

December 22, 2019

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

Dear Dr. Mark Ghaly,

In accordance with the State Leadership Accountability Act (Leadership Accountability), the Department of Child Support Services submits this report on the review of our internal control and monitoring systems for the biennial period ending December 31, 2019.

Should you have any questions please contact Irene Briggs, Deputy Director, at (916) 464-5151, Irene.Briggs@dcss.ca.gov.

GOVERNANCE

Mission and Strategic Plan

Mission:

The Department of Child Support Services (DCSS) promotes parental responsibility to enhance the well-being of children by providing child support services to establish parentage and collect child support.

Goals and Objectives:

Goal 1: Facilitate Consistent Support for Children

- Increase child support collections and payment reliability
- Recognize and provide individualized services to customers

Goal 2: Strengthen Customer Engagement

- Reduce the complexity of the customer experience
- Develop and implement new options for communicating with customers
- Enhance program outreach to deliver a clear and accurate image of our program to the public
- Expand efforts on recruitment, retention, and development of child support professionals

Goal 3: Enhance Program Performance

- Promote consistency of processes statewide
- Implement organization and program efficiencies

Goal 4: Build Collaborative Partnerships to Benefit Families

- Establish new partnerships to help reduce poverty
- Expand the use and sharing of data

- Build supportive-services partnerships that help parents succeed

Goal 5: Foster Innovation and Improve Service Delivery

- Expand data analytics
- Modernize the development and delivery of documents
- Expand customer self-service capabilities

Control Environment

The Department holds itself to the highest standards of ethical conduct. It ensures that all supervisors and managers attend required ethics, sexual harassment prevention, and information security training and pursues the progressive discipline process for managers who violate the state's standards and code of ethical conduct. Required trainings and standards of professional conduct are memorialized in DCSS' policies and procedures.

The Department has designated the Deputy Director of Administrative Division as the Executive Sponsor of the SLAA. The Deputy Director of Administrative Division ensures that biennially, the SLAA Administrator leads a process of identifying risks to the organization. For this SLAA cycle, the SLAA Administrator invited the Department of Finance to conduct trainings for all department supervisors and managers to understand how to define and identify risks. The SLAA Administrator then disseminated a survey to all supervisors and managers to identify risks for their areas. The DCSS Executive Team has encouraged all supervisors and managers to complete the survey and the Department met its goal of having a greater than 50 percent completion rate for each of its divisions. These risks are then rated based upon frequency of occurrence and severity and the most critical items added to the department's SLAA report.

Biannually, the SLAA Administrator requests progress updates on the mitigation of SLAA risks from the risk owners. The Executive Sponsor reviews the responses and may request additional information and have discussions with the risk owners on alternative risk mitigation strategies if the existing strategies do not appear to be working. The Executive Sponsor may also convene a larger meeting of department staff to discuss how to mitigate certain risks.

The Enterprise Risk Coordinator receives and tracks updates on SLAA risks on a quarterly basis, makes recommendations for changes in risk mitigation strategies and approaches, collects newly identified risks from department staff, and updates the DCSS Executive Team on the status of department risks. The Enterprise Risk Coordinator also facilitates risk trainings for the Department and promotes risk awareness and prevention through posters and web postings.

The Department actively recruits at job recruitment fairs, sends all staff job recruitment opportunities, and posts jobs on the California Department of Human Resources (CalHR)'s website. To ensure a competent workforce, the Department provides job-related technical training, in-house training, and on-the-job training. The Department also offers an Employee Mentoring Program for staff to improve their skills and enhance their knowledge. The Department has an on-site career center available to help staff research promotional and other career opportunities. The career counselor provides training to help staff prepare resumes, statement of qualifications, and for interviews. The career counselor also assists with completing job applications, resumes, and cover letters. The Department has a Workforce Plan in place to ensure a skilled workforce is maintained through knowledge transfer, recruitment, and

retention.

