program income for undistributable collections when State law considers them abandoned. The OCSE-34A instructions for line 9a define undistributable collections as “the 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.’ ” The 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’ . . . ”

Massachusetts General Law, chapter 119A, section 5(b), on qualifications for abandoned property, provides:

The IV-D agency shall maintain any undisbursed payments, along with any payments that are unidentifiable as to either the obligee or the obligor, in the child support trust fund payments account for three years and shall attempt to locate or identify such obligee or obligor. If, at the expiration of such time the IV-D agency has been unable to locate the obligee on whose behalf the payments were remitted or has not transferred the payments to the department of transitional assistance or cannot locate the obligor in order to return the payments or has not identified the obligor or obligee of the payments and the payments remain undisbursed or unidentified, the IV-D agency may expend such funds on public awareness about teenage pregnancy, out-of-wedlock births, paternity establishment, child support and domestic violence . . . .

Program Income Not Reported

For the period October 1, 1998, through September 30, 2005, the State agency did not recognize and report program income totaling $1.9 million ($1.3 million Federal share) for undistributed collections maintained in its child support trust fund for more than 3 years that qualified as abandoned property. Of the total 41,795 undistributed collections more than 3 years old, 16,708, or about 40 percent, were more than 5 years old. The undistributed collections consisted mainly of payments that the State agency was unable to distribute to the custodial or noncustodial parent despite repeated attempts and collections received without the correct address for the custodial or noncustodial parent. This error occurred because the State agency did not have adequate procedures and controls to ensure compliance with State requirements to declare child support collections more than 3 years old as abandoned.

During the first 6 years of our audit period, from October 1998 through September 2004, the State agency did not report any collections as abandoned and undistributable in its quarterly Federal reports. However, the State agency reported abandoned and undistributable collections in its Federal reports for the quarter that ended December 2004. For the 12-month period that ended September 30, 2005, the State agency correctly reported an additional $95,340 ($62,924 Federal share) in abandoned and undistributable collections as part of program income.

RECOMMENDATIONS

We recommend that the State agency:

- report child support collections totaling $1.9 million ($1.3 million Federal share) as abandoned and undistributable on the OCSE-34A and report this amount as program income on the next quarterly OCSE-396A and
• revise its procedures to ensure that undistributable child support collections meeting the State’s abandoned property requirements are reported as undistributable and program income on the quarterly Federal financial reports.

STATE AGENCY’S COMMENTS

In its comments on our draft report, the State agency generally agreed with our first recommendation. However, it noted that undistributed collections sometimes result when funds are held pending the resolution of such issues as legal disputes between parents, adoption, or custody. In these cases, the State agency believes that when the parties are known, funds should not be escheated but rather sent to the appropriate parent when the matter is resolved.

The State agency indicated that, after we completed our audit, it had reduced the amount of undistributable collections from $1.9 million to $1.1 million by distributing $0.7 million to parents and reporting $0.1 million as program income. The State agency also said that it planned to resolve the remaining $1.1 million by the end of calendar year 2006.

Regarding the second recommendation, the State agency said that it had continued to improve its performance in distributing or refunding money to parents as quickly as possible. The State agency also said that it was improving its procedures to determine whether collections are truly undistributable. It asserted that “Under Massachusetts law, collections are not deemed undistributable solely by the passage of three years, but rather when the IV-D agency has exhausted all reasonable efforts to locate the custodial or noncustodial parents who have the first claim on the funds. Such location efforts cannot take less than three years.”

Finally, the State agency said that, as a result of its efforts, it had made progress in reducing undistributed collections as a percentage of total collections.

The State agency’s comments are presented in their entirety as the Appendix.

OFFICE OF INSPECTOR GENERAL’S RESPONSE

Regarding the first recommendation, we excluded all legal disputes involving parents, adoption, and custody from our calculation of the $1.9 million. In addition, if the State agency locates an obligee or obligor after these funds are reported as program income, it may reverse the transaction. PIQ-90-02 makes it clear that “the conversion of undistributable collections to program income is a reversible transaction should a claim against these funds be presented to the State in the future.”

