

DSS

Serving Children and Families

LILLIAN B. KOLLER, J.D.
STATE DIRECTOR

NIKKI R. HALEY
GOVERNOR

August 31, 2012

Dear Members of the General Assembly:

Pursuant to the requirements of Proviso 26.19, the South Carolina Department of Social Services submits its status report on the Child Support Enforcement System.

The Department and its staff are appreciative of the continuing support provided by the General Assembly for this crucial project.

Should you have any questions, please contact William Bray, Director of Governmental Affairs at (803) 898-7225.

Sincerely,



Lillian B. Koller, J.D.
State Director

LBK:bs

Enclosure

Department of Social Services
Response to Budget Proviso 26.19
August, 2012

Budget Proviso Language

General Appropriation Act H.3700 Part 1.B Section 26.19:

“(DSS: Child Support Enforcement System) From the funds appropriated in Part IA, Section 26(F), the Department of Social Services shall prepare a detailed report on the status of the Child Support Enforcement System. The report shall include, but not be limited to, actions currently being undertaken to become compliant with federal government requirements; the cost required to meet minimum federal guidelines; total funds spent so far on the system; the amount of fines assessed by the federal government associated with non-compliance; how much has been spent to satisfy actions taken by the state judicial system; and how much has been spent related to actions taken by any other entity which may have altered the amount required for meeting minimum federal guidelines. The report shall be submitted to the General Assembly by August thirty-first of the current fiscal year.”

In response to Proviso 13.27 in the FY 2007-2008 Appropriations Act, the Department of Social Services provided a detailed timeline of the events leading to the contract between the State and Saber Software Corporation to develop, implement and maintain the federally mandated statewide Child Support Enforcement System (CSES) and the Family Court Case Management System (FCCMS). Saber was then purchased by Electronic Data Systems (EDS), and is now a business unit of Hewlett-Packard's Enterprise Solutions Group, and will be referred to as HP in this and future updates.

In response to Proviso 26.25 in the FY 2008-2009 Appropriations Act, the Department of Social Services updated the detailed timeline with the significant events that occurred since the submission of the response to Proviso 13.27.

In response to Proviso 26.23 in the FY 2009-2010 Appropriations Act, the Department of Social Services updated the detailed timeline with the significant events that occurred since the submission of the response to Proviso 26.25.

In response to Proviso 26.20 in the FY 2010-2011 Appropriations Act, the Department of Social Services updated the detailed timeline with the significant events that occurred since the submission of the response to Proviso 26.20.

In response to Proviso 26.20 in the FY 2011-2012 Appropriations Act, the Department of Social Services updated the detailed timeline with the significant events that occurred since the submission of the response to Proviso 26.20.

The following represents an update to the five previous submissions and is filed in response to Proviso 26.19 of the FY 2012-2013 Appropriations Act, updating the detailed timeline with the significant events that occurred since the submission of the response to Proviso 26.20.

The Department's previous reports are attached for reference purposes.

1. What actions are currently being undertaken to become compliant with federal government requirements?

The Department of Social Services entered into a contract with HP on August 1, 2007, for the development of the statewide CSES and the FCCMS. Since August 1, 2007, HP and the State have been working toward development and delivery of a system that meets federal certification requirements and State business needs. By April 2011, the State and HP completed the General System Design and the Detailed System Design of CSES and FCCMS. HP developed Application Code for CSES and FCCMS, but did not complete business process testing of the code as required in the contract, which was a prerequisite to starting System Test in August 2011. On September 2, 2011, the State filed a contract controversy with the Chief Procurement Officer of the Information Technology Management Office pursuant to SC Code Section 11-35-4230 alleging material breach by HP.

On March 7, 2012, the State and HP settled the contract controversy. HP agreed to pay federal penalties through Federal FY 2012-13. HP has delivered the software code to the State and is currently testing the code in Systems Test. The system should be in use in all 46 Counties and in all DSS regions in FY 2013-14. This settlement extends the contract schedule from 68 months to 73 months. Under the new schedule, the final penalties incurred would be for Federal FY 2012-13. The contract amendment memorializing the settlement has been approved by the Federal Office of Child Support Enforcement.

