

MADERA COUNTY

Audit Report

INTERAGENCY CHILD ABUSE AND NEGLECT INVESTIGATION REPORTS PROGRAM

Penal Code sections 11165.9, 11166, 11166.2, 11166.9,
11168 (formerly 11161.7), 11169, 11170, and 11174.34
(formerly 11166.9) as added and/or amended by various
legislation

July 1, 1999, through June 30, 2015



BETTY T. YEE
California State Controller

January 2022



BETTY T. YEE
California State Controller

January 19, 2022

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Todd E. Miller, CPA, Auditor-Controller
Madera County
200 West 4th Street
Madera, CA 93637

Dear Mr. Miller:

The State Controller's Office audited the costs claimed by Madera County for the legislatively mandated Interagency Child Abuse and Neglect Investigation Reports Program for the period of July 1, 1999, through June 30, 2015.

The county claimed \$1,518,250 for the costs of the mandated program. Our audit found that \$468,092 is allowable (\$515,678 less a \$47,586 penalty for filing late claims) and \$1,050,158 is unallowable. The costs are unallowable because the county estimated and misstated costs, overstated the number of referrals claimed for each cost component, misstated the productive hourly rates, overstated the benefit rates, overstated the related indirect costs, and overstated offsetting revenues. The State made no payments to the county. The State will pay \$468,092, contingent upon available appropriations.

Following issuance of this audit report, the Local Government Programs and Services Division of the State Controller's Office will notify the county of the adjustment to its claims via a system-generated letter for each fiscal year in the audit period.

If you have any questions, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3138.

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/as

cc: Elizabeth Cruz, Assistant Auditor-Controller
Madera County Auditor-Controller's Office
Jim Boyajian, Assistant Auditor-Controller
Madera County Auditor-Controller's Office
The Honorable Robert Poythress, Chairman
Madera County Board of Supervisors
Deborah Martinez, Director
Madera County Department of Social Services
Danny Morris, MBA, Ph.D., Deputy Director
Madera County Department of Social Services
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Madera County for the legislatively mandated Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program for the period of July 1, 1999, through June 30, 2015.

The county claimed \$1,518,250 for the costs of the mandated program. Our audit found that \$468,092 is allowable (\$515,678 less a \$47,586 penalty for filing late claims) and \$1,050,158 is unallowable because the county estimated and misstated costs, overstated the number of referrals claimed for each cost component, misstated the productive hourly rates, overstated the benefit rates, overstated related indirect costs, and overstated offsetting revenues. The State made no payments to the county. The State will pay \$468,092, contingent upon available appropriations.

Background

Various statutory provisions; Title 11, California Code of Regulations, section 903; and the Child Abuse Investigation Report (Form SS 8583), require cities and counties to perform specific activities when reporting child abuse to the State, as well as record-keeping and notification activities that were not required by prior law, thus mandating a new program or higher level of service.¹

Penal Code (PC) sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9) were added and/or amended by:

- Statutes of 1977, Chapter 958;
- Statutes of 1980, Chapter 1071;
- Statutes of 1981, Chapter 435;
- Statutes of 1982, Chapters 162 and 905;
- Statutes of 1984, Chapters 1423 and 1613;
- Statutes of 1985, Chapter 1598;
- Statutes of 1986, Chapters 1289 and 1496;
- Statutes of 1987, Chapters 82, 531, and 1459;
- Statutes of 1988, Chapters 269, 1497, and 1580;
- Statutes of 1989, Chapter 153;
- Statutes of 1990, Chapters 650, 1330, 1363, and 1603;
- Statutes of 1992, Chapters 163, 459, and 1338;
- Statutes of 1993, Chapters 219 and 510;
- Statutes of 1996, Chapters 1080 and 1081;
- Statutes of 1997, Chapters 842, 843, and 844;
- Statutes of 1999, Chapters 475 and 1012; and
- Statutes of 2000, Chapter 916.

¹ Form SS 8583 has been replaced with the Child Abuse or Severe Neglect Indexing Form (BCIA 8583).

The ICAN Investigation Reports Program addresses statutory amendments to California's mandatory child abuse reporting laws. A child abuse reporting law was first added to the Penal Code in 1963, and initially required medical professionals to report suspected child abuse to local law enforcement or child welfare authorities. The law was regularly expanded to include more professions required to report suspected child abuse (now termed "mandated reporters"), and in 1980, California reenacted and amended the law, entitling it the "Child Abuse and Neglect Reporting Act" (Act). As part of this program, the Department of Justice (DOJ) maintains the Child Abuse Centralized Index (CACI), which has tracked reports of child abuse statewide since 1965. A number of changes to the law have occurred, including substantive amendments in 1997 and 2000.

The Act, as amended, provides for reporting of suspected child abuse or neglect by certain individuals, identified by their profession as having frequent contact with children. The Act provides rules and procedures for local agencies, including law enforcement agencies that receive such reports. The Act provides for cross-reporting among law enforcement and other child protective agencies, and to licensing agencies and District Attorney's (DA) offices. The Act requires reporting to the DOJ when a report of suspected child abuse is "not unfounded." The Act requires an active investigation before a report can be forwarded to the DOJ.

As of January 1, 2012, the Act no longer requires law enforcement agencies to report to the DOJ, and now requires reporting only of "substantiated" reports from other agencies. The Act imposes additional cross-reporting and recordkeeping duties in the event of a child's death from abuse or neglect. The Act requires agencies and the DOJ to keep records of investigations for a minimum of 10 years, and to notify suspected child abusers that they have been listed in the CACI. The Act imposes certain due process protections owed to persons listed in the CACI, and describes other situations in which a person would be notified of his or her listing in the CACI.

On December 19, 2007, the Commission on State Mandates (Commission) adopted a statement of decision finding that the test claim statutes impose a partially reimbursable state-mandated program upon local agencies within the meaning of Article XIII B, section 6 of the California Constitution and Government Code (GC) section 17514. The Commission approved the test claim for the reimbursable activities described in section IV of the program's parameters and guidelines, performed by city and county police or sheriff's departments, county welfare departments, county probation departments designated by the county to receive mandated reports, DAs' offices, and county licensing agencies.

The Commission outlined the following ongoing reimbursable activities:

- Distributing the Suspected Child Abuse Report (Form SS 8572);
- Reporting between local departments;
- Reporting to the DOJ;
- Providing notifications following reports to the CACI;
- Retaining records; and

- Complying with due process procedures offered to persons listed in the CACI.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on December 6, 2013. In compliance with GC section 17558, the SCO issues the *Mandated Cost Manual for Local Agencies (Mandated Cost Manual)* to assist local agencies in claiming mandated program reimbursable costs.

Audit Authority

We conducted this performance audit in accordance with GC sections 17558.5 and 17561, which authorize the SCO to audit the county's records to verify the actual amount of the mandated costs. In addition, GC section 12410 provides the SCO with general authority to audit the disbursement of state money for correctness, legality, and sufficient provisions of law.

Objective, Scope, and Methodology

The objective of our audit was to determine whether costs claimed represent increased costs resulting from the legislatively mandated ICAN Investigation Reports Program. Specifically, we conducted this audit to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.²

The audit period was July 1, 1999, through June 30, 2015.

