

State of New Jersey  
Administrative Office of the Courts

<b>Probation Child Support Enforcement Operations Manual</b>	<b>Volume A</b>	<b>Revised: 08/03/21</b>
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## **2401 Hold Procedures**

### **A. Authority**

Other Authorities:

DFD Action Transmittal  
No. 12-03 – Handbook for  
Financial and Customer Service  
Case Processing

### **B. Overview**

New Jersey Kids Deserve Support (NJKiDS) was developed with a number of hold categories to address the various circumstances encountered in the distribution and disbursement of payments received. Depending on the circumstances, holds can be system generated or applied manually, placed at the distribution or disbursement level on the case, or set at the payor level or on a specific case.

### **C. System Holds**

System payor or funds recipient holds are placed automatically by NJKiDS to prevent monies from being either applied to a case (distribution hold) or from being sent to the funds recipient (disbursement hold). When the conditions causing the hold have been resolved, the hold will automatically release the receipt back into the distribution or disbursement process.

The following are examples of case conditions for which a system hold will be placed:

1. Non-Custodial Parent (NCP)/Obligor's bad address (SDNA – NCP Bad Address);
2. Custodial Parent (CP)/Obligee's bad address (SDCA – CP Bad Address);
3. CP/Obligee deceased (SDDE – CP Deceased);

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4. Joint federal tax (SNJT – System Hold Joint Federal Tax – Non-TANF);
5. First personal check from payor over \$1,000 (SHTH – 1<sup>st</sup> Personal Check Threshold Amount);
6. Interstate payment on a responding case (SNFP – Interstate Returned Payment);
7. Specific receipt sources such as Financial Institution Data Match (FIDM) (SNLE – System Hold FIDM), Child Support Lien Network (CSLN) (SNWC – System Hold CSLN), and bond (SNBN – System Hold Bond);
8. Judgments (SNJM – System Hold Judgment); and
9. Futures (SNFX – System Hold – Futures).

For any case with a system hold, NJKiDS will release the monies automatically once the case conditions are updated/corrected. Below are examples of case condition changes that result in the automatic release of monies:

1. Mailing addresses marked as confirmed good;
2. Interstate cases corrected to IV-D or initiating;
3. Futures hold will release at the beginning of the month when monthly support obligation(s) (MSO) posts to the case;
4. Certain activity chains will release funds at specific steps; and
5. Fourteen days have passed on the \$1,000 threshold hold.

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**D. Manual Holds**

There are a number of pre-defined manual hold types allowed in NJKiDS. Examples of these are in the following:

1. Court-ordered hold (MNCO – Court Ordered Hold);
2. Financial review (MNFN – Financial Review (Arrears, Over-Payments));
3. Pending legal action (MNLC – Pending Legal Action); and
4. Void or stop payment of checks.

Prior to requesting a hold, Probation Child Support Enforcement (PCSE) staff should verify on NJKiDS using the NCP/obligor's DCN to determine if the NCP/obligor has multiple cases. This will allow staff to determine if the hold should be placed at the member (DCN) or case level.

PCSE staff can request a manual hold by creating the appropriate financial note (FNOTE) to their Vicinage Finance Division. Based on the PCSE request, the Finance Division can initiate, extend, or terminate a manual hold on the HLDI pages. For instructions on how to request a hold, you can see the Handbook for Financial and Customer Service Case Processing and other action/informational transmittals on the child support staff site.

**E. Distribution Holds**

This type of hold is used to prevent receipts from being distributed to a case or cases. When a payor level distribution hold is applied, all receipts received for the duration of the hold period will not be distributed to any of the payor's cases. Therefore, the payor will not receive "credit" for these payments and the MSO and/or arrears balances on the affected cases will not be reduced to reflect receipt of the payments. If the hold was placed at the case level, only that specific case's receipts will be held from the

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distribution process. Again, the payor will not receive “credit” for the receipt of those payments on only that case. If the payor has other cases, the receipts allocated to those cases would be distributed and credited accordingly. These are complicated holds and should only be used after careful consideration for the other cases that may be affected. Staff should consult with their supervisor and or local finance and Administrative Office of the Courts (AOC) Finance Unit before placing a case level hold when multiple cases exist.