The Department prepares performance reports and keeps them on file for each employee according to Government Code Section 19992-19992.4. The Department also follows California Code of Regulations, Title 2, Section 599.798 directing supervisors to conduct written performance appraisals and discuss overall work performance with permanent employees at least once in each twelve calendar months after the completion of the employee's probationary period. The managers and supervisors follow-up with employees annually on their work performance and prepare probationary reports for employees on probation.

Information and Communication

The Department monitors roles through duty statements, policies and procedures, and organizational charts of responsibility. Management communicates effectively with weekly Director emails, monthly Cross Communications leadership meetings and Executive Directors' meetings. Managers communicate to lower staff levels and pass information down to effectively meet the mission of DCSS. The department's strategic plan and goals are posted and shared with staff and continues to contract with the Sacramento State College of Continuing Education to provide leadership development training to all executive and management staff.

In 2018, DCSS implemented a formal Organizational Change Management (OCM) Program. OCM is designed to increase staff communication and to engineer channels of change within the department by engaging stakeholders early in the process to assess impacts for specific change initiatives.

To communicate to stakeholders, the department facilitates bi-weekly stakeholder and quarterly regional meetings with our Local Child Support Agencies (LCSAs) to inform them of ongoing change initiatives that impact them directly. The hope is that these efforts result in improved communication from leadership and a department that embraces change and improved communication across all internal and external channels.

The Department publishes a monthly newsletter publicizing upcoming changes and past accomplishments, which is also available in electronic blog format, and manages a public-facing website targeting both current and potential case participants with information about department programs and how to access them. A Video Resource Library that answers child support FAQs in short, easily understood videos is accessible to the public on YouTube, and links to these videos are posted on the department's social media platforms on Facebook and Twitter. DCSS also manages an online customer self-service application through which customers can contact their caseworkers, receive appointment and other information, and track payments. Texting as a means of communication with customers is being implemented statewide after successful local pilot programs.

Through trainings held by the department (SLAA, Information Security, Ethics, Sexual Harassment Prevention) and DCSS policies and procedures, staff are encouraged to report inappropriate actions or risks to management, Human Resources, or the Equal Employment Office as specified in the policies and the trainings.

As part of standing up the Enterprise Risk Management Program, the department will be providing a place on its website providing information about the department's enterprise risk program and enabling employees to report risks via a secure portal.

MONITORING

The information included here discusses the entity-wide, continuous process to ensure internal control systems are working as intended. The role of the executive monitoring sponsor includes facilitating and verifying that the Department of Child Support Services monitoring practices are implemented and functioning. The responsibilities as the executive monitoring sponsor(s) have been given to: Irene Briggs, Deputy Director.

In 2019, the Department implemented an Enterprise Risk Management (ERM) Program that maintains the responsibility to identify, track, and monitor all risks identified at the project, division and enterprise level with the intent to reduce the probability and potential impact of events before they become threats to ongoing operations. A detailed log of risks and associated controls is maintained and monitored quarterly by the Enterprise Risk Coordinator. The Enterprise Risk Coordinator works collaboratively with the DCSS Office of Audits and Compliance (OAC) to assess the effectiveness of the controls and identification of any new risks.

Once a risk is identified, the Division Deputy or Assistant Director of the responsible business entity works with their managers to identify additional controls and mitigation strategies for the new or existing risks. The problem is evaluated, and a course of action is determined by related parties, including tracking corrective action. Timeframes for resolving deficiencies will depend on the nature and complexity of the identified deficiency or risk. Performance is tracked for many new projects and results discussed through the various communication channels mentioned previously. The Information Security Office (ISO) monitors key risks and controls for data security. The Department's Information Security Officer also tracks corrective action in the Plan of Action and Milestones (POAM) and meets with the Director regularly to discuss progress on the corrective actions. The OAC performs an annual risk assessment and risk-based audits to ensure compliance with federal and state requirements and internal controls are in place.

RISK ASSESSMENT PROCESS

The following personnel were involved in the Department of Child Support Services risk assessment process: executive management, middle management, and front line management.

