

December 28, 2023

Dr. Mark Ghaly, Secretary  
California Health and Human Services Agency  
1215 O Street  
Sacramento, CA 95814

Dear Secretary 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, 2023.

Should you have any questions please contact Kristen Donadee, Chief Deputy Director, at (916) 464-7034, [Kristen.Donadee@dcss.ca.gov](mailto:Kristen.Donadee@dcss.ca.gov).

## **GOVERNANCE**

### **Mission and Strategic Plan**

The mission of the Department is to promote parental responsibility to enhance the well-being of children by providing child support services to establish parentage and collect child support.

## **STRATEGIC PLAN**

### **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

#### **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 Chief Deputy Director as the Executive Sponsor of the SLAA. The Chief Deputy Director ensures that biennially, the Enterprise Risk Management (ERM) Team leads a process of identifying risks to the organization. For this SLAA cycle, the ERM Team invited the Department of Finance to conduct a virtual training for all department supervisors and managers to understand how to define and identify risks. The ERM Team then disseminated a survey to all supervisors and managers to identify risks for their areas. The DCSS Executive Team 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. In addition to a survey, the Department conducted four in-person risk workshops to identify additional risks. These risks were then rated based upon frequency of occurrence and severity with the most critical items being added to the department's SLAA report.

Biannually, the ERM Team requests progress updates on the mitigation of SLAA risks from the risk owners. The Executive Sponsor reviews the responses, requests additional information, if necessary, or discusses with the risk owners other 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 risks throughout the year, makes recommendations for changes in risk mitigation strategies and approaches, collects newly identified risks from department staff, maintains a risk register, and updates the DCSS Executive Team on the status of department risks. The Enterprise Risk Coordinator also facilitates risk training for the Department and promotes risk awareness and prevention.

To ensure a competent workforce, the Department provides job-related technical training, in-house training, and on-the-job training. The Department offers an Employee Mentoring Program for staff to improve their skills and enhance their knowledge. The Department also has a 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 job applications, resumes, and cover letters. The Department has a Workforce and Succession 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 to all staff, weekly Teams posts sharing information from Executive Team meetings with all managers and supervisors, and weekly Executive Team meetings. Managers share this communication with their teams to effectively meet the mission of DCSS. The department's strategic plan and goals are posted and shared with staff and on the public website. The Department seeks opportunities for continuous learning for all staff and leadership development for executive and management staff.

The Department has a formal Organizational Change Management (OCM) Program. OCM is designed to increase staff communication and engineer channels of change within the department by engaging stakeholders early in the process to assess impacts for specific change initiatives. To communicate with stakeholders, the department facilitates monthly stakeholder 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 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. The Department also manages an online customer self-service application through which customers can contact their caseworkers, receive appointments and other information, and track payments. LCSAs all use texting as a means of communication with customers after successful local pilot programs. Through trainings held by the department (SLAA, Information Security, Ethics, Sexual Harassment Prevention) and policies and procedures, staff are encouraged to report inappropriate actions or risks to management, Human Resources, the Whistleblower Hotline, or the Equal Employment Office as specified in the policies and trainings.

The Department has a newly established Risk and Privacy Office which incorporates the ERM Program under the supervision and oversight of the Risk & Privacy Officer. The ERM Program is

responsible for reporting and monitoring risks. An ERM Council made up of members from each Division meets bimonthly to discuss newly identified and existing risks and mitigation efforts. The Department is also working on an electronic risk register solution to enable employees and management to report, monitor, and view risks.

## **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: Kristen Donadee, Chief Deputy Director.

The Department established a new Risk and Privacy Office which comprises the ERM Program. The Risk and Privacy Office will fill vacancies to expand the ERM Program. The ERM Program maintains the responsibility to identify, track, and monitor all risks identified at divisional and enterprise levels with the intent to reduce the probability and potential impact of events before they become threats to ongoing operations. Risks are identified by management from routine activities including but not limited to meetings, key performance indicators, reconciliations, and operations. A detailed log of risks and associated controls is maintained and monitored bimonthly by the ERM Council. The ERM Program plans to create divisional risk management programs to address internal controls at all levels within the organization.