To achieve our objective, we performed the following procedures:

- We reviewed the annual mandated cost claims filed by the county for the audit period and identified the significant cost components of each claim as salaries, benefits, and indirect costs. We determined whether there were any errors or unusual or unexpected variances from year to year, and we reviewed the claimed activities to determine whether they adhered to the SCO's claiming instructions and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key county staff. We discussed the claim preparation process with county staff to determine what information was obtained, who obtained it, and how it was used.
- We assessed the reliability of data generated by the county's information management system (payroll reports and county expense claims) and the statewide child welfare system (Child Welfare Services [CWS]/Case Management System [CMS]) by interviewing county staff and examining supporting records. We determined that the data was sufficiently reliable to address the audit objectives.

² Unreasonable and/or excessive costs include ineligible costs that are not identified in the programs parameters and guidelines as reimbursable costs.

- We interviewed county staff members to determine what employee classifications were involved in performing the reimbursable activities during the audit period.
- We assessed whether the average time increments (ATIs) claimed for each fiscal year of the audit period to perform the reimbursable activities were reasonable per the requirements of the program.
- We reviewed and analyzed the detailed referral listing generated by the CWS/CMS and provided by the county to determine the total eligible number of referrals for the Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office cost component. We identified and excluded non-mandate-related referrals and referrals ineligible for reimbursement (see Finding 1).
- We reviewed and analyzed the detailed referral listing generated by the CWS/CMS and provided by the county to determine the total eligible number of referrals for the Complete an Investigation for Purposes of Preparing the Report cost component. We identified and excluded duplicate referrals, referrals initiated by Madera County's Department of Social Services (DSS) staff as the mandated reporter and subsequently investigated by CWS staff, and general neglect referrals from the population, as they are ineligible and unallowable for reimbursement. We judgmentally selected as a non-statistical sample of 250 referrals for testing to determine the allowable number of referrals investigated. Based on our review of these referrals, we determined that DSS staff members had performed investigation activities on these referrals. We recalculated the costs based on the allowable number of referrals (see Finding 2).
- We reviewed and analyzed the detailed referral listing generated by the CWS/CMS and provided by the county to determine the total eligible number of referrals for the Forward Reports to the Department of Justice cost component. Prior to January 1, 2012, both substantiated and inconclusive reports were eligible for reimbursement; as of January 1, 2012, forwarding inconclusive reports to DOJ is not reimbursable. We identified and excluded duplicate referrals and general neglect referrals from the population, as they are ineligible and unallowable for reimbursement. We relied upon the results of our review of the 250 referrals that were judgmentally selected as a non-statistical sample. Based on our review, we found that 216 out of the 250 referrals were eligible.

Based on our testing results, we found that a Form SS 8583 was prepared and submitted to the DOJ for 167 (26 out of 45 in fiscal year [FY] 2000-01; 28 out of 45 in FY 2004-05; 36 out of 45 in FY 2007-08; 32 out of 36 in FY 2011-12, and all 45 in FY 2014-15) out of 216 referrals. Consistent with the American Institute of Certified Public Accountants' Clarified Statement on Auditing Standards (AU-C) section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 77% to the total number of eligible referrals to determine the total allowable number of referrals for which DSS staff members prepared and submitted a Form SS 8583 to the DOJ during the audit period. We recalculated the costs based on the allowable number of referrals (see Finding 3).

- We reviewed and analyzed the detailed referral listing generated by the CWS/CMS and provided by the county to determine the total eligible number of referrals for the Notifications Following Reports to the Child Abuse Central Index cost component. Prior to January 1, 2012, both substantiated and inconclusive reports were eligible for reimbursement; as of January 1, 2012, forwarding inconclusive reports to DOJ is not reimbursable. We identified and excluded duplicate referrals and general neglect referrals from the population, as they are ineligible and unallowable for reimbursement. We relied upon the results of our review of the 250 referrals that were judgmentally selected as a non-statistical sample. Based on our review, we found that 216 out of the 250 referrals eligible.

Based on our testing results, we determined that CACI notifications were sent for 143 (21 out of 45 in FY 2000-01; 20 out of 45 in FY 2004-05; 33 out of 45 in FY 2007-08; 29 out of 36 in FY 2011-12; and 40 out of 45 in FY 2014-15) out of 216 referrals. Consistent with AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 66% to the total number of eligible referrals to determine the total allowable number of referrals for which CACI notifications were sent to suspected child abusers by DSS staff members during the audit period. We recalculated the costs based on the allowable number of referrals (see Finding 4).

- We traced productive hourly rate (PHR) calculations for all employee classifications performing the mandated activities to supporting information in the county's payroll system (see Findings 1 through 5).
- We traced benefit rate calculations for all employee classifications performing the mandated activities to the General Ledger Budgets and Actuals with Encumbrances reports (see Findings 1 through 6).
- We verified the county's indirect cost calculations by applying a rate of 10% (approved by the Office of Management and Budget in Circular A-87) to direct labor costs. We recalculated indirect costs based on the audit adjustments made to claimed salaries for each cost component (see Findings 1 through 5).
- We traced offsetting revenues to supporting documentation. We determined that the ratios used by the county to calculate offsetting revenues were reasonable. We recalculated offsetting revenues based on the audit adjustments made to total direct and indirect costs (see Finding 7).

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We did not audit the county's financial statements.

Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. We found that the county claimed unsupported costs, ineligible costs, and overstated costs that were funded by other sources, as quantified in the Schedule and described in the Findings and Recommendations section of this audit report.

For the audit period, Madera County claimed \$1,518,250 for costs of the legislatively mandated ICAN Investigation Reports Program. Our audit found that \$468,092 is allowable (\$515,678 less a \$47,586 penalty for filing late claims) and \$1,050,158 is unallowable. The State made no payments to the county. The State will pay \$468,092, contingent upon available appropriations.

Following issuance of this audit report, the SCO's Local Government Programs and Services Division will notify the county of the adjustment to its claims via a system-generated letter for each fiscal year in the audit period.

**Follow-up on
Prior Audit
Findings**

We have not previously conducted an audit of the county's legislatively mandated ICAN Investigation Reports Program.

**Views of
Responsible
Officials**

We issued a draft audit report on December 15, 2021. Todd E. Miller, CPA, Auditor-Controller, responded by letter dated December 29, 2021, agreeing with the audit findings. The county's response is included as an attachment.