If a case level hold exists and an NCP/obligor has multiple cases, any payor level receipt will evaluate balances owed and distribute accordingly. Since a case level hold exists on one of the multiple cases, the payment will allocate and distribute on all other cases and prevent distribution on the case that is on hold (not decreasing the current balance owed). If the hold is not resolved before additional payments are made, the balance owed will not decrease. As a result, all future payments will allocate a larger percentage to the case being held and distribute less to all other cases involved.

For example, if an NCP/obligor has two cases, each with an MSO of \$100 owed, any payor level payments would split equally at 50%. The NJKiDS distribution formula for payor level receipts =  $\text{Case MSO} / \text{Total MSO of all NCP/obligor's cases}$ . In the example below where receipts received were to be posted to Case A and Case B and Case B is on a case level hold, the receipts will be posted as depicted in the table below.

First Payment – \$100

	Current MSO	Payment Allocated	Payment Held	Remaining Balance	Amount on Hold
Case A	\$100	\$50	\$0	\$50	\$0
Case B on hold	\$100	\$50	\$50	\$100	\$50

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Second Payment – \$100

	Current MSO	Payment Allocated	Payment Held	Remaining Balance	Amount on Hold
Case A	\$50	\$33.33	\$0	\$16.67	\$0
Case B on hold	\$100	\$66.67	\$66.67	\$100	\$116.67

Third Payment – \$100

	Current MSO	Payment Allocated	Payment Held	Remaining Balance	Amount on Hold
Case A	\$16.67	\$14.29	\$0	\$2.38	\$0
Case B on hold	\$100	\$85.71	\$85.71	\$100	\$202.38

Once the hold is resolved, all payments that have already prorated, and are currently on hold, will then apply to that case. There would then be no way to correctly prorate these funds to the case that received less than it should have without reversing and reposting all receipts involved.

The type of distribution hold and effective dates can be viewed on the Distribution Hold Instructions tab of the HLDI page. Receipts on distribution hold for a payor or specific case can be viewed on the DHRR pages. The Summary tab on the DHRR pages provide a total number of receipts and a total dollar amount. By selecting the Details tab, a list of the receipts, which includes receipt numbers, receipt date, and other details can be viewed. This information can be exported to Excel and filtered.

**F. Disbursement Holds**

A disbursement hold will prevent distributed funds from being sent to the funds recipient and can be placed at either the funds recipient level or case level. Disbursement holds occur post distribution, so the MSO and/or arrears are appropriately credited.

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Receipts held at the funds recipient level will prevent disbursement for all of that funds recipient's cases from occurring. Case level holds prevent monies from being disbursed to the funds recipient on only that specific case.

The type of disbursement hold and effective dates can be viewed on the Disbursement Hold Instructions/HLDI page. A list of receipts on disbursement hold for a funds recipient or specific case can be viewed on the DHLD pages. These pages provide a summary of the number of receipts and total dollar amount, as well as a detailed list of receipt numbers, and their associated information.

**G. Case/Payor/Funds Recipient/Receipt Source Level Holds**

NJKiDS allows holds to be placed at a case, payor, funds recipient or receipt source level. For example, distribution holds can be placed at a payor level hold. In doing so, all payments made by that payor will be held at the pre-distribution level, regardless of what case they are intended to be applied to. Holds placed at a case level distribution hold, will only affect the specific case designated for the hold. A distribution level hold will allow receipts from specific receipt sources (e.g., IW) to be held on a case. By doing so, the system will only hold receipts with that specific receipt source and apply all other receipt sources. A disbursement hold that is placed at a funds recipient level will have all distributed receipts for all of that funds recipient cases held at a pre-disbursement level regardless of what source the payments were received from. If a disbursement hold is placed at the case level, only receipts disbursing for that specific case will be affected by the hold. The only exception to this rule is when the funds are being disbursed to County Welfare Agency (CWA). Money coded to disburse to CWA is unable to be placed on a manual disbursement hold.