The following methods were used to identify risks: brainstorming meetings, employee engagement surveys, ongoing monitoring activities, audit/review results, other/prior risk assessments, questionnaires, consideration of potential fraud, and performance metrics.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, timing of potential event, and tolerance level for the type of risk.

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RISKS AND CONTROLS

Risk: Succession Planning

Maintaining a sufficient level of succession planning continues to be a challenge as the Department sustains loss of leadership due to retirements or other promotional opportunities which results in loss of direction on Department initiatives. Inadequate cross-training and job-related training provided to staff impacts the ability to maintain a skilled and knowledgeable workforce. The Department will also experience potential issues to deliver the functionality needed to support our customers with the reduction of key Information Technology (IT) expert knowledge due to the IT services contract expiring. The lack of resources and skillsets to keep up with the demands of maintaining system controls, adequate system monitoring, meeting technology demands, and timely completion of competing priorities. Loss of staff resources, institutional knowledge, and skilled staff could impair the Department's ability to deliver the services and functionality needed by the LCSAs and child support customers.

Control: A - Workforce Development and Succession Plans

The Department is in the process of developing Workforce Development and Succession Plans. These plans will lead the Department to minimize the gap in institutional and technological knowledge due to employee retirements and turnover.

Control: B - Mentorship

The Department continues to provide the mentorship program and identify strategies to develop employees for key positions. The mentorship program allows employees to gain skills and institutional knowledge and cross-training opportunities.

Control: C - Short-Term Contractors

The Department plans to pursue short-term contracts to acquire IT staff with critical skillsets while continuing to provide specialized training to IT staff. These contractors will be able to help meet technological demands and system changes while knowledgeable staff may be hired and cross-trained.

Control: D - Training, Policies and Procedures

The Department ensures mandatory trainings are completed by staff. Sufficient time is allocated for employees to complete job-related training. The Department will ensure unit processes, policies and procedures, and templates are in place and updated regularly in order to establish leadership accountability.

Risk: Hiring Process

The Department has numerous vacancies to fill and the process to hire is extensive. The inability to fill positions timely has resulted in loss of potential candidates to competitors and delays in filling vacancies. As such, the production needs may not satisfy customer demands to meet our Department's goals and objectives. The Human Resources Branch has implemented a process to identify and fill

vacancies in phases to balance existing resources.

Control: A - Forms

The DCSS Hiring Process was revised in November 2018 to ensure compliance with state, laws, rules and best hiring practices regarding merit-based hiring. A workgroup is now reviewing the process and implementing efficiencies that include consolidation of required forms, user friendly tools, and ultimately recommendation of an electronic system to automate the hiring process.

Vacancy reports are distributed to all levels of management to keep them informed about their staffing levels.

Risk: Training and Business Practices

The Department has inconsistent training and business practices across the LCSAs which puts the Program at risk. LCSAs are county-run programs funded by the state; DCSS provides oversight over the administration of, and policy direction to, the LCSAs. Approximately 30 percent of LCSAs have no formal training program. This requires DCSS to ensure adequate system and program training is provided with a standardized core curriculum so that program requirements are met. If not addressed by DCSS, this may result in unskilled workers, incorrect application of laws and policies, disparate services for case participants from county to county, a lack of uniformity in delivery of program services, and potential adverse impact to case participants.

Control: A - Training

The Department's Statewide Training Branch continues to provide training opportunities in a variety of formats for consistent training opportunities. The Department is in the final process of updating the Statewide Policy and Procedure Manual that will ensure all DCSS and LCSA staff have a comprehensive resource for child support policies and procedures.

Control: B - Communication

The Department continues to ensure consistent communication and awareness of policy and procedure changes with the OCM framework for ongoing monthly Statewide Director Meetings, LCSA Stakeholder Meetings and quarterly Regional Meetings. The Department also facilitates Attorney Forums for increased communication and education. The Department will expand compliance activities to ensure business practices are followed.