Restricted Use

This audit report is solely for the information and use of Madera County, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

January 19, 2022

Schedule— Summary of Program Costs July 1, 1999, through June 30, 2015

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 12,214	\$ 3,538	\$ (8,676)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of Preparing the Report	87,808	21,997	(65,811)	Finding 2, 5, 6
Forward Reports to the Department of Justice	3,270	1,149	(2,121)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	2,044	615	(1,429)	Finding 4, 5, 6
Total direct costs	105,336	27,299	(78,037)	
Indirect costs	7,308	2,272	(5,036)	Finding 1-5
Total direct and indirect costs	112,644	29,571	(83,073)	
Less offsetting revenues and reimbursements	(39,425)	(10,350)	29,075	Finding 7
Subtotal	73,219	19,221	(53,998)	
Less late filing penalty ²	-	(1,922)	(1,922)	
Total program costs	\$ 73,219	17,299	\$ (55,920)	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		\$ 17,299		
<u>July 1, 2000, through June 30, 2001</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 13,430	\$ 4,101	\$ (9,329)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of Preparing the Report	102,834	27,368	(75,466)	Finding 2, 5, 6
Forward Reports to the Department of Justice	3,533	1,345	(2,188)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	2,208	721	(1,487)	Finding 4, 5, 6
Total direct costs	122,005	33,535	(88,470)	
Indirect costs	8,464	2,790	(5,674)	Finding 1-5
Total direct and indirect costs	130,469	36,325	(94,144)	
Less offsetting revenues and reimbursements	(45,664)	(12,714)	32,950	Finding 7
Subtotal	84,805	23,611	(61,194)	
Less late filing penalty ²	-	(2,361)	(2,361)	
Total program costs	\$ 84,805	21,250	\$ (63,555)	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		\$ 21,250		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 14,087	\$ 2,641	\$ (11,446)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	100,085	19,355	(80,730)	Finding 2, 5, 6
Forward Reports to the Department of Justice	3,070	1,068	(2,002)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	1,919	572	(1,347)	Finding 4, 5, 6
Total direct costs	119,161	23,636	(95,525)	
Indirect costs	8,267	1,945	(6,322)	Finding 1-5
Total direct and indirect costs	127,428	25,581	(101,847)	
Less offsetting revenues and reimbursements	(44,600)	(8,953)	35,647	Finding 7
Subtotal	82,828	16,628	(66,200)	
Less late filing penalty ²	-	(1,663)	(1,663)	
Total program costs	<u>\$ 82,828</u>	<u>14,965</u>	<u>\$ (67,863)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 14,965</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 14,335	\$ 2,932	\$ (11,403)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	114,922	25,371	(89,551)	Finding 2, 5, 6
Forward Reports to the Department of Justice	3,341	1,334	(2,007)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	2,089	714	(1,375)	Finding 4, 5, 6
Total direct costs	134,687	30,351	(104,336)	
Indirect costs	9,344	2,448	(6,896)	Finding 1-5
Total direct and indirect costs	144,031	32,799	(111,232)	
Less offsetting revenues and reimbursements	(50,411)	(11,480)	38,931	Finding 7
Subtotal	93,620	21,319	(72,301)	
Less late filing penalty ²	-	(2,132)	(2,132)	
Total program costs	<u>\$ 93,620</u>	<u>19,187</u>	<u>\$ (74,433)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 19,187</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 13,966	\$ 3,478	\$ (10,488)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	120,715	30,415	(90,300)	Finding 2, 5, 6
Forward Reports to the Department of Justice	3,164	1,347	(1,817)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	1,978	722	(1,256)	Finding 4, 5, 6
Total direct costs	139,823	35,962	(103,861)	
Indirect costs	9,700	2,772	(6,928)	Finding 1-5
Total direct and indirect costs	149,523	38,734	(110,789)	
Less offsetting revenues and reimbursements	(52,333)	(13,557)	38,776	Finding 7
Subtotal	97,190	25,177	(72,013)	
Less late filing penalty ²	-	(2,518)	(2,518)	
Total program costs	<u>\$ 97,190</u>	<u>22,659</u>	<u>\$ (74,531)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 22,659</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 14,532	\$ 4,611	\$ (9,921)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	116,162	33,551	(82,611)	Finding 2, 5, 6
Forward Reports to the Department of Justice	2,897	1,329	(1,568)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	1,810	713	(1,097)	Finding 4, 5, 6
Total direct costs	135,401	40,204	(95,197)	
Indirect costs	9,394	2,973	(6,421)	Finding 1-5
Total direct and indirect costs	144,795	43,177	(101,618)	
Less offsetting revenues and reimbursements	(50,678)	(15,112)	35,566	Finding 7
Subtotal	94,117	28,065	(66,052)	
Less late filing penalty ²	-	(2,807)	(2,807)	
Total program costs	<u>\$ 94,117</u>	<u>25,258</u>	<u>\$ (68,859)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 25,258</u>		

Schedule (continued)

July 1, 2005, through June 30, 2006

Direct costs – salaries and benefits:

Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 14,668	\$ 4,474	\$ (10,194)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of Preparing the Report	113,467	30,860	(82,607)	Finding 2, 5, 6
Forward Reports to the Department of Justice	3,883	1,438	(2,445)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	2,427	771	(1,656)	Finding 4, 5, 6
Total direct costs	134,445	37,543	(96,902)	
Indirect costs	9,327	2,656	(6,671)	Finding 1-5
Total direct and indirect costs	143,772	40,199	(103,573)	
Less offsetting revenues and reimbursements	(50,320)	(14,070)	36,250	Finding 7
Subtotal	93,452	26,129	(67,323)	
Less late filing penalty ²	-	(2,613)	(2,613)	
Total program costs	<u>\$ 93,452</u>	<u>23,516</u>	<u>\$ (69,936)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 23,516</u>		

July 1, 2006, through June 30, 2007

Direct costs – salaries and benefits:

Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 16,627	\$ 6,265	\$ (10,362)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of Preparing the Report	130,425	45,430	(84,995)	Finding 2, 5, 6
Forward Reports to the Department of Justice	3,356	1,746	(1,610)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	2,097	935	(1,162)	Finding 4, 5, 6
Total direct costs	152,505	54,376	(98,129)	
Indirect costs	10,580	3,778	(6,802)	Finding 1-5
Total direct and indirect costs	163,085	58,154	(104,931)	
Less offsetting revenues and reimbursements	(57,080)	(20,354)	36,726	Finding 7
Subtotal	106,005	37,800	(68,205)	
Less late filing penalty ²	-	(3,780)	(3,780)	
Total program costs	<u>\$ 106,005</u>	<u>34,020</u>	<u>\$ (71,985)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 34,020</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2007, through June 30, 2008</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 15,650	\$ 5,012	\$ (10,638)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of Preparing the Report	109,279	35,198	(74,081)	Finding 2, 5, 6
Forward Reports to the Department of Justice	2,835	1,208	(1,627)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	1,772	646	(1,126)	Finding 4, 5, 6
Total direct costs	129,536	42,064	(87,472)	
Indirect costs	8,987	3,013	(5,974)	Finding 1-5
Total direct and indirect costs	138,523	45,077	(93,446)	
Less offsetting revenues and reimbursements	(48,483)	(15,777)	32,706	Finding 7
Subtotal	90,040	29,300	(60,740)	
Less late filing penalty ²	-	(2,930)	(2,930)	
Total program costs	<u>\$ 90,040</u>	26,370	<u>\$ (63,670)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 26,370</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 14,774	\$ 5,654	\$ (9,120)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of Preparing the Report	108,140	39,345	(68,795)	Finding 2, 5, 6
Forward Reports to the Department of Justice	2,796	1,383	(1,413)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	1,748	744	(1,004)	Finding 4, 5, 6
Total direct costs	127,458	47,126	(80,332)	
Indirect costs	8,843	3,308	(5,535)	Finding 1-5
Total direct and indirect costs	136,301	50,434	(85,867)	
Less offsetting revenues and reimbursements	(47,705)	(17,652)	30,053	Finding 7
Subtotal	88,596	32,782	(55,814)	
Less late filing penalty ²	-	(3,278)	(3,278)	
Total program costs	<u>\$ 88,596</u>	29,504	<u>\$ (59,092)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 29,504</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2009, through June 30, 2010</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 15,870	\$ 5,918	\$ (9,952)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	120,618	38,598	(82,020)	Finding 2, 5, 6
Forward Reports to the Department of Justice	2,903	1,382	(1,521)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	1,814	740	(1,074)	Finding 4, 5, 6
Total direct costs	141,205	46,638	(94,567)	
Indirect costs	10,001	3,303	(6,698)	Finding 1-5
Total direct and indirect costs	151,206	49,941	(101,265)	
Less offsetting revenues and reimbursements	(52,922)	(17,479)	35,443	Finding 7
Subtotal	98,284	32,462	(65,822)	
Less late filing penalty ²	-	(3,246)	(3,246)	
Total program costs	<u>\$ 98,284</u>	29,216	<u>\$ (69,068)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 29,216</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 17,121	\$ 6,644	\$ (10,477)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	142,015	51,962	(90,053)	Finding 2, 5, 6
Forward Reports to the Department of Justice	2,502	1,350	(1,152)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	1,564	724	(840)	Finding 4, 5, 6
Total direct costs	163,202	60,680	(102,522)	
Indirect costs	11,520	4,283	(7,237)	Finding 1-5
Total direct and indirect costs	174,722	64,963	(109,759)	
Less offsetting revenues and reimbursements	(61,153)	(22,737)	38,416	Finding 7
Subtotal	113,569	42,226	(71,343)	
Less late filing penalty ²	-	(4,223)	(4,223)	
Total program costs	<u>\$ 113,569</u>	38,003	<u>\$ (75,566)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 38,003</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2011, through June 30, 2012</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 17,338	\$ 7,529	\$ (9,809)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	161,978	68,732	(93,246)	Finding 2, 5, 6
Forward Reports to the Department of Justice	2,453	1,370	(1,083)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	1,533	734	(799)	Finding 4, 5, 6
Total direct costs	183,302	78,365	(104,937)	
Indirect costs	12,712	5,434	(7,278)	Finding 1-5
Total direct and indirect costs	196,014	83,799	(112,215)	
Less offsetting revenues and reimbursements	(68,605)	(29,330)	39,275	Finding 7
Subtotal	127,409	54,469	(72,940)	
Less late filing penalty ²	-	(5,447)	(5,447)	
Total program costs	<u>\$ 127,409</u>	<u>49,022</u>	<u>\$ (78,387)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 49,022</u>		
<u>July 1, 2012, through June 30, 2013</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 15,840	\$ 6,545	\$ (9,295)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	150,502	62,660	(87,842)	Finding 2, 5, 6
Forward Reports to the Department of Justice	3,331	833	(2,498)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	2,082	444	(1,638)	Finding 4, 5, 6
Total direct costs	171,755	70,482	(101,273)	
Indirect costs	11,730	4,814	(6,916)	Finding 1-5
Total direct and indirect costs	183,485	75,296	(108,189)	
Less offsetting revenues and reimbursements	(64,220)	(26,354)	37,866	Finding 7
Subtotal	119,265	48,942	(70,323)	
Less late filing penalty ²	-	(4,894)	(4,894)	
Total program costs	<u>\$ 119,265</u>	<u>44,048</u>	<u>\$ (75,217)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 44,048</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2013, through June 30, 2014</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 14,818	\$ 5,794	\$ (9,024)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	130,722	47,599	(83,123)	Finding 2, 5, 6
Forward Reports to the Department of Justice	3,065	615	(2,450)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	1,915	331	(1,584)	Finding 4, 5, 6
Total direct costs	150,520	54,339	(96,181)	
Indirect costs	10,225	3,692	(6,533)	Finding 1-5
Total direct and indirect costs	160,745	58,031	(102,714)	
Less offsetting revenues and reimbursements	(56,261)	(20,311)	35,950	Finding 7
Subtotal	104,484	37,720	(66,764)	
Less late filing penalty ⁴	-	(3,772)	(3,772)	
Total program costs	<u>\$ 104,484</u>	33,948	<u>\$ (70,536)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 33,948</u>		
<u>July 1, 2014, through June 30, 2015</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 9,688	\$ 6,000	\$ (3,688)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	67,221	54,319	(12,902)	Finding 2, 5, 6
Forward Reports to the Department of Justice	1,303	620	(683)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	814	333	(481)	Finding 4, 5, 6
Total direct costs	79,026	61,272	(17,754)	
Indirect costs	-	-	-	Finding 1-5
Total direct and indirect costs	79,026	61,272	(17,754)	
Less offsetting revenues and reimbursements	(27,659)	(21,445)	6,214	Finding 7
Total program costs	<u>\$ 51,367</u>	39,827	<u>\$ (11,540)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 39,827</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 1999, through June 30, 2015</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office	\$ 234,958	\$ 81,136	\$ (153,822)	Finding 1, 5, 6
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	1,876,893	632,760	(1,244,133)	Finding 2, 5, 6
Forward Reports to the Department of Justice	47,702	19,517	(28,185)	Finding 3, 5, 6
Notifications Following Reports to the Child Abuse Central Index	29,814	10,459	(19,355)	Finding 4, 5, 6
Total direct costs	2,189,367	743,872	(1,445,495)	
Indirect costs	146,402	49,481	(96,921)	Finding 1-5
Total direct and indirect costs	2,335,769	793,353	(1,542,416)	
Less offsetting revenues and reimbursements	(817,519)	(277,675)	539,844	Finding 7
Subtotal	1,518,250	515,678	(1,002,572)	
Less late filing penalty ^{2,4}	-	(47,586)	(47,586)	
Total program costs	<u>\$ 1,518,250</u>	468,092	<u>\$ (1,050,158)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 468,092</u>		

¹ See the Findings and Recommendations section.

² The county filed its FY 1999-2000 through FY 2012-13 initial reimbursement claims after the due date specified in GC section 17560. Pursuant to GC section 17561, subdivision (d)(3), the State assessed a late filing penalty equal to 10% of allowable costs, with no maximum penalty amount (for claims filed on or after September 30, 2002).

³ Payment amount current as of December 29, 2021.

⁴ The county filed its FY 2013-14 annual reimbursement claim after the due date specified in GC section 17560. Pursuant to GC section 17568, the State assessed a late filing penalty equal to 10% of allowable costs, not to exceed \$10,000 (for claims filed on or after August 24, 2007).

Findings and Recommendations

FINDING 1— Unallowable salaries and benefits – Cross- reporting from County Welfare to Law Enforcement and the District Attorney’s Office cost component

The county claimed \$234,958 in salaries and benefits for the Cross-reporting from County Welfare to Law Enforcement and the District Attorney’s Office cost component during the audit period. We found that \$81,136 is allowable and \$153,822 is unallowable. Unallowable related indirect costs total \$10,179, for a total finding of \$164,001.

The DSS misclassified cross-reporting activities under the Additional Cross-reporting in Cases of Child Death cost component. We moved the Additional Cross-reporting activity costs to the Cross-reporting from County Welfare to Law Enforcement and the District Attorney’s Office cost component. The reimbursable activity for this cost component consists of cross-reporting by county welfare to law enforcement and the DA’s office every known or suspected instance of child abuse.