Manual holds are designated when the hold is created on the HLDI pages. These holds remain in effect until they reach the hold expiration date, are extended, or terminated.

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#### **H. NJKiDS Pages and Reports**

All hold types are defined on the Existing UDC Instructions/UCAT page which provides the details of the attributes for each hold type, i.e., hold level, type, duration in days, release and refund information, the ability to extend, and if and when a system alert/task is generated to PCSE staff.

The following is a listing of NJKiDS pages and reports related to holds:

1. HLDI – Pages where the Finance Division staff enter and update hold information. These pages can also be viewed by PCSE staff to see information regarding distribution and disbursement holds and their properties.
2. Hold Instructions/HIMS – Page that displays the properties of holds by receipt source.
3. DHRR – Pages that display all distribution hold information as of a specific date. It can be filtered by county, hold type code, case number, and NCP/obligor's DCN. It also provides summary level data with a total number and amount of receipts or a detail list of receipts. The report can be exported to Excel and the report can also be created for a specific date.
4. DIHR – Pages that display all disbursement hold information. Held monies can be viewed by balances as of date and transactions for a date. Users also can view manual disbursement hold releases. It can be filtered by date, county, and undistributed collections (UDC) code. Selections will return a summary level data as well as a detail list. Reports generated can be exported to Excel.
5. DHLD – Pages that display all disbursement hold information for the NCP/obligor and CP/obligee, FIPS, or OTHP codes. It can be filtered by case ID and hold type code. It also provides a list of receipts and related hold information for those receipts.

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6. Create Financial Note/NOTE – Page used by PCSE staff to prepare a financial note, which is sent to the local Finance Division, to create, extend, or terminate a hold.
7. Create Note to File/NOTE – Page that must be updated with information regarding hold activity. All actions related to the hold, including the periodic review of holds must be documented on the Create Note to File/NOTE page.
8. Hold Release Alerts/WRKL – Page that allows PCSE staff to review the holds that are applicable to their cases that have a triggered alert/task for a pending release.
9. NJKiDS Business Intelligence (BI) Portal – Allows PCSE staff the ability to analyze data in a variety of reporting levels using various criteria options to produce a report tailored specifically to that particular worker.
10. Track My Cases – Provides a comprehensive view of ongoing and completed case activities and the effectiveness of enforcement remedies. It provides widgets that contain structured information on every stage of the child support case life cycle.

Disbursement and Distribution Hold Reports are posted to the Manager's drive monthly for managers/supervisors to review.

**I. Requesting/Releasing/Terminating Holds**

The only staff that have the authority to place, release, extend, or terminate a hold is the Finance Division. PCSE staff must, in accordance with the existing standard operating procedures (SOP), create the appropriate FNOTE in NJKiDS to request that a manual hold be activated, extended, or terminated. The same rules apply when PCSE staff request the release of a system hold. The FNOTE must provide all of the required information, including case number, DCN, type of hold, beginning and termination date, etc. as required in the SOP.



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Manual holds will expire on the termination date entered on the HLDI pages unless a new financial note is submitted to extend the termination date. PCSE staff will receive an alert/task prior to the expiration of the hold.

Depending on the UDC code, system holds may auto release based on a release date or updated case conditions. Some system UDC codes also may auto refund, and in some instances, could remain on hold indefinitely (e.g., futures). Hold code attributes should be reviewed on the Existing UDC Instructions/UCAT page.

#### **J. Review of Holds**

The amount of funds that remain on hold are provided to both the Federal Office of Child Support Enforcement (OCSE), as well as reviewed by the AOC Internal Audit Unit.

