

Department of Child Support Services

2015 SLAA REPORT

December 31, 2015

Diana Dooley, Secretary
California Health and Human Services Agency
1600 9th Street #460
Sacramento, CA 95814

Dear Ms. Dooley,

In accordance with the State Leadership Accountability Act (SLAA), the Department of Child Support Services submits this report on the review of our systems of internal control and monitoring processes for the biennial period ended December 31, 2015.

Should you have any questions please contact Mark Beckley, Chief Deputy Director, at (916) 464-2522, mark.beckley@dcss.ca.gov.

BACKGROUND

The Department of Child Support Services is the single state agency designated to administer the federal Title IV-D state plan. The Department is responsible for providing statewide leadership to ensure that all functions necessary to establish, collect, and distribute child support in California, including securing child and spousal support, and determining paternity, are effectively and efficiently implemented. Eligibility for California's funding under the Temporary Assistance to Needy Families TANF Block Grant is contingent upon continuously providing these federally required child support services. The Child Support Program operates using clearly delineated federal performance measures, with minimum standards prescribing acceptable performance levels necessary for receipt of federal incentive funding. The objective of the Child Support Program is to provide an effective system for encouraging and, when necessary, enforcing parental responsibilities by establishing paternity for children, establishing court orders for financial support, and enforcing those orders.

The Department oversees the administration of and provides policy direction to the 50 county local child support agencies that administer the program at the local level. The Department operates and maintains the statewide child support automation system known as the Child Support Enforcement system. This system contains tools to manage the accounts of child support recipients and to locate and intercept assets from non-custodial parents who are delinquent in their child support payments. The Department also oversees a vendor contract for the collection and distribution of child support payments.

In January 2015, the Department released a new five-year Strategic Plan for the period covering 2015-2019. The Department has adopted five goals for the five-year period: (1) increase support for California's children, (2) deliver excellent and consistent customer service statewide, (3) enhance program performance and sustainability, (4) develop and strengthen collaborative partnerships, and (5) be innovative in meeting the needs of families. Each of these goals is supported by 2-4 objectives and there are 13 objectives in the Plan. Some of the key objectives identified in the Plan include: ensure that families who need child support services receive them; increase the reliability of child support payments to families and decrease the amount of unpaid child support; ensure that our customers receive consistent and uniform services throughout California; ensure the security and safeguarding of confidential information to maintain a high level of customer service; and ensure that policies, procedures and laws meet the needs of the families.

The overall vision for the Child Support Program is that all parents are engaged in supporting their children. The Department has adopted the following values to support its mission, vision and goals: children and families; customer service excellence; operational excellence and innovation; collaboration and cooperation; integrity, fairness and respect; professional and ethical conduct; and a skilled and knowledgeable workforce.

RISK ASSESSMENT PROCESS

The initial assessment of departmental risk was obtained through management surveys and interviews. The 24 members of the management team, from the Director to the branch chiefs, were asked to respond to a series of questions designed to elicit an assessment of risk in the context of the goals and objectives of the Department's Strategic Plan; susceptibility of the Department to fraud, waste, abuse, or irregularities; and the elements of basic controls, as well as opportunities for improvement or prevention of missed opportunities. Core identified risks were compiled into a spreadsheet, and management was asked to assess the likelihood (likely/unlikely) and impact (high/low) of each element of risk, as well as mitigating controls or control strategies for each element. The results of management's impact analyses were used to assess the elements of risk from both the likelihood/impact perspective as well as from a numerical ranking perspective, which was used to take into account instances where manager's responses differed on the likelihood/impact of the risks. The Department's recently appointed Designated Agency Monitor DAM, the Department's Chief Deputy Director, then convened the Executive Management Team (EMT) to discuss the identified risks from a program-wide perspective and revisit the risks from the prior FISMA report to see if they were still present. The EMT then ranked the risks from a program-wide perspective and discussed mitigation and control strategies from a department-wide perspective.

EVALUATION OF RISKS AND CONTROLS

Operations- External- Technology—Data Security

The Department of Child Support Services operates one of the largest IT systems in the state. Any large IT system will always be at risk for threats of viruses, breaches, denial of service attacks and other unwanted intrusions. DCSS needs to continue to strengthen its overall security posture in light of the most recent security threats. This includes ensuring that the department is using the most up-to-date and appropriate security software for its system, revisiting and improving its incident response processes, updating its business continuity and disaster recovery and having a formalized privacy policy in place.

The lack of appropriate security controls and monitoring tools in all areas of the DCSS IT architecture greatly elevates the risk of system breaches that could lead to corrupted data, loss or improper access of information, loss of system function, and the inability of the Department to perform its duties. The lack of formalized Disaster Recovery and Business Continuity plans could prevent the Department from restoring critical operations in a timely manner after an emergency. The lack of a formalized Privacy Policy could hinder the Department's ability to ensure compliance with the privacy policies and procedures.

The Department is improving its system security monitoring practices and tools to be able to more quickly detect and prevent when an system attack, unauthorized access and unauthorized downloading of data occurs. The Department also intends to further limit the ways that the automation system can be accessed and further strengthen the security of the access points.