Specific major accomplishments since September 2010 are outlined below:

| Activities and Accomplishments September 2010 – June 2012 |
|---|
| Accomplishments during September 2010 |
| The State approved the updated State Risk Management Process |
| Accomplishments during October 2010 |
| The State approved the updated Conversion Plan |
| The State approved the DSD Update Process |
| The State approved the GSD Update Process |
| Software Prototypes W & FW were completed |
| Accomplishments during November 2010 |
| Software Prototypes X & FX were completed |
| Accomplishments during December 2010 |
| The CFS Project Management Plan was updated |
| The Change Request Evaluation Process was published |
| Software Prototypes Y & FY were completed |
| Accomplishments during January 2011 |
| Release A1 GSDs were approved on schedule by the State |
| Software Prototypes Z & FZ were completed |
| Accomplishments during February 2011 |
| The State approved the Configuration Management Plan, revision 4.0 |
| The Updated GSDs for FCCMS associated with Release A2-1 were approved |
| The Updated GSDs for CSES associated with Release A2-1 were approved |

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| The State approved the HP Change Request Evaluation, revision 2.0 |
| The State Change Request Process, revision 3.0, was published |
| The State Requirements Update Process, revision 1.0, was published |
| The Software Prototypes AA & FAA were completed |
| Accomplishments during March 2011 |
| In a letter dated March 23, 2011, OCSE approved IAPD Update #5 for the federal funding period October 1, 2010 through September 30, 2011 |
| The State approved the CSES Transition Design Document for Interfaces, revision 1.0 |
| The State approved the Project Management Plan, revision 14.0 |
| The State approved the Software Prototypes AB & FAB |
| Accomplishments during April 2011 |
| The State approved the CSES DSDs associated with Release A2 |
| The State approved the FCCMS DSDs associated with Release A2 |
| The State approved the Requirement Management Plan updates |
| The State approved the Software Prototypes AC & FAC |
| Accomplishments during May 2011 |
| The State approved the Change Request Process, revision 4.0 |
| The State approved the Software Testing Oversight Procedures, revision 3.0 |
| The State approved the GSD Update Process, revision 2.0 |
| Accomplishments during June 2011 |
| The State approved the Project Charter Update |
| The State approved the DSD Appendices F, H and I |
| The State approved the Site Security Plan Update |
| Accomplishments during July 2011 |
| The Software Prototypes AD & FAD were completed |
| Accomplishments during August 2011 |
| The State approved all Change Request for Forms and Reports |
| The State submitted the IAPD Update #6 to the federal Office of Child Support Enforcement (OCSE) for the federal funding period October 1, 2011 through September 30, 2012 |
| The State submitted the Phase 2 Change Order for Hardware and Software to OCSE |
| Accomplishments during September 2011 |
| Completed Component Integration Testing Phase of the project |
| Contract Controversy filed by the State |
| Accomplishments during October 2011 |
| Completed Conversion Guides for Pilot Counties |
| Completed Conversion Guides Training for Pilot Counties |
| Drafted and Submitted "Locate" Certification Questionnaire OCSE for Federal Review |
| Approved the Data Conversion Test Environment as meeting all defined requirements |
| Initiated contract mediation efforts between HP and the State under the oversight of ITMO |

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| <i>Accomplishments during November 2011</i> |
| Approved and published SBR.SPEC.0008L - CSES DSD - Appendix J - CSES Security Master Data, revision 1.0 |
| Approved and published SBR.PLAN.0012 - Training Plan, revision 3.0 |
| Completed and approved FCCMS operational reference aids |
| <i>Accomplishments during December 2011</i> |
| Received CSES OCSE review for "Locate" Federal Certification Questionnaire |
| Completed conversion guides for Charleston region counties |
| Approved and published DED for Clerks of Court Backup Contingency and Continuity of Operations Plan, revision 1.0 |
| Approved and published DED for Department CSES Central System Contingency and Continuity of Operations Plan, revision 2.0 |
| <i>Accomplishments during January 2012</i> |
| HP completed initial passage of High Priority Business Process Test (BPT) Scenarios - State reviewing test results and scenarios to validate the results |
| <i>Accomplishments during March 2012</i> |
| Signed a 6th amendment (RON 6) to the CFS contract - Final approval pending OCSE and ITMO review and approval |
| Completed Business Process Testing |
| <i>Accomplishments during April 2012</i> |
| Approved and published Work Product Review (WPR) process |
| Approved and published Implementation Plan and Products, revision 4.0 |
| <i>Accomplishments during May 2012</i> |
| Approved and published Quality Assurance Management Plan, revision 6.0 |
| Approved and published Site Implementation Guide, revision 1.0 |
| Approved and published Incident Management, revision 3.0 |
| Approved and published DED for Systems Test Requirements Traceability and Script Development, revision 1.0 |
| <i>Accomplishments during June 2012</i> |
| Completed Record of Negotiations 6 design activities |
| Completed Record of Negotiations 6 build activities |
| Started CSES System Test execution |
| Completed application code release for start of System Test |
| Review by the State of CSES and FCCMS scripts for System Test |
| Completed Federal Certification Test Deck scripting |