Regarding the second recommendation, we maintain that the State agency should revise its procedures to ensure that undistributable child support collections that are not distributed after the 3-year period are reported as undistributable and program income consistent with Federal requirements. The State agency should declare collections not distributed after 3 years, which are available to the State agency as program income consistent with State law, as abandoned and undistributable and report this amount as program income.
OTHER MATTER

During our review, the State agency provided us with its calculations of unreported interest of $3.5 million ($2.3 million Federal share) earned during the period October 1, 1998, through September 30, 2004. The State agency began reporting interest income during the fiscal year that ended September 30, 2005. When we informed the regional OCSE office that we were reviewing the State agency’s unreported interest income on child support collections, the office told us that it was reviewing interest earnings as part of its current review of child support administrative costs. Accordingly, we have deferred the review of interest earnings during our audit period to the OCSE audit office. As part of its review, OCSE will determine the propriety and reasonableness of the methodology that the State agency used to calculate the unreported interest-earning amounts. OCSE will include the results of the interest income review in a separate audit report.
November 6, 2006

Michael J. Armstrong  
Regional Inspector General for Audit Services  
Department of Health and Human Services  
John F. Kennedy Federal Building  
Boston, MA 02203

Dear Mr. Armstrong:

I am writing in response to your letter of October 3, 2006, to Commissioner Alan LeBovidge, requesting the views of the Child Support Enforcement Division of the Department of Revenue (DOR) on the validity of the facts and the reasonableness of the recommendations set forth in the draft report entitled “Review of Undistributable Child Support Collections in Massachusetts From October 1, 1998, Through September 30, 2005.” We appreciate the opportunity to review the draft report and to provide our responses to your recommendations, along with an update on the status of actions taken or contemplated in response to your recommendations.

Recommendation 1: [R]eport child support collections totaling $1.9 million ($1.3 million Federal share) as abandoned and undistributable on the OCSE-34A and report this amount as program income on the next quarterly OCSE-396A.[1]

Response: We agree that undistributable collections result when the child support agency receives a child support payment but cannot identify or locate the custodial parent or return the funds to the noncustodial parent. We also agree that any such undistributable collections must be reported as program income at the time the funds are considered abandoned under state law. However, undistributed collections also result in cases where specific circumstances require that funds be held pending the resolution of such issues as legal disputes between parents, adoption, or custody. In these cases, the whereabouts of the parties are known; funds should therefore not be escheated, but rather sent to the appropriate parent when the matter is resolved and necessary casework is completed.
At issue is whether the $1.9 million in undistributed collections cited in your report should have been considered "truly undistributable" and therefore reported in September of 2005 as program income to reduce program expenditures. Under Massachusetts law, the IV-D agency makes the determination when collections have become undistributable. We do not interpret the Massachusetts statute to consider "child support collections to be abandoned when they have been maintained in the child support trust fund for more than 3 years," as stated in the draft report. Under Massachusetts law, collections are not deemed undistributable solely by the passage of three years, but rather when the IV-D agency has exhausted all reasonable efforts to locate the custodial or noncustodial parents who have the first claim on the funds. Such location efforts cannot take less than three years.

Federal guidance clearly defers to state law to determine how and when undistributed collections become undistributable collections, and thus reportable as program income. "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." (OCSE PIQ-88-7) In addition, federal guidance gives authority to states to determine when an undistributed collection becomes undistributable. Specifically, the instructions for completing line 9a in the OCSE-34A report define undistributable collections as "[t]he portion of collections . . . 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.'" [Emphasis added.]

The Massachusetts child support statute governing undistributed collections (M.G.L. c. 119A, § 5) provides that the IV-D agency may consider a collection undistributable only if it has attempted to identify or locate the obligee or obligor for at least three years. It does not say that it must declare a child support collection undistributable after unsuccessfully locating or identifying an obligee or obligor after three years. Once the IV-D agency declares a collection undistributable, however, "the IV-D agency may expend such funds on public awareness . . ." programs relating to child support. [Emphasis added.]