The Department's Information Security Office is currently in the process of updating the Department's Business Continuity and Disaster Recovery Policy and Procedure Manual. They initiated the process to update the Manual in June of 2015 and expect to have the Manual completed by April of 2016.

The Department is reviewing its security incident response protocols and information security audit practices with the intent to strengthen these protocols and practices.

Operations- Internal- Technology—Inadequate Support, Tools, Design, or Maintenance

The Child Support Enforcement system infrastructure and the organizational processes that support system governance and implementation of system changes are out of date and need to be modernized. The current infrastructure and governance processes do not enable the system to quickly adapt to changing program needs and this problem will be exacerbated as technology, technology business practices and program needs continue to evolve.

The Department hired an IT consulting firm to assess the CSE system and IT organization and make recommendations to improve the system and the organizational processes that support the system and ultimately serve the business needs of the organization. The consulting firm started their assessment in June 2015 and is scheduled to complete their work in January 2016. Once the assessment is completed, the Department will evaluate the firm's findings and recommendations and act on those that will improve the delivery of IT services to the program.

The Department's Enterprise Project Management Office, under the direction of the Department's Acting Chief Information Officer, has drafted a revised IT Governance Process with the following goals: streamline the system development Life Cycle (SDLC); ensure that the business areas including local child support agencies, are actively involved in selection, development and prioritization of system changes; and ensure that business areas including the LCSAs are well represented throughout the System Development Life Cycle (SDLC). The Department is currently piloting the new Governance process.

Operations- External- Fraud, Theft, Waste, Misconduct, Vandalism

The Child Support Program collects and disburses a high volume of child support payments on a daily basis. Any organization that collects and distributes payments, either via cash or electronic means, is always vulnerable to fraud. A child support payor who submit a bad check or a fraudulent electronic transfer of funds fails to meet their obligation to provide for the financial needs of their children and compromises the Department's mission to collect child support on behalf of families. The receipt of bad payments or fraudulent financial instruments can also result in losses to the Department's Child Support Trust Fund.

In November 2015, in conjunction with the Department's State Disbursement Unit vendor, the Department launched a campaign to reduce the number of child support recipients that receive paper checks to receive their funds via a secure Electronic Payment Card or direct deposit. Preliminary results indicate that 70-80% of the individuals targeted by the campaign have elected to receive their payments electronically going forward. This should significantly reduce fraud that could result from lost or stolen checks. The campaign is estimated to conclude in January 2016.

The Department is working with its State Disbursement Unit vendor to research more secure credit card, check and ACH payment methods and options. At times, the Department receives checks and ACH transfers whose associated accounts are unfunded or underfunded and credit card chargebacks. The Department hopes to have initial options identified by March 2015.

In calendar year 2015, the Department expanded its cash payment options to include accepting payments from child support obligors via two additional payment service providers, MoneyGram and Pay Near Me. These vendors guarantee the payor funds that are remitted to the

Department and accept financial liability if they accept fraudulent funds. These payment options reduces the risk fraudulent cash payments to the Department. The Department plans to continue to expand its portfolio of secure cash payment options in calendar year 2016.

Compliance- Internal- Staff Not Adhering to Policies, Procedures, or Standards

One of the key responsibilities of the Department is to oversee the 50 local child support agencies and ensure that they are compliant with federal and state Child Support Program policies and procedures and policies are being followed consistently throughout the state. The Department does conduct annual compliance audits to ensure that the local child support agencies are compliant with basic federal program requirements. However, there are aspects of the program that allow for some discretion that the state has issued policy around to ensure that child support services are being delivered consistently and equitably throughout the state. The Department intends to strengthen and refine its program compliance reviews to provide for a greater level of oversight of the administration of the program at the local level.

The Department intends to strengthen its compliance review process by performing more frequent reviews of its existing program compliance reports as well as producing additional reports on areas that have been identified as potential concerns by child support customers, local child support agency and Department staff and other stakeholders. The Department also plans to assess and streamline its compliance review and policy letter processes to provide feedback and direction to the local child support agencies in a more timely manner.

The Department convened a Child Support Order Setting Workgroup to identify areas of differences in order setting practices across the local child support agencies and to produce recommendations to standardize practices across the state. The Department has adopted the initial recommendations of the Workgroup and department staff will be training local child support agency staff on the adopted practices in 2016. The Workgroup may convene again to explore other areas of practice that could be possibilities for further standardization.

Operations- Internal- Oversight, Monitoring, Internal Control Systems

In some program areas, DCSS lacks adequate documentation of program policies and operational procedures. This lack of documentation could result in the following risks: (1) workers using inconsistent and potentially inappropriate methods to conduct business; (2) lack of documented foundational knowledge limits the department's ability to leverage existing knowledge to implement additional program improvements; and (3) impedes the department's ability to conduct knowledge transfer when key employees leave the department.