| Key to Abbreviations | |
|-----------------------------|---|
| <i>CFS</i> | <i>CFS is the umbrella project for the development and deployment of the new Child Support Enforcement System, the Family Court Case Management System, and the implementation of the Child Support State-wide Disbursement Unit.</i> |
| <i>DED</i> | <i>A Deliverable Expectation Document - A document that will be delivered by the Contractor prior to work beginning on each deliverable. The document shall contain the format of the deliverable, deliverable components, deliverable schedule, and associated detailed acceptance criteria.</i> |
| <i>FCCMS</i> | <i>Family Court Case Management System - A statewide approved system that addresses court case initiation, document tracking, court and case scheduling, notice generation, reporting, and related accounting functions. It includes all product designs, hardware, software, interfaces, networks, data conversions, documentation, and new methods and procedures needed to meet the state and federal requirements.</i> |
| <i>CSES</i> | <i>Child Support Enforcement System - A statewide approved child support enforcement system that will address case initiation, case management, paternity and support order establishment, parent locate, enforcement, interstate case processing, financial management, customer services, and reporting. It includes all hardware, software, interfaces, networks, data conversions, documentation, and new methods and procedures needed to meet state and federal requirements.</i> |
| <i>GSD</i> | <i>General Systems Design document - A document that represents the mapping of requirements from the requirements specifications to functions and subsystems.</i> |
| <i>DSD</i> | <i>Detailed Systems Design document - A document that represents the refinement of requirements from the requirements specifications and the general system design.</i> |
| <i>Prototype</i> | <i>A preliminary type, form, or instance of a system that serves as a model for later stages or for the final, complete version of the system.</i> |
| <i>HP</i> | <i>Hewlett-Packard's Enterprise Solutions Group is the CFS Project System Development Contractor.</i> |
| <i>OCSE</i> | <i>Office of Child Support Enforcement (OCSE) - The federal agency responsible for the administration of the child support program. OCSE is part of Administration for Children and Families (ACF), which is within the US Department of Health and Human Services.</i> |
| <i>Phase 2</i> | <i>Phase 2 includes all additional hardware, communications and software that are required for statewide deployment of the CSES and FCCMS software.</i> |
| <i>SharePoint</i> | <i>A software product used as the CFS Project documentation control system and collaboration application.</i> |
| <i>CIT</i> | <i>Customer Integration Testing (CIT)</i> |
| <i>BPT</i> | <i>Complete Business Process Testing (BPT)</i> |
| <i>Quality Center</i> | <i>A software tool to manage system testing.</i> |
| <i>RON6</i> | <i>The CFS Project Contract amendment with HP that was needed to denote changes negotiated between the State and the Contractor as a result of extending the Project Schedule from a 68 month completion date to a 73 month completion date (labeled as Release A) with certain functionality being included in Maintenance Releases (labeled as Releases B-1, B-2 and B-3) scheduled during warranty and maintenance.</i> |

2. What is the cost required to meet minimum federal guidelines?

Federal guidelines determine only whether the State produces a certifiable CSES, but do not include the individual state's business practices nor appropriate business model. The product of this contract will be designed to meet all State business requirements as well as requirements for federal certification.

Under the HP contract, the cost required to develop and deploy CSES is \$129,720,470 (\$44,104,960 in State General Funds), and the cost required to develop and deploy FCCMS is \$15,760,583 (all State General Funds). These costs cover procurement, project management, oversight, system development, and system implementation costs, which include all hardware and software. These amounts reflect costs needed to support the 73-month project schedule. The table listed below provides a breakdown of cost estimates.

