CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES
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Reason for this Transmittal

[ ] State Law or Regulation Change
[ ] Federal Law or Regulation Change
[ ] Court Order or Settlement Change
[ ] Clarification requested by One or More Counties
[X] Initiated by DCSS

December 2, 2004

CSSIN LETTER: 04-28

ALL IV-D DIRECTORS

SUBJECT: STATE DISBURSEMENT UNIT BRIEFING MATERIALS

The purpose of this CSSIN letter is to communicate the availability of State Disbursement Unit (SDU) briefing materials for local child support agency (LCSA) informational purposes and use. These materials are now posted on the LCSA secure website under the DCSS CCSAS Project Document folder.

On September 9, 2004, a Notice of Intent to Award was issued informing Bank of America that they earned the highest combined score in SDU procurement scoring evaluation. The anticipated contract award and start date for the SDU Service Provider (SP) is mid to late December 2004. This package of briefing materials has been assembled in order to provide background on SDU proposal and approach. The Department of Child Support Services (DCSS) hopes that the materials also provide some clarifying information on areas of potential impact to LCSAs. The materials include:

1) SDU Presentation: This is a PowerPoint presentation on the SDU Proposal including the California Child Support Automated System (CCSAS) project context, SDU Service Provider experience, and information on early work DCSS is engaged in with LCSAs in analyzing LCSA impacts and preparing for the SDU implementation. A soft copy is available for your use in briefing management and staff and may be augmented to address LCSA specific issues.

2) SDU Frequently Asked Questions: This is a Question and Answer document that provides information on the SDU that was developed from questions that arose during gap analysis. Many of these questions were raised by LCSA participants.

3) Pre and Post SDU Financial Operations: This is a graphic depiction of the job functions in current and post SDU financial operations both at the State and local levels. These descriptions were initially developed in conjunction with analysis for the SDU Special Project Report. This information is intended to provide an early view of some of the job functions that may be impacted by the implementation of the SDU and the transition of certain financial functions to the State. This chart should be printed in color as the State and local designations are color coded. Anyone using these charts for their own local analysis should understand that this is not the complete or definitive list of local changes to financial operations.

Together these documents are intended to provide some important information:

- Early insight into the SDU approach
- Qualifications and prior SDU experience of the Service Provider
- A description of the Current and Post-SDU Collections Environment
- How DCSS and LCSAs are working together to prepare for the SDU

It is important to note that we cannot formally start work with the SDU Service Provider until the contract has final approval in December 2004. This means that there are many questions that we will not have precise answers to until the SP is under contract. One of the first deliverables the SP is required to deliver is the project schedule. The SP proposal provides for a phased in implementation of the SDU. DCSS is working with the Child Support Directors Association (CSDA) to develop a criteria on which the SDU schedule can be based. DCSS and the SP will also work with LCSAs to develop tools for county specific planning in preparation for the SDU implementation.

In this interim period prior to the contract award, DCSS and Franchise Tax Board (FTB) are obtaining clarifying information from the SP on their proposal and overall approach. Additionally, DCSS and CSDA participants are working on a number of activities that will assist us in preparing for our formal work with the SP. These activities include Business Process Analysis for CCSAS Version 1 and CSDA SDU Committee Financial Transition planning.

Gap Analysis

As you know, the Child Support Enforcement (CSE) contract for development and implementation of the State's centralized case management system was executed on July 14, 2003. Since commencement of the CSE system contract, the CSE Business Partner (BP) has produced and delivered a required set of planning documents and technical documents describing scope of the system construct and processing for Version 1 and Version 2 of the CSE system. The details of the scope of Version 1 and 2 continue to evolve through the technical reviews.

The Request For Proposal (RFP) described SDU requirements as of a point in time in the evolution of the CSE scope development. CSE scope description has continued to evolve since the SDU RFP was issued. It is anticipated that by the time the SDU contract is awarded by the end of 2004, gaps may exist between the BP's obligations and the SP's obligations. In August 2004, DCSS and FTB hosted meetings with LCSA participants to discuss potential gap areas between SDU and CSE. The gap analysis has been the basis for many of the clarifying questions we are asking the SDU SP and has fed directly into the SDU Frequently Asked Questions document.

Business Process Analysis for CCSAS Version 1

The CSDA Business Process Analysis committee and DCSS will be engaged in a review of CCSAS Version 1 functionality through an analysis of Version 1 "use cases". This analysis will evaluate the impact of Statewide Services (SWS) and SDU on the LCSA business environment. This analysis will document a general description of current procedures and recognizes that individual LCSAs or Consortia's may have differing procedures. In areas where DCSS has issued policy directives, the State policy will be described. In areas that the policy has not been developed or will change, the document will indicate that further policy decisions are required. In general the document will include the following:

- The tasks and procedures currently used by LCSAs
- A description of the changes in business processes for the LCSAs
- Identifies planned changes to the ARS/CASES system that will impact the case workers and how they interact with SWS
- Identifies impacts to LCSA data maintenance
- Identifies training needs and provides a cross reference to training materials
- Identifies policy changes and identifies a cross reference to policy documentation

CSDA SDU Committee Financial Transition Planning

The CSDA SDU Committee (co-chaired by Stan Trom of Ventura County Department of Child Support and Kathy Sokolik of Marin County Department of Child Support) and DCSS have been working on the financial transition issues implicated by the SDU. There was general consensus that the trust fund reconciliation process should be starting in each of the LCSAs now. The trust fund reconciliation and fund transition processes the group is developing are intended to be used by LCSAS in preparation for the SDU implementation.

Currently a trust fund reconciliation protocol is being developed for ARS, CASES and non-CASES and ARS (StarKids and KIDZ) LCSAs. The general reconciliation process was discussed; however, the group needs to include specific steps for the following:

- Warrants payable reconciliation
- Trust fund cash versus system reconciliation (to identify timing differences)
- Escheatment reconciliation
- Receivables reconciliation
- Trust fund reconciliation – rolled up

While it is expected that the trust fund reconciliation protocol will be of use to all LCSAs there is also recognition that there many unique local issues that will have to be addressed in the reconciliation efforts in each county. DCSS will work with CSDA to identify pilot LCSAs to test the reconciliation process.

On October 27, 2004, DCSS and CSDA participated in an SDU briefing for local Auditor-Controllers. The Auditor-Controllers Association has now been invited to participate in the trust fund analysis effort. DCSS hopes that with the participation of local Auditor-Controllers all of the key stakeholders will be involved in the SDU implementation preparedness process.

Conclusion

DCSS and CSDA will continue to work together to identify issues and impacts of Version 1 of CCSAS. There is a sense of urgency to complete the analysis at the earliest possible time so that LCSAs have sufficient opportunity to plan for changes locally. DCSS hopes the attached materials will provide a good introduction to the SDU. As more information becomes available we will update LCSA Directors at the earliest opportunity. If there are questions that arise from your review of these documents you may e-mail CCSAS-SDU@dcss.ca.gov as we are gathering questions and developing reponses that may be used for future question and answer documents.

Sincerely,

/s/Joan Obert

JOAN M. OBERT
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