To calculate the claimed salaries and benefits, the county multiplied the ATI by the number of referrals cross-reported, then multiplied the resulting hours by a PHR and related benefit rate.

During testing, we found that the county overstated the number of referrals cross-reported, misstated the PHRs, overstated the benefit rates and related indirect costs. The county overstated these costs because it did not claim costs in accordance with the program’s parameters and guidelines or the SCO’s *Mandated Cost Manual*.

The following table summarizes the claimed, allowable, and adjusted costs for the Cross-reporting from County Welfare to Law Enforcement and the District Attorney’s Office cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
1999-2000	\$ 12,214	\$ 3,538	\$ (8,676)	\$ (553)	\$ (9,229)
2000-01	13,430	4,101	(9,329)	(591)	(9,920)
2001-02	14,087	2,641	(11,446)	(760)	(12,206)
2002-03	14,335	2,932	(11,403)	(758)	(12,161)
2003-04	13,966	3,478	(10,488)	(701)	(11,189)
2004-05	14,532	4,611	(9,921)	(667)	(10,588)
2005-06	14,668	4,474	(10,194)	(702)	(10,896)
2006-07	16,627	6,265	(10,362)	(718)	(11,080)
2007-08	15,650	5,012	(10,638)	(727)	(11,365)
2008-09	14,774	5,654	(9,120)	(629)	(9,749)
2009-10	15,870	5,918	(9,952)	(705)	(10,657)
2010-11	17,121	6,644	(10,477)	(739)	(11,216)
2011-12	17,338	7,529	(9,809)	(681)	(10,490)
2012-13	15,840	6,545	(9,295)	(635)	(9,930)
2013-14	14,818	5,794	(9,024)	(613)	(9,637)
2014-15	9,688	6,000	(3,688)	-	(3,688)
Total	\$ 234,958	\$ 81,136	\$ (153,822)	\$ (10,179)	\$ (164,001)

Number of Referrals Cross-reported

For FY 1999-2000 through FY 2013-14, the claimed number of referrals cross-reported was obtained from the CWS/CMS via online access to the California Child Welfare Indicators Project, a collaborative venture

between the University of California Berkeley and the California Department of Social Services. For FY 2014-15, the DSS obtained the claimed number of referrals cross-reported directly from the CWS/CMS.

The county provided a detailed referral listing generated by the CWS/CMS. During our review, we found that this listing included non-mandate-related referrals and referrals ineligible for reimbursement. We recalculated the allowable costs using the supported number of referrals cross-reported to law enforcement and the DA's office. The county overstated salary and benefit costs as a result of overstating the number of referrals cross-reported.

The following table summarizes the claimed, allowable, and adjusted number of referrals for the Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office cost component by fiscal year:

Fiscal Year	Claimed Referrals	Allowable Referrals	Audit Adjustment
1999-2000	2,387	1,146	(1,241)
2000-01	2,585	1,232	(1,353)
2001-02	2,671	888	(1,783)
2002-03	2,677	881	(1,796)
2003-04	2,569	924	(1,645)
2004-05	2,633	1,124	(1,509)
2005-06	2,618	967	(1,651)
2006-07	2,923	1,189	(1,734)
2007-08	2,710	919	(1,791)
2008-09	2,520	960	(1,560)
2009-10	2,722	1,041	(1,681)
2010-11	2,901	1,201	(1,700)
2011-12	2,849	1,269	(1,580)
2012-13	2,611	1,143	(1,468)
2013-14	2,393	985	(1,408)
2014-15	1,562	992	(570)
Total	41,331	16,861	(24,470)

Productive Hourly Rate

The DSS provided actual salary and benefit cost data generated by the county's payroll system for the DSS staff members responsible for performing the mandate-related activities during the audit period. We used this actual salary cost data to calculate the average annual salary amount for employees in the Social Worker I through IV classifications. We divided the average annual salary amount by 1,800 productive hours to calculate the PHR. As explained in Finding 5, we found that the county misstated the claimed PHRs for FY 1999-2000 through FY 2006-07, FY 2008-09, FY 2010-11, FY 2012-13, and FY 2013-14.

Benefit Rate

The DSS provided General Ledger Budgets and Actuals with Encumbrances reports identifying the actual departmental salary and benefit costs for the audit period. We used the actual benefits from these reports to calculate the department-wide benefit rates for the audit period.

To calculate the benefit rates, we divided the total actual departmental benefits by the total actual departmental salaries. As explained in Finding 6, we found that the county overstated the claimed benefit rates in FY 1999-2000 through FY 2008-09.

Criteria

Section IV, "Reimbursable Activities," of the parameters and guidelines begins:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed.

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts....

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities.... Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Section IV, subsection B.2, "Reporting Between Local Departments," of the parameters and guidelines states, in part:

b. Cross-Reporting of Suspected Child Abuse or Neglect from County Welfare and Probation Departments to the Law Enforcement Agency with Jurisdiction and the District Attorney's Office

2) County welfare departments shall:

- i. Report by telephone immediately, or as soon as practically possible, to the agency given the responsibility for investigation of cases under Section 300 of the Welfare and Institutions Code, and to the district attorney's office every known or suspected instance of child abuse, as defined in Penal Code section 11165.6, except acts or omissions coming within subdivision (b) of section 11165.2, or reports made pursuant to section 11165.13 based on risk to a child which relates solely to the inability of the parent to provide the child with regular care due to the parent's substance abuse, which shall be reported only to the county welfare department.

Reimbursement is not required for making an initial report of child abuse and neglect from a county welfare department to the law enforcement agency having jurisdiction over the case, which was required under prior law to be made "without delay."

- ii. Send a written report thereof within 36 hours of receiving the information concerning the incident to any agency, including the law enforcement agency having jurisdiction over the case, to which it is required to make a telephone report under Penal Code section 11166.

As of January 1, 2001, initial reports may be made by fax or electronic transmission, instead of by telephone, and will satisfy the requirement for a written report within 36 hours.

Section V, subparagraph A.1, “Salaries and Benefits,” of the parameters and guidelines states:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO’s *Mandated Cost Manual* when preparing its reimbursement claims, and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County’s Response

The county agreed with the audit finding.

**FINDING 2—
Unallowable salaries
and benefits –
Reporting to the State
Department of
Justice: Complete an
Investigation for
Purposes of Preparing
the Report cost
component**

The county claimed \$1,876,893 in salaries and benefits for the Complete an Investigation for Purposes of Preparing the Report cost component during the audit period. We found that \$632,760 is allowable and \$1,244,133 is unallowable. Unallowable related indirect costs total \$83,661, for a total finding of \$1,327,794.

This component provides reimbursement for costs associated with reviewing the Form SS 8572, conducting initial interviews with involved parties, and writing a report of the interviews for review by a supervisor. Additionally, per the program’s parameters and guidelines, time spent performing an initial investigation of a Form SS 8572 is reimbursable only if that Form SS 8572 is generated by another agency. Investigation of a Form SS 8572 generated by a department that is also the mandated reporter is not eligible for reimbursement.

To calculate the claimed salaries and benefits, the county multiplied the ATIs by the number of referrals investigated, then multiplied the resulting hours by a PHR and related benefit rate.

During testing, we found that the county overstated the number of referrals investigated, misstated the PHRs, and overstated the benefit rates and related indirect costs. The county overstated these costs because it did not claim costs in accordance with the program’s parameters and guidelines or the SCO’s *Mandated Cost Manual*.