It is the Judiciary fiduciary responsibility to timely address monies on hold. Held monies represent payments due to families, money due back to payors as refunds, or monies due to other agencies. This objective is best facilitated when Probation, Family and Finance staff work cooperatively to resolve cases on hold.

Once the hold has been entered and becomes active, it is the responsibility of PCSE staff to track and monitor the Hold Release Alerts/WRKL page weekly. All staff will be required to enter case notes on all cases that are reviewed with detailed explanations regarding the removal of the hold or reasons why the hold needs to stay in place every 30 days. If the hold needs to be extended or terminated, PCSE staff must submit an FNOTE directing the Finance Division to update NJKiDS accordingly.

Current policy dictates that all receipts that are 6 months old or more must be reviewed. If upon review, it is determined that the receipt(s) can be posted to a case, the receipt should be posted so that it is disbursed to the appropriate funds recipient or intergovernmental agency. Payments that

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cannot be posted should either be refunded to the NCP/obligor or designated for escheatment.

Should it be necessary for receipts to remain on hold for a period that exceeds 6 months, the reason must be noted in NJKiDS. Situations with holds that exceed the 6-month time frame require regular review and possibly scheduling for a status review before the court to determine if the hold is still required and notations in NJKiDS providing that the case was reviewed and the reason for the continuation of the hold.

The following hold types, based on the amount of money on hold, should be treated as priorities when reviewing holds:

1. CP/Obligee's bad address;
2. NCP/Obligor's bad address;
3. CP/Obligee Deceased;
4. Futures (monies held when the current MSO has been satisfied); and
5. Receipts eligible for escheatment (on the Receipts Eligible for Escheatment/RHIS page).

**K. NJKiDS**

By design, NJKiDS will look for manual holds first, then system holds before applying payments. If NJKiDS does not find any manual hold instructions on the HLDI pages, it will then look for case conditions, which would warrant a system hold. For example, if there is a manual hold on the case, any payment received will be placed on manual hold. Once released or terminated, the system would then evaluate case conditions for any possible system holds.

Many PCSE staff use the Financial Events on a Case/ELOG page to

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provide financial information on cases. This page contains fields that provide the amount of money on distribution and disbursement hold. These totals can be deceiving, as monies held at the payor level appear on all affected cases and do not represent the amount specific to that particular case. Each receipt on hold should be viewed on the All Receipts/RHIS page when involving distribution holds. If the case ID column for the receipt line is blank, this means the receipt is on a payor level hold and has not been earmarked for any specific case. If the case ID column has a case number present, the system has already reviewed balances and earmarked that portion of the receipt for that specific case. If only a portion of the receipt is being held and another portion is being distributed to another case, PCSE staff will see multiple receipt lines for the same receipt number (showing specified amounts and statuses).

**L. Escheat**

Escheatment is the process of remitting unclaimed or unidentified funds to the state Treasury Unclaimed Property. Each year, NJKiDS identifies the eligible funds that have been pending escheatment for at least one year as of June 30<sup>th</sup>. These funds and an accompanying file with any identifying information is sent to the Treasury Department on November 1<sup>st</sup> of each year.

Receipts potentially eligible for escheatment can be found on the report on the Receipts Eligible for Escheatment/RHIS page. PCSE staff must review this report in advance of June 30<sup>th</sup> each year. Only receipts designated on an NCP/obligor hold, e.g., NCP/obligor bad address are eligible for escheat. Receipts on this report for other hold codes must be reviewed by staff throughout the year. Case conditions can be updated to allow for the posting of receipts or receipts can be reversed and reposted to other cases, if applicable. Receipts that cannot be posted to a case must be refunded to the NCP/obligor. If the refund is not cashed and becomes stale dated after 360 days, the receipt will be moved to the SDPE hold type, which will be picked up in the next escheat cycle. Escheated monies can be recovered by the party by contacting Unclaimed Property Administration with the Department of Treasury.