

**CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES**

P.O. Box 419064, Rancho Cordova, CA 95741-9064



March 19, 2008

CSS LETTER: 0805

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

SUBJECT: DUPLICATE CASE TRANSFER RECEIVABLES - TEMPORARY AND  
 LONG TERM POLICY AND PROCEDURES

REFERENCE: CSS Letter 07-11  
 CSS Letter 06-19  
 CSS Letter 05-30

<u>Reason for this Transmittal</u>	
<input type="checkbox"/>	State Law or Regulation Change
<input type="checkbox"/>	Federal Law or Regulation Change
<input type="checkbox"/>	Court Order or Settlement Change
<input checked="" type="checkbox"/>	Clarification requested by One or More Counties
<input type="checkbox"/>	Initiated by DCSS

The purpose of this letter is to communicate short term and long term policy and procedures to the Local Child Support Agencies (LCSAs), including their roles and responsibilities, when Duplicate Case Transfer (DCT) occurs and the case being transferred has a receivable(s). The accounting procedure for DCT receivables is contingent upon the Child Support Enforcement Version 2 (CSE) system transition status of the LCSAs involved. Three of the procedures (refer to Scenario 1, Scenario 2, and Scenario 3) are temporary procedures until all 58 counties transition to CSE. They are to be followed when at least one of the counties involved in a DCT with a receivable has not transitioned to CSE. The fourth procedure (refer to Scenario 4) is a permanent procedure. It is to be followed when both of the counties involved in a DCT with a receivable have transitioned to CSE.

The temporary procedures (refer to Scenario 1, Scenario 2, and Scenario 3) were chosen as the solution to allow for proper accounting of DCT receivables until all 58 counties have transitioned to CSE. LCSA workload is minimally affected by these procedures due to the low volume of DCTs with receivables. The Financial Workgroup of the Change Management Coordination Committee participated in the development of these procedures and the Policy and Regulations Committee of the California State Directors Association reviewed these procedures and provided input.

The policy and procedures by transition scenario are provided below. Please note that when the acronym "CSE" is used in this letter, it refers to CSE Version 2.

SCENARIO 1: CSE TRANSITIONED LCSA TO NON-TRANSITIONED LCSA  
(TEMPORARY PROCEDURE)

*Receivables remain recorded in CSE when DCT occurs. The receiving (transferee) LCSA shall not set-up the receivable in the ACSES (Automated Child Support Enforcement System) Replacement System (ARS) or California Automated Support Enforcement System (CASES). During transition to CSE, the receiving (transferee) LCSA does not need to perform any additional action to establish the receivable since it already exists in CSE. If a repayment schedule has been or is negotiated with the Custodial Party (CP), the sending (transferor) LCSA must notify the CP that recovery of the receivable will temporarily stop until the non-transitioned LCSA converts to CSE (refer to the end of this letter for suggested language).*

In most cases, the receivable will not be recovered until the non-transitioned LCSA converts from ARS/CASES to CSE. However, if a payment is received directly from the CP, the payment will be suspended. Credit for the payment will be applied after manual review or if the payment is coded with the Custodial Party Receivable (CPR) payment source.

SCENARIO 2: NON-TRANSITIONED LCSA TO NON-TRANSITIONED LCSA  
(TEMPORARY PROCEDURE)

*Receivables shall transfer to the new managing LCSA when DCT occurs. Sending (transferor) LCSAs shall clear the receivables from ARS/CASES and the receiving (transferee) LCSAs shall add the receivables to ARS/CASES.*

For clarification purposes, while the receiving (transferee) LCSA will account for the receivable, the receiving (transferee) LCSA will *not* be held financially responsible for failure to recover the receivable to the extent that the receiving (transferee) LCSA performed due diligence in attempting to recover the receivable:

- For pre-SDU collections, the transferor LCSA is financially responsible for the receivable and shall be reimbursed by the State if the State receives a payment that partially or wholly satisfies the receivable. The transferor (sending) LCSA will not be reimbursed by the receiving (transferee) LCSA.
- For SDU collections, the state is financially responsible for the receivable.

SCENARIO 3: NON-TRANSITIONED LCSA TO CSE TRANSITIONED LCSA  
(TEMPORARY PROCEDURE)

*Receivables shall not transfer to the new managing LCSA when DCT occurs. Sending (transferor) LCSAs shall leave the receivables on ARS/CASES and ensure it converts to CSE (see next paragraph). In most cases, the receivable will not be recovered until the*

*non-transitioned LCSA converts from ARS/CASES to CSE. The receiving (transferee) LCSA shall document in the participant and case notes in CSE that a receivable exists that will transfer to CSE when the non-transitioned LCSA converts to CSE. If a repayment schedule has been or is negotiated with the CP, the sending (transferor) LCSA must notify the CP that recovery of the receivable will temporarily stop until the non-transitioned LCSA converts to CSE (refer to the end of this letter for suggested language).*

The receivable will transfer to CSE when the non-transitioned LCSA converts as long as the participant is known to CSE. To ensure this occurs, the sending (transferor) LCSA must confirm that the participant exists in CSE. If the participant does not exist in CSE, the sending (transferor) LCSA must contact the LCSA Conversion Team to ensure the participant is added to CSE.

Please note that the case does not have to be open to ensure the successful conversion of the receivable to CSE when the non-transitioned LCSA converts. Therefore, the case in ARS/CASES can be closed after the DCT has been completed.

#### SCENARIO 4: CSE TRANSITIONED LCSA TO CSE TRANSITIONED LCSA (PERMANENT PROCEDURE)

*Receivable(s) remain recorded in CSE when DCT occurs.*

No alternative processes are required. This scenario is the only scenario that will exist after all 58 counties have transitioned to CSE.

#### CUSTODIAL PARTY NOTIFICATION LETTER (SUGGESTED LANGUAGE)

When either DCT Scenario 1 or Scenario 3 (above) occurs and a repayment schedule has been (or is) negotiated with the CP, the sending (transferor) LCSA must manually prepare a letter to notify the CP that recovery of the receivable will temporarily stop until the non-transitioned LCSA converts to CSE. Since the letter is prepared outside of the child support systems, notes should be made within the appropriate system(s) that notification was sent to the CP. Following is suggested language for inclusion in the notification.

For Scenario 1 (CSE Transitioned to Non-Transitioned):

*“You were previously notified of an overpayment and agreed to repay the overpayment from future support payments.” (Describe overpayment amount and repayment schedule.)*

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*“Because your case has transferred to a LCSA that has not converted to the statewide child support system, we will be unable to deduct your repayment from future support payments until “XYZ” LCSA has converted to the new system.”*

*“We will resume your overpayment agreement on \_\_\_\_\_ (date of conversion of non-transitioned LCSA) when “XYZ” LCSA has converted to the statewide system.”*

“Please contact this office if you have any questions.”

For Scenario 3 (Non-transitioned to CSE Transitioned):

*“Because your case has transferred to a LCSA that has converted to the statewide child support system from a LCSA that has not yet converted, we will be unable to deduct your repayment from future support payments until “XYZ” LCSA has converted to the new system.”*

*“We will resume your overpayment agreement on \_\_\_\_\_ (date of conversion of non-transitioned LCSA) when “XYZ” LCSA has converted to the statewide system.”*

“Please contact this office if you have any questions.”

If you have any questions or concerns regarding this matter, please contact Teresa Westervelt of the Accounting Services Branch at (916) 464-3292.

Sincerely,

/os/

CHER WOEHL  
Deputy Director, Administrative Services Division

cc: David Oppenheim