The following table summarizes the claimed, allowable, and adjusted costs for the Complete an Investigation for Purposes of Preparing the Report cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
1999-2000	\$ 87,808	\$ 21,997	\$ (65,811)	\$ (4,261)	\$ (70,072)
2000-01	102,834	27,368	(75,466)	(4,857)	(80,323)
2001-02	100,085	19,355	(80,730)	(5,351)	(86,081)
2002-03	114,922	25,371	(89,551)	(5,927)	(95,478)
2003-04	120,715	30,415	(90,300)	(6,030)	(96,330)
2004-05	116,162	33,551	(82,611)	(5,578)	(88,189)
2005-06	113,467	30,860	(82,607)	(5,689)	(88,296)
2006-07	130,425	45,430	(84,995)	(5,891)	(90,886)
2007-08	109,279	35,198	(74,081)	(5,060)	(79,141)
2008-09	108,140	39,345	(68,795)	(4,740)	(73,535)
2009-10	120,618	38,598	(82,020)	(5,808)	(87,828)
2010-11	142,015	51,962	(90,053)	(6,357)	(96,410)
2011-12	161,978	68,732	(93,246)	(6,467)	(99,713)
2012-13	150,502	62,660	(87,842)	(5,998)	(93,840)
2013-14	130,722	47,599	(83,123)	(5,647)	(88,770)
2014-15	67,221	54,319	(12,902)	-	(12,902)
Total	\$ 1,876,893	\$ 632,760	\$ (1,244,133)	\$ (83,661)	\$ (1,327,794)

Number of Referrals Investigated

For FY 1999-2000 through FY 2013-14, the claimed number of investigated referrals was obtained from the CWS/CMS via online access to the California Child Welfare Indicators Project. For FY 2014-15, the DSS obtained the claimed number of investigated referrals directly from the CWS/CMS.

The county provided a detailed referral listing generated by the CWS/CMS. During our review, we found that the listing included duplicate referrals; referrals initiated by DSS staff members as the mandated reporter, and then investigated by the CWS staff; referrals that were “evaluated out”; and general neglect referrals. Referrals that were initiated by the DSS staff members as the mandated reporter, and then investigated by CWS staff; referrals that were “evaluated out” and not investigated; and general neglect referrals are not mandate-related. Therefore, we determined that the costs claimed for these referrals are ineligible for reimbursement. Duplicate referrals are also unallowable. We recalculated the supported number of referrals investigated for the audit period.

For testing purposes, we judgmentally selected a non-statistical sample of 250 referrals (50 out of 758 in FY 2000-01; 50 out of 754 in FY 2004-05; 50 out of 595 in FY 2007-08; 50 out of 1,068 in FY 2011-12; and 50 out of 828 in FY 2014-15) from the population of 11,981 supported referrals. Based on our review, we determined that DSS staff members had performed investigation activities on the referrals that were selected for testing purposes. Therefore, the allowable number of referrals investigated for the audit period totals 11,981. We recalculated the allowable costs based on the allowable number of referrals investigated. The county claimed overstated salary and benefit costs as a result of overstating the number of referrals investigated for the audit period.

The table below summarizes the claimed, allowable, and adjusted number of referrals for the Complete an Investigation for Purposes of Preparing the Report cost component by fiscal year:

Fiscal Year	Claimed Referrals	Allowable Referrals	Audit Adjustment
1999-2000	1,615	657	(958)
2000-01	1,863	758	(1,105)
2001-02	1,786	600	(1,186)
2002-03	2,020	703	(1,317)
2003-04	2,090	745	(1,345)
2004-05	1,981	754	(1,227)
2005-06	1,906	615	(1,291)
2006-07	2,158	795	(1,363)
2007-08	1,781	595	(1,186)
2008-09	1,736	616	(1,120)
2009-10	1,947	626	(1,321)
2010-11	2,265	866	(1,399)
2011-12	2,505	1,068	(1,437)
2012-13	2,335	1,009	(1,326)
2013-14	1,987	746	(1,241)
2014-15	1,020	828	(192)
Total	30,995	11,981	(19,014)

Productive Hourly Rate

The DSS provided actual salary and benefit cost data generated by the county's payroll system for the DSS staff members responsible for performing the mandate-related activities during the audit period. We used this actual salary cost data to calculate the average annual salary amount for employees in the Social Worker I through IV classifications. We divided the average annual salary amount by 1,800 productive hours to calculate the PHR. As explained in Finding 5, we found that the county misstated the claimed PHRs for FY 1999-2000 through FY 2006-07, FY 2008-09, FY 2010-11, FY 2012-13, and FY 2013-14.

Benefit Rate

The DSS provided the General Ledger Budgets and Actuals with Encumbrances reports identifying the actual departmental salary and benefit costs for the audit period. We used the actual benefits from these reports to calculate the department-wide benefit rates for the audit period. To calculate the benefit, we divided the total actual departmental benefits by the total actual departmental salaries. As explained in Finding 6, we found that the county overstated the claimed benefit rates in FY 1999-2000 through FY 2008-09.

Criteria

Section IV, "Reimbursable Activities," of the parameters and guidelines begins:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed.

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign in sheets, invoices, and receipts....

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities....Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Section IV, subsection B.3, "Reporting to the State Department of Justice," of the parameters and guidelines states:

- a. **From July 1, 1999 to December 31, 2011**, city and county police or sheriff's departments, county probation departments if designated by the county to receive mandated reports, and county welfare departments shall:

- 1) **Complete an investigation for purposes of preparing the report**

Complete an investigation to determine whether a report of suspected child abuse or severe neglect is unfounded, substantiated or inconclusive, as defined in Penal Code section 11165.12, for purposes of preparing and submitting the state "Child Abuse Investigation Report" Form SS 8583, or subsequent designated form, to the Department of Justice. Except as provided in paragraph below, this activity includes review of the initial Suspected Child Abuse Report (Form 8572), conducting initial interviews with parents, victims, suspects, or witnesses, where applicable, and making a report of the findings of those interviews, which may be reviewed by a supervisor.

Reimbursement is not required in the following circumstances:

- i. Investigative activities conducted by a mandated reporter to complete the Suspected Child Abuse Report (Form SS 8572) pursuant to Penal Code section 11166(a).
- ii. In the event that the mandated reporter is employed by the same child protective agency required to investigate and submit the "Child Abuse Investigation Report" Form SS 8583 or subsequent designated form to the Department of Justice, pursuant to Penal Code section 11169(a), reimbursement is not required if the investigation required to complete the Form SS 8572 is also sufficient to make the determination required under section 11169(a), and sufficient to complete the essential information items required on the Form SS 8583, pursuant to Code of Regulations, title 11, section 903 (Register 98, No. 29).
- ii. Investigative activities undertaken subsequent to the determination whether a report of suspected child abuse is substantiated, inconclusive, or unfounded, as defined in Penal Code section 11165.12, for purposes of preparing the Form SS 8583....