In the Department's Technology Services Division, new and revised policies and procedures are in the process of being drafted for IT Governance, Incident Communication and Management and Local Child Support Agency Purchasing. The Department's Information Security Office is also updating the Department's Disaster Recovery and Business Continuity plans. As the Department continues its efforts to modernize its automation system and IT processes, additional IT policies and procedures will be drafted.

The policies and procedures for the Department's Office of Payment Management are out of date and need to be updated. The Office is currently assessing its workload to identify a resource(s) that can update its policies and and procedures.

The Department has a Child Support Policy Manual. However, the manual has not been regularly maintained over the years and requires updating. The Department's Child Support

Services Division is exploring options to keep the manual up to date and hopes to have a plan in place during the course of calendar year 2016.

Operations- Internal- Staff—Training, Knowledge, Competence

In some areas of our department, DCSS staff and managers lack broad and in-depth knowledge of certain aspects of the Child Support Program and the Child Support automation system. This risk reduces their ability to maintain effective and efficient operations of the program and deliver the services and functionality needed by the local child support agencies and child support customers.

The Department recently loaded a training module call the Child Support Program Overview (CSPO) on its secure training website. The training is available to all Department and local child support agency staff. Department managers are being encouraged to take this training in order to improve their knowledge of the program. In addition, the Department is planning to initiate a series of brown bag informational sessions in which staff and managers will conduct presentations of the work performed by their areas in order to broaden employees' knowledge of the scope of the work performed by the Department.

The Department contracted with an IT consultant to perform a system and IT skills assesment of the Department's Technology Services Division. Based on the findings of the skills assessment, the Department will be better informed as to any knowledge gaps and the type and nature of training needed by the Department's IT staff.

The Department is further developing and expanding the scope of its Organizational Development section to perform the following activities: providing standard training curricula for its analysts; procuring leadership and enhanced management training to ensure that managers are consistently transferring knowledge to staff, providing opportunities for training, cross-training and rotational assignments among their staff; and working with managers to develop succession plans for their areas.

ONGOING MONITORING

Through our ongoing monitoring processes, the Department of Child Support Services reviews, evaluates, and improves our systems of internal controls and monitoring processes. As such, we have determined we comply with California Government Code sections 13400-13407.

Roles and Responsibilities

As the head of Department of Child Support Services, Alisha Griffin, Director, is responsible for the overall establishment and maintenance of the internal control system. We have identified Mark Beckley, Chief Deputy Director, as our designated agency monitor(s).

Frequency of Monitoring Activities

The risks, identified controls and mitigation strategies will be monitored by Department Unit Monitors (UMs) on at least a monthly basis or as needed. The UMs will document the progress, delays or barriers to accomplishing the needed controls and mitigations on a Risk Monitoring template that will be developed by the Department. The Department's Designated Agency Monitor (DAM) and the SLAA Administrator will meet with the UMs at the beginning of the calendar year to plan and prioritize the monitoring activities for the year. On a quarterly basis the DAM and SLAA Administrator will meet with the UMs to discuss their Risk Monitoring activities, findings and any needed changes in monitoring activities based on organizational or system changes or successful completion of mitigation activities. The UMs will also report any new risks or threats identified in the course of their monitoring

activities and the DAM will work with the affected business area to develop mitigation plans to address the risk or threat.

Reporting and Documenting Monitoring Activities

The DAM, SLAA Administrator and the UMs will work as a Risk Monitoring Team to monitor identified risks, risk control and mitigation plans and respond to new risks and threats that may be discovered in the course of risk monitoring activities. The DAM is the Department's Chief Deputy Director, the SLAA Administrator is the Chief Deputy Director's Assistant and the UMs are senior managers in each of the Department's divisions. The results of the UMs' monitoring activities will be documented in a Risk Monitoring template that will be developed by the department. The UMs will update the Risk Monitoring reports on a monthly basis and store them in a secure folder that will be shared with the Risk Monitoring Team on the Department's network drive. The UMs will share their Risk Monitoring reports with their business entities on a monthly basis. The DAM will share the results of the Risk Monitoring activities with the Executive Management Team on a quarterly basis.

Procedure for Addressing Identified Internal Control Deficiencies

The UMs are responsible for immediately reporting to the DAM any issues or problems with implementation of risk mitigation plans or alerting the DAM of any new risks or threats identified during the course of their monitoring activities. The DAM is then responsible for working with the Division Deputy or Assistant Director of the affected business entity and their managers to identify additional controls and mitigation strategies for the new or existing risks. Any new strategies or risks will be added to the Department's Risk Control and Mitigation Plan and will be added to the UM's Risk Monitoring document. The DAM will inform the Agency Head of any new risks and risk mitigation strategies and will report the updates to the Executive Management Team on a quarterly basis. The timeframe for resolving deficiencies will depend on the nature and complexity of the identified deficiency.

CONCLUSION

The Department of Child Support Services strives to reduce the risks inherent in our work through ongoing monitoring. The Department of Child Support Services accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies. I certify our systems of internal control and monitoring processes are adequate to identify and address material inadequacies or material weaknesses facing the organization.

Alisha Griffin, Director

cc: Department of Finance
Legislature
State Auditor
State Library
State Controller
Secretary of Government Operations