CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES
P.O. Box 419064, Rancho Cordova, CA 95741-9064

May 4, 2007

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

CSS LETTER: 07-08

ALL IV-D DIRECTORS
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL BOARDS OF SUPERVISORS

SUBJECT: EXCEPTION PROCESSING FOR LOCALLY RECEIVED SUPPORT
            PAYMENTS

The purpose of this letter is to communicate required receiving procedures for child support payments arriving at the local child support agencies (LCSAs) rather than the State Disbursement Unit (SDU). These procedures take effect as each LCSA transitions to Version 2 of the Child Support Enforcement system (CSE), unless otherwise specified. They include instructions for cash payments received and deposited locally as well as other forms of payment that are simply forwarded to the SDU. This letter also addresses types of payments that may not be accepted at the LCSAs.

The Department of Child Support Services (DCSS) intends to use CSE reporting functionality to ensure that all payments received locally are successfully processed. When unable to confirm complete processing of payments received locally, DCSS may inform LCSAs of the payment issues. LCSAs will be required to assist in the resolution of the payment issues.

Cash collections deposited locally:

All cash support collections received at the LCSA and deposited in a county account must be fully accounted for each day. Non-transitioned LCSA/county offices that do not remit electronically will continue to forward all child support funds for each business day that they are received along with a completed DCSS 0528 (LCSA Payment Transmittal form) to the SDU. The completed forms will serve as the county's/LCSA's official record of locally received child support collections. LCSA/county offices that remit electronically are not required to complete the DCSS 0528 because the data is captured in the payment file.

Upon successful implementation of CSE local receipting functionality, LCSAs will enter all locally received payments into CSE and provide the payor with a copy of the local receipt produced by CSE. This receipt will contain the Local Payment ID generated by CSE as well as other pertinent payment information. LCSAs shall also provide a SDU-addressed envelope and advise the payor of the proper channels for making the payments. At the end of each day that cash is collected and receipted locally, the LCSA will be responsible for remitting funds to the SDU for the total amount of cash collections receipted for the day.

LCSAs that remit funds electronically will be responsible for ensuring that all CSE Local Receipt IDs and corresponding dates of receipt are included in the designated fields of the payment files along with the other required payment information. Please be advised that certain system functionality needed to properly account for the electronic remitting of funds may not be available for some waves of counties converting to CSE. Please follow DCSS-provided alerts regarding the availability of system functionality. Some counties that remit funds electronically may be asked to temporarily substitute a county warrant or other available payment instrument along with the necessary payment information. Be sure to include copies of the local receipt when transmitting cash collections by check.

Total cash collections must be reconciled to the amount deposited locally and to the Electronic Funds Transfer (EFT) to the State account (or check/warrant/money order sent to the SDU), each day. Records of the reconciliations must be maintained. LCSAs will research and resolve any amounts that do not reconcile. Note that LCSAs bear the risk of loss for cash collections held in their custody.

Cash collections converted directly to other payment instruments:

This instruction applies to counties/LCSAs that receive cash collections at the LCSA and convert them directly to another financial instrument, such as a money order or cashier's check, rather than depositing them. To avoid excessive administrative costs, as many cash payments as possible should be converted to an instrument for each day's processing. Before implementation of CSE, list each instrument number in the Check Number field of the DCSS 0528 along with all other pertinent payment/participant information for each collection received.

Upon successful implementation of CSE local receipting functionality, LCSAs that have transitioned will use CSE to record the payment and produce a local receipt and provide the payor with a copy of the local receipt produced by CSE. In addition, the LCSA shall provide the payor with a SDU-addressed envelope and advise the payor of the proper channels for making the payments. A copy of the CSE local receipt must also be included with the payments sent to the SDU. The DCSS 0528 form will no longer be required once the LCSA is using the CSE local receipting functionality to process all payments received locally.

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County records of all cash payments received must be reconciled to the total of instruments purchased and forwarded to the SDU each day.

Non-cash payments received at the LCSA:

LCSAs shall forward misdirected or locally received non-cash payments to the SDU using form DCSS 0528 to document the necessary payment/participant information. Do not place county endorsements or stamps on the instruments. Non-cash items must be remitted directly to the SDU without local deposit. LCSAs shall provide a SDU-addressed envelope and advise the payor of the proper channels for making the payments.

Upon successful implementation of V2 local receipting functionality, LCSAs will use CSE to record the payment and produce a local receipt and provide the payor with a copy of the local receipt produced by CSE. A copy of the CSE local receipt must also be included with the payments sent to the SDU. The DCSS 0528 form will no longer be required once the LCSA is using the CSE local receipting functionality to process all payments received locally.

Employer payments

Employers who arrive at the LCSA with wage withholding payments should be directed to the SDU to make wage withholding payments. LCSAs shall provide a SDU-addressed envelope and advise employers of the proper channels for making the payments. LCSAs will not accept "walk-in" wage withholding payments or cash from employers or any other individual making the payment for the employer. LCSAs should continue to forward misdirected wage withholding payments received in the mail to the SDU without stamp or endorsement using DCSS 0528 to document the necessary payment/participant information until such time that CSE local receipting functionality can be used in lieu of the DCSS 0528. The LCSA will send a copy of the local receipt with the payment once it is using CSE local receipting functionality.

Credit card payments

On March 22, 2007, the SDU implemented a statewide credit card solution. This solution replaces the Western Union solution previously offered by the SDU and all LCSA local solutions. Those wishing to make a credit card payment should be directed to the SDU web site (www.casdu.com) or the IVR (Interactive Voice Response) system.

Local credit card solutions should have been retired no later than March 30, 2007. DCSS is aware that bank accounts associated with credit card solutions may need to remain open for 90 days to account for possible charge backs. This approach is acceptable, but the final date for discontinuing acceptance of credit cards at the local level was March 30, 2007.

If you have any questions or concerns regarding this matter, please contact Daniel Hawkins at (916) 464-5346.

Sincerely,

o/s/CHER WOEHL

CHER WOEHL
Deputy Director, Administrative Services Division

cc: Dave Oppenheim, CSDA