| Cost Category | SFY | Amount | Federal | State |
|---|-----------|----------------------|---------------------|---------------------|
| CSES expenditures for planning and procurement activities for current contract | 2006-2007 | \$6,889,523 | \$4,547,085 | \$2,342,438 |
| CSES expenditures to date for current development activities | 2008-2012 | \$70,524,625 | \$46,546,253 | \$23,978,373 |
| CSES estimated future development and deployment cost** | 2013-2015 | \$58,152,671 | \$38,380,763 | \$19,771,908 |
| Total CSES | | \$135,566,819 | \$89,474,101 | \$46,092,718 |
| FCCMS expenditures for current planning and procurement activities for current contract | 2006-2007 | \$579,028 | \$0 | \$579,028 |
| FCCMS expenditures to date for current development activities | 2008-2012 | \$8,774,667 | \$0 | \$8,774,667 |
| FCCMS estimated future development and deployment cost** | 2013-2015 | \$8,348,783 | \$0 | \$8,348,783 |
| Total FCCMS | | \$17,702,479 | \$0 | \$17,702,479 |
| Total for CSES and FCCMS | | \$153,269,298 | \$89,474,101 | \$63,795,197 |

3. What are the total funds spent so far on the system?

The total funds spent so far on the South Carolina automated systems project for CSES and FCCMS shown in the table below includes the previous development effort with Unisys Corporation.

| Cost Category | SFY | Amount | Federal | State |
|---|-----------|----------------------|---------------------|---------------------|
| Expenditures for prior Unisys development effort | 1992-1999 | \$34,696,802 | \$28,917,718 | \$5,779,084 |
| Expenditures for planning and procurement activities | 2000-2007 | \$7,468,551 | \$4,547,085 | \$2,921,466 |
| Expenditures to date for current development activities | 2008-2012 | \$79,299,292 | \$46,546,253 | \$32,753,040 |
| Total Expenditures through SFY2012 | | \$121,464,645 | \$80,011,056 | \$41,453,590 |

4. What is the amount of fines assessed by the federal government associated with non-compliance?

For federal fiscal years (FFY) 1998-2012, the total amount of funding assessed in federal penalties is \$104,580,882 , which has been **incurred** as follows.

| Penalties Assessed | |
|---------------------------|----------------------|
| FFY 1998 | \$893,628 |
| FFY 1999 | \$1,714,073 |
| FFY 2000 | \$3,788,805 |
| FFY 2001 | \$5,317,626 |
| FFY 2002 | \$8,162,687 |
| FFY 2003 | \$7,880,498 |
| FFY 2004 | \$7,568,561 |
| FFY 2005 | \$6,911,858 |
| FFY 2006 | \$6,859,309 |
| FFY 2007 | \$6,756,475 |
| FFY 2008 | \$7,330,080 |
| FFY 2009 | \$9,180,717 |
| FFY 2010 | \$10,494,344 |
| FFY 2011 | \$10,699,976 |
| FFY 2012 | \$11,022,245 |
| Total | \$104,580,882 |

Under a 2001 settlement agreement with the State's first vendor, Unisys Corporation, \$17,633,961 in settlement funds were used to offset penalties. Under the terms of contract amendments 3, 5, and 6 between the State's current vendor, HP and the State of South Carolina, HP will pay federal penalties incurred due to schedule extensions through FFY13. The Federal Office of Child Support Enforcement (OCSE) will not notify DSS of the actual penalty amount for FFY 2013 until the December 2012/January 2013 timeframe.

Other than when paid with funds from Unisys and HP, these penalties were paid with 100% State General Funds. Penalty amounts will increase as South Carolina moves toward completion of the project because penalties are based on contract pay points that increase towards the completion of the project. The OCSE will continue to require penalty payments until the year in which the State submits its system for federal certification review. Once the State submits its system for federal review, OCSE does not assess the penalty for any succeeding year during which federal officials evaluate the system for certification requirements; however, if the system fails to meet certification requirements, OCSE will impose the penalty for the review years. After certification is granted, the State will receive a rebate of 90% of the penalty for the year that the system was submitted for certification.

5. How much has been spent to satisfy actions taken by the State judicial system?

The State judicial system has not imposed costs on this project. The State's executive management for the project includes representation from the Budget and Control Board, the Governor's Office, the Chief Justice of the Supreme Court, a representative of the Clerks of Court, and the Director of DSS. This broad-based management group determined that it was best for the State and appropriate for this project to address not only federal certification requirements, but also the FCCMS, because of the unique and strong dependencies between DSS and the Family Courts in child support proceedings, and in order to completely support the business practices of South Carolina's Child Support Enforcement program and the Family Courts. As a result, the FCCMS was added to the RFP developed in 2004.

6. How much has been spent related to actions taken by any other entity which may have altered the amount required for meeting minimum federal guidelines?

There are no costs beyond those listed in items 2 through 5.