Prior to 1998, Massachusetts law provided that the IV-D agency "shall remit" to the state treasury collections that remain undistributable for a period of three years. In 1998, the legislature made two changes to the law, further strengthening the Commonwealth's public policy of putting families first. By changing "shall remit" to "may expend," it gave the IV-D agency the authority to determine whether collections were undistributable after three years, recognizing that in some cases three years may not be sufficient to exhaust location efforts or to resolve other issues. Second, the legislature authorized the IV-D agency to use undistributable collections on public awareness programs relating to child support (once the federal share is paid), rather than remitting these funds to the state treasurer.
We concur with the audit report that we should expeditiously determine when collections have become “truly undistributable” after three years. However, we also want to make sure that we have made every effort in exercising due diligence to locate the parents who have first claim on the undistributed funds, particularly since the IV-D agency stands to receive collections that it determines to be undistributable. We have had considerable success in disbursing money to families when we have continued our location attempts beyond three years. Our success is largely due to the improvements in location tools which enable us to search for obligees and obligors far more aggressively than we could just four years ago. For example, we recently located a custodial parent after four years, and were able to send her $30,264 in child support payments. Because she did not expect to receive any child support from the noncustodial parent, she failed to keep in touch with us; meanwhile a successful new hire or wage reporting match had enabled DOR to issue a wage assignment that resulted in regular payments that accumulated over that period. If we had prematurely declared those collections undistributable merely on the passage of three years, the custodial parent would not have received payments due her — instead they would have escheated to the state and federal governments.

Similarly, we have made considerable progress in distributing a significant portion of the $1.9 million in undistributed collections held for more than three years that were reported on the OCSE-34A in September of 2005 – funds that are the subject of this audit. That amount has been reduced to $1.1 million, as reported in September of 2006. Of the $0.8 million reduction, $0.7 million was distributed to parents, and $0.1 million was reported as program income. We expect to resolve issues impeding the distribution of the remaining funds by the end of this calendar year, with escheatment and payment of the federal share for any remaining balances that are determined to be “truly undistributable.”

Recommendation 2: [R]evise its procedures to ensure that undistributable child support collections meeting the State’s abandoned property requirements are reported as undistributable and program income on the quarterly Federal financial reports.

Response: As noted above, we continually strive to improve our performance in distributing or refunding money to parents as quickly as possible in furtherance of the Commonwealth’s public policy of putting families first. To this end, we continue to enhance location efforts, including using a vendor who has access to location resources unavailable to DOR. In addition, we are currently improving procedures that staff use to determine whether collections are truly undistributable. These procedures include initial research at the payment processing center, with follow-up research by agency staff. The adoption by DOR of case ownership whereby each case is assigned to a specific worker has made a difference in the significant reduction in undistributed collections – declining as a percentage of overall collections from 4.9% in September of 2004 to 3.2% in September of 2005, and then to 2.5% in September of
2006. Under these new procedures, we expect continued reductions, and even more importantly, prevention of undistributable collections in the first instance.

Finally, in March of 2006, we made changes to our computer system that make it easier for case managers having responsibility for specific cases to identify whether location efforts on undistributed collections in their case inventory have been sufficiently exhausted. In such case, the collections can be declared "truly undistributable," and therefore eligible for escheatment, including payment of the federal share.

Other Matter

In light of recent communications between DOR and the regional auditor for OCSE regarding our methodology for calculating interest income, including different assumptions and resulting program income amounts, we recommend revising this section by striking any reference to specific amounts.

Conclusion

Over the past several years, we have successfully reduced our undistributed collections as a result of persistent and successful efforts to locate obligees or obligors who are entitled to the collections, assisted by our mandatory electronic payment program implemented in February of 2005 that reduces accrual of undistributed collections in the first instance, as well as the improvement in procedures for addressing these cases. As a result of these efforts, undistributed collections have been reduced by 32.1% from September, 2004 to September, 2005, and then by 20.1% from September, 2005 to September, 2006, for an overall decrease of 45.7% in just two years – an indication of our commitment to make improvements in this area.

Thank you for your ongoing support of our efforts to collect child support on time and in full for the families of the Commonwealth.

Sincerely,

Marilyn Kay Smith
Deputy Commissioner

cc: Alan LeBovidge, Commissioner
    Sheila LeBlanc, Senior Deputy Commissioner