Section IV, subsection B.3 of the parameters and guidelines also states:

- b. **Beginning January 1, 2012**, county welfare departments, or county probation departments where designated by the county to receive mandated reports shall:

- 1) Complete an investigation

Complete an investigation to determine whether a report of suspected child abuse or severe neglect is unfounded, substantiated or inconclusive, as defined in Penal Code section 11165.12, for purposes of preparing and submitting the state "Child Abuse Investigation Report" Form SS 8583, or subsequent designated form, to the Department of Justice. Except as provided in paragraph below, this activity includes review of the initial Suspected Child Abuse Report (Form 8572), conducting initial interviews with parents, victims, suspects, or witnesses, where applicable, and making a report of the findings of those interviews, which may be reviewed by a supervisor.

Reimbursement is not required in the following circumstances:

- i. Investigative activities conducted by a mandated reporter to complete the Suspected Child Abuse Report (Form SS 8572) pursuant to Penal Code section 11166(a).
- ii. In the event that the mandated reporter is employed by the same child protective agency required to investigate and submit the "Child Abuse Investigation Report" Form SS 8583 or subsequent designated form to the Department of Justice, pursuant to Penal Code section 11169(a), reimbursement is not required if the investigation required to complete the Form SS 8572 is also sufficient to make the determination required under section 11169(a), and sufficient to complete the essential information items required on the Form SS 8583, pursuant to Code of Regulations, title 11, section 903 (Register 98, No. 29).
- iii. Investigative activities undertaken subsequent to the determination whether a report of suspected child abuse is substantiated, inconclusive, or unfounded, as defined in Penal Code section 11165.12, for purposes of preparing the Form SS 8583.

Section V, subparagraph A.1, "Salaries and Benefits," of the parameters and guidelines states:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO's *Mandated Cost Manual* when preparing its reimbursement claims, and

- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County's Response

The county agreed with the audit finding.

FINDING 3— Unallowable salaries and benefits – Reporting to the State Department of Justice: Forward Reports to the Department of Justice cost component

The county claimed \$47,702 in salaries and benefits for the Forward Reports to the Department of Justice cost component during the audit period. We found that \$19,517 is allowable and \$28,185 is unallowable. Unallowable related indirect costs total \$1,820, for a total finding of \$30,005.

This component provides reimbursement for costs associated with preparing and submitting the Form SS 8583 to the DOJ. A Form SS 8583 is prepared and submitted for every investigated case of known or suspected child abuse or severe neglect that is determined to be substantiated or inconclusive. Beginning January 1, 2012, only substantiated referrals are eligible for reimbursement.

To calculate the claimed salaries and benefits, the county multiplied the ATI by the number of Form SS 8583s forwarded to the DOJ, then multiplied the resulting hours by a PHR and related benefit rate.

During testing, we found that the county overstated the number of referrals for which a Form SS 8583 was forwarded to the DOJ, misstated the PHRs, and overstated the benefit rates and related indirect costs. The county overstated these costs because it did not claim costs in accordance with the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the claimed, allowable, and adjusted costs for the Forward Reports to the Department of Justice cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
1999-2000	\$ 3,270	\$ 1,149	\$ (2,121)	\$ (131)	\$ (2,252)
2000-01	3,533	1,345	(2,188)	(133)	(2,321)
2001-02	3,070	1,068	(2,002)	(125)	(2,127)
2002-03	3,341	1,334	(2,007)	(124)	(2,131)
2003-04	3,164	1,347	(1,817)	(116)	(1,933)
2004-05	2,897	1,329	(1,568)	(103)	(1,671)
2005-06	3,883	1,438	(2,445)	(167)	(2,612)
2006-07	3,356	1,746	(1,610)	(112)	(1,722)
2007-08	2,835	1,208	(1,627)	(111)	(1,738)
2008-09	2,796	1,383	(1,413)	(97)	(1,510)
2009-10	2,903	1,382	(1,521)	(108)	(1,629)
2010-11	2,502	1,350	(1,152)	(81)	(1,233)
2011-12	2,453	1,370	(1,083)	(75)	(1,158)
2012-13	3,331	833	(2,498)	(171)	(2,669)
2013-14	3,065	615	(2,450)	(166)	(2,616)
2014-15	1,303	620	(683)	-	(683)
Total	\$ 47,702	\$ 19,517	\$ (28,185)	\$ (1,820)	\$ (30,005)

Number of Reports Forwarded to the DOJ

For FY 1999-2000 through FY 2013-14, the claimed number of referrals for which a Form SS 8583 was prepared and forwarded to the DOJ was obtained from the CWS/CMS via online access to the California Child Welfare Indicators Project. For FY 2014-15, the DSS obtained the claimed number of referrals for which a Form SS 8583 was prepared and forwarded to the DOJ directly from the CWS/CMS.

The county provided a detailed referral listing generated by the CWS/CMS. During our review, we found that the listing included duplicate referrals; referrals initiated by DSS staff members as the mandated reporter, and then investigated by the CWS staff; referrals that were “evaluated out”; and general neglect referrals. Referrals that were initiated by the DSS staff members as the mandated reporter, and then investigated by CWS staff; referrals that were “evaluated out” and not investigated; and general neglect referrals are not mandate-related activities. Therefore, we determined that the costs claimed for these referrals are ineligible for reimbursement. Duplicate referrals are also unallowable. We recalculated the number of supported referrals for the audit period.

For testing purposes, we relied on the results of our review of the 250 referrals that were judgementally selected as a non-statistical sample (discussed in Finding 2). Prior to January 1, 2012, both substantiated and inconclusive reports were eligible for reimbursement; as of January 1, 2012, forwarding inconclusive reports to DOJ is not reimbursable. Based on our review, we found that 216 (45 out of 50 in FY 2000-01; 45 out of 50 in FY 2004-05; 45 out of 50 in FY 2007-08; 36 out of 50 in FY 2011-12; and 45 out of 50 in FY 2014-15) of the sampled 250 referrals were eligible.

We also determined that a Form SS 8583 was prepared and sent to the DOJ for 167 (26 out of 45 in FY 2000-01; 28 out of 45 in FY 2004-05; 36 out of 45 in FY 2007-08; 32 out of 36 in FY 2011-12; and all 45 in FY 2014-15) out of 216 referrals. Consistent with AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 77% to the total eligible number of referrals for which DSS staff members prepared and submitted a Form SS 8583 to the DOJ during the audit period. We determined that for the Forward Reports to the Department of Justice cost component, the allowable number of referrals totals 4,278. We recalculated the costs based on the allowable number of referrals.

The following table summarizes the claimed, allowable, and adjusted number of referrals for the Forward Reports to the Department of Justice cost component by fiscal year:

Fiscal Year	Claimed Referrals	Allowable Referrals	Audit Adjustment
1999-2000	639	363	(276)
2000-01	680	394	(286)
2001-02	582	350	(232)
2002-03	624	391	(233)
2003-04	582	349	(233)
2004-05	525	316	(209)
2005-06	693	303	(390)
2006-07	590	323	(267)
2007-08	491	216	(275)
2008-09	477	229	(248)
2009-10	498	237	(261)
2010-11	424	238	(186)
2011-12	403	225	(178)
2012-13	549	142	(407)
2013-14	495	102	(393)
2014-15	210	100	(110)
Total	8,462	4,278	(4,184)

Productive Hourly Rate

The DSS provided actual salary and benefit cost data generated by the county's payroll system for the DSS staff members responsible for performing the mandate-related activities during the audit period. We used this actual salary cost data to calculate the average annual salary amount for employees in the Social Worker I through IV classifications. To calculate the PHR, we divided the amount by 1,800 productive hours. As explained in Finding 5, we found that the county misstated the claimed PHRs for FY 1999-2000 through FY 2006-07, FY 2008-09, FY 2010-11, FY 2012-13, and FY 2013-14.