Risk: Financial Restructuring/Accounts Receivable

The Child Support Enforcement (CSE) System is designed to comply with federal requirements to provide payment to the custodial party within two days of receipt of a child support payment. The Department is not authorized by statute to attempt to recover erroneous payments made to custodial and noncustodial parents, which poses a threat to the Child Support Trust Fund. The cause of this risk are fraudulent checks, ACH transfers, and credit card payments remitted to the department.

Control: A - Guaranteed Funds

The Department will be provided guaranteed funds through the State Disbursement Unit (SDU) the

contractor, Conduent, with the use of ExpertPay, beginning in April 2020. All noncustodial parents and employer ACH debit payments will either be going through ExpertPay, or they will be paying by check/money order/ACH credit. Employers will be required to use ExpertPay if they choose to pay by credit card. Kiosks are used in LCSAs by customers to make child support payments by cash or credit card. The new contractor will reduce the risk of the State General Fund to keep the Child Support Payment Trust Fund solvent.

Risk: Availability of System Environments

The Department has insufficient testing environments available for the business and system testing to ensure system changes meet the business requirements. The insufficient testing environments cause delays in system changes which impact the efficient and effective operations and customer service provided by the Department.

Control: A - Cloud

The Department will implement a cloud solution for CSE. The cloud solution would allow the training unit, user acceptance testing and system testing to have access to environments to conduct adequate testing. In addition, the National Institute of Standards and Technology and ISO would be used as a systems framework to include process and quality control of changes and implementation of new systems.

Risk: System Change Requests

The Department has a large backlog of pending system Change Requests that has resulted in system changes not being made timely. This can put the department at risk of being out of compliance with federal and state legislation or critical system inefficiencies. Lack of system documentation results in additional time needed to implement Change Requests. Developers have an unclear understanding of system functionality and must decode system functionality to resolve issues.

Control: A - Improved Processes

The Change Request backlog has been prioritized and a new priority model has been implemented. An Annual Change Request Planning Calendar was implemented to capture the planned priority work and assist in managing capacity and expectations. The Department has implemented Agile methodology and will continue process improvement efforts to maximize incremental delivery of business value. Standard changes and smaller, low effort Change Requests can be expedited through the SDLC or added to a Community Backlog for teams to pull in when capacity is available. Director driven quarterly Thematic Goals and the new Statewide Strategic Plan enables ongoing assessment of the current and pending projects to allow more flexibility in managing upcoming workloads and initiatives.

Control: B - Documentation

Repackaging the CSE System code will be pursued to bring a faster response to business changes, provide flexibility to changing business needs, and increase application delivery and frequency. Documentation is being continuously updated. The Department has enhanced the Change Request process to better identify requirements, impacts and strategies at intake. This

allows developers to further define actionable items, have ability to move forward and implement Change Requests faster.

Risk: Data Security

The Department operates one of the largest IT systems in the state, the CSE System. Any large IT system will always be at risk for threats of viruses, breaches, cyber-attacks, denial of service attacks, stolen laptops and hardware and a variety of unwanted intrusions. These risks can compromise the security of the department's information assets. Although a security matrix exists, access roles for CSE users continue to be a challenge due to overriding by super users for personnel functions at the LCSAs and department.

Control: A - Information Security

The Department pursuing implementation the CSE system changes to update security role structure. ISO continues to monitor network to detect potential cybersecurity events and ensure cybersecurity policy is in place. All laptop and hardware have tracking software installed on them. If devices are lost or stolen, the device will phone home once they are connected to the internet. If they are flagged as lost or stolen, DCSS has the ability to initiate remote wipe to ensure that data is protected. Additionally, assets are protected by encryption, passwords, and security policies. ISO also implements intrusion prevention controls.

CONCLUSION

The Department of Child Support Services strives to reduce the risks inherent in our work and accepts the responsibility to continuously improve by addressing newly recognized risks and revising risk mitigation strategies as appropriate. I certify our internal control and monitoring systems are adequate to identify and address current and potential risks facing the organization.

David Kilgore, Director

CC: California Legislature [Senate (2), Assembly (1)]
California State Auditor
California State Library
California State Controller
Director of California Department of Finance
Secretary of California Government Operations Agency