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 identified risks and results discussed through the various communication channels mentioned previously. Any risks identified as high impact and/or likelihood by the ERM Council are presented to Executives for immediate action before the risk impedes ongoing operations. The Department's Office of Audits and Compliance 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, ongoing monitoring activities, audit/review results, questionnaires, and consideration of potential fraud.

The following criteria were used to rank risks: likelihood of occurrence, potential impact to mission/goals/objectives, and potential impact of remediation efforts.

## **RISKS AND CONTROLS**

### **Risk: Cybersecurity and Privacy Risk**

The Department operates the Child Support Enforcement System, one of the largest information technology systems in the State. The current cyber threat environment continues to create risk of compromise to the department's security assets. Continued monitoring of network, infrastructure and computing platforms to detect and respond to potential information security threats reduces but does not eliminate such threats and risk.

#### **Control: Information Security**

The Department continues to monitor the network, infrastructure and computing platforms to detect and respond to potential information security threats, via security policies and protocols. Enhancing the security of the Department's digital infrastructure and the creation of a culture of cybersecurity through collaboration, information sharing, and education and awareness leads to continuous improvement of the departmental security posture and reduces the threat of successful cybersecurity attacks.

#### **Control: Risk & Privacy Office**

The Department has established a new Risk and Privacy Office. The Privacy Program ensures oversight for the security and privacy activities and establishes policy and procedures of information. The Risk and Privacy Office will fill vacant positions and newly hired staff will implement processes to reduce privacy risk.

### **Risk: Contractor Access**

The Internal Revenue Service (IRS) notified child support agencies across the United States of a change in its policy that was in place for over ten years, relating to re-disclosure of Federal Tax Information (FTI) to contractors with the child support program. Effective October 1, 2024, child support agencies will only be able to disclose limited FTI to contractors in order to administer the child support program. The IRS has control over FTI, and failure to come into compliance with the change in policy may result in the IRS discontinuing the Department's access to FTI. The Department depends on multiple contractors to administer the child support program, and removal of the Department's FTI access or limiting its ability to disclose such information to contractors would severely disrupt operations.

#### **Control: Federal Statute**

Congressional lawmakers have proposed legislation which would change federal statute. If the law is amended, the IRS would amend its policy accordingly and the Department will no longer be at risk of losing access to FTI.

#### **Control: State Plan**

Without a federal statutory amendment, the Department is developing a state plan to address the IRS policy change regarding re-disclosure of FTI to contractors. The

Department will submit the completed state plan to the IRS for approval. When the IRS approves the state plan, efforts will be made to implement the state plan.

### **Risk: Succession Planning**

Maintaining successful succession planning strategies continues to be a challenge as the Department sustains loss of key positions and critical knowledge due to attrition. Loss of staff resources, institutional knowledge, leadership continuity, and skilled staff could impair the Department's ability to deliver the services and functionality needed by the LCSAs and child support customers.

#### **Control: Processes and Procedures**

The Department will update its processes, procedures, and desk manuals regularly. Staff may use procedures and manuals to reduce the risk of knowledge gaps to ensure the continuity of Departmental objectives.

#### **Control: Knowledge Transfer**

The Department will implement a knowledge transfer process, identify, and prioritize key positions, and critical knowledge transfer needs. There is a focus on expanding tools to facilitate knowledge transfer, including but not limited to focused trainings, workgroups, cohorts, and learning labs. As knowledge is transferred, staff will gain critical knowledge, skills, and competencies to complete the Department's objectives and ensure processes and procedures are current and readily available to all staff.

#### **Control: Divisional Succession Plans**

The Department maintains a Workforce and Succession Plan. This plan will lead the Department to minimize the gap in critical knowledge, identify key positions, develop current employees, and recommend overall strategies to address succession planning. Divisional Succession Plans are being developed and will be implemented using division-specific data and metrics to identify gaps, strategies, and priorities to reduce risk. Biannual succession plan check-ins to measure progress and evaluate are part of the overall implementation plan intended to reduce risk across the department.

### **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, Assembly]  
California State Auditor  
California State Library  
California State Controller  
Director of California Department of Finance  
Secretary of California Government Operations Agency