Benefit Rate

The DSS provided the General Ledger Budgets and Actuals with Encumbrances reports identifying the actual departmental salary and benefit costs for the audit period. We used the actual benefits from these reports to calculate the department-wide benefit rates for the audit period. To calculate the benefit rates, we divided the total actual departmental benefits by the total actual departmental salaries. As explained in Finding 6, we found that the county overstated the claimed benefit rates in FY 1999-2000 through FY 2008-09.

Criteria

Section IV, "Reimbursable Activities," of the parameters and guidelines begins:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed.

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign in sheets, invoices, and receipts....

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities....Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Section IV, subsection B.3, of the parameters and guidelines states, in part:

- a. **From July 1, 1999 to December 31, 2011**, city and county police or sheriff's departments, county probation departments if designated by the county to receive mandated reports, and county welfare departments shall:....

2) Forward reports to the Department of Justice

Prepare and submit to the Department of Justice a report in writing of every case it investigates of known or suspected child abuse or severe neglect which is determined to be substantiated or inconclusive, as defined in Penal Code section 11165.12. Unfounded reports, as defined in Penal Code section 11165.12, shall not be filed with the Department of Justice. If a report has previously been filed which subsequently proves to be unfounded, the Department of Justice shall be notified in writing of that fact. The reports required by this section shall be in a form approved by the Department of Justice (currently form 8583) and may be sent by fax or electronic transmission.

This activity includes costs of preparing and submitting an amended report to DOJ, when the submitting agency changes a prior finding of substantiated or inconclusive to a finding of unfounded or from inconclusive or unfounded to substantiated.

Reimbursement is not required for the costs of the investigation required to make the determination to file an amended report.

- b. **Beginning January 1, 2012**, county welfare departments, or county probation departments where designated by the county to receive mandated reports shall:

2) Forward reports to the Department of Justice

Prepare and submit to the Department of Justice a report in writing of every case it investigates of known or suspected child abuse or severe neglect which is determined to be substantiated, as defined in Penal Code section 11165.12. Unfounded or inconclusive reports, as defined in Penal Code section 11165.12, shall not be filed with the Department of Justice. If a report has previously been filed which subsequently proves to be unfounded, the Department of Justice shall be notified in writing of that fact. The reports required by this section shall be in a form approved by the Department of Justice and may be sent by fax or electronic transmission.

This activity includes costs of preparing and submitting an amended report to DOJ, when the submitting agency changes a prior finding of substantiated to a finding of inconclusive or

unfounded, or from inconclusive or unfounded to substantiated, or when other information is necessary to maintain accuracy of the CACI.

Reimbursement is not required for the costs of the investigation required to make the determination to file an amended report.

Section V.A.1, “Salaries and Benefits,” of the parameters and guidelines states:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO’s *Mandated Cost Manual* when preparing its reimbursement claims, and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County’s Response

The county agreed with the audit finding.

FINDING 4— Unallowable salaries and benefits – Notifications Following Reports to the Child Abuse Central Index cost component

The county claimed \$29,814 in salaries and benefits for the Notifications Following Reports to the Child Abuse Central Index cost component during the audit period. We found that \$10,459 is allowable and \$19,355 is unallowable. Unallowable related indirect costs total \$1,261, for a total finding of \$20,616.

The reimbursable activity for this cost component consists of notifying, in writing, the known or suspected child abuser that he or she has been reported to CACI, in any form approved by the DOJ, at the time the Form SS 8583 is filed with the DOJ.

To calculate the claimed salaries and benefits, the county multiplied the ATI by the number of referrals in which a CACI notification was sent to the suspected child abuser, then multiplied the resulting hours by a PHR and related benefit rate.

During testing, we found that the county overstated the number of referrals for which a CACI notification was sent to the suspected child abuser, misstated the PHRs, and overstated the benefit rates and related indirect costs. The county overstated these costs because it did not claim costs in accordance with the program’s parameters and guidelines or the SCO’s *Mandated Cost Manual*.

The following table summarizes the claimed, allowable, and adjusted costs for the Notifications Following Reports to the Child Abuse Central Index cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
1999-2000	\$ 2,044	\$ 615	\$ (1,429)	\$ (91)	\$ (1,520)
2000-01	2,208	721	(1,487)	(93)	(1,580)
2001-02	1,919	572	(1,347)	(86)	(1,433)
2002-03	2,089	714	(1,375)	(87)	(1,462)
2003-04	1,978	722	(1,256)	(81)	(1,337)
2004-05	1,810	713	(1,097)	(73)	(1,170)
2005-06	2,427	771	(1,656)	(113)	(1,769)
2006-07	2,097	935	(1,162)	(81)	(1,243)
2007-08	1,772	646	(1,126)	(77)	(1,203)
2008-09	1,748	744	(1,004)	(69)	(1,073)
2009-10	1,814	740	(1,074)	(77)	(1,151)
2010-11	1,564	724	(840)	(59)	(899)
2011-12	1,533	734	(799)	(55)	(854)
2012-13	2,082	444	(1,638)	(112)	(1,750)
2013-14	1,915	331	(1,584)	(107)	(1,691)
2014-15	814	333	(481)	-	(481)
Total	<u>\$ 29,814</u>	<u>\$ 10,459</u>	<u>\$ (19,355)</u>	<u>\$ (1,261)</u>	<u>\$ (20,616)</u>

Number of CACI Notifications

For FY 1999-2000 through FY 2013-14, the claimed number of referrals for which a CACI notification was sent was obtained from the CWS/CMS via online access to the California Child Welfare Indicators Project. For FY 2014-15, the DSS obtained the claimed number of referrals for which a CACI notification was sent directly from the CWS/CMS.

The county provided a detailed referral listing generated by the CWS/CMS. During our review, we found that the listing included duplicate referrals; referrals initiated by DSS staff members as the mandated reporter, and then investigated by the CWS staff; referrals that were “evaluated out”; and general neglect referrals. Referrals that were initiated by the DSS staff members as the mandated reporter, and then investigated by CWS staff; referrals that were “evaluated out” and not investigated; and general neglect referrals are not mandate-related activities. Therefore, we determined that the costs claimed for these referrals are ineligible for reimbursement. Duplicate referrals are also unallowable. We recalculated the number of supported referrals for the audit period.

For testing purposes, we relied on the results of our review of the 250 referrals judgementally selected as a non-statistical sample (discussed in Finding 2). Prior to January 1, 2012, both substantiated and inconclusive reports were eligible for reimbursement; as of January 1, 2012, forwarding inconclusive reports to DOJ is not reimbursable. Based on our review, we found that 216 (45 out of 50 in FY 2000-01; 45 out of 50 in FY 2004-05; 45 out of 50 in FY 2007-08; 36 out of 50 in FY 2011-12; and 45 out of 50 in FY 2014-15) of the sampled 250 referrals were eligible.

We also determined that a CACI notification was sent for 143 (21 out of 45 in FY 2000-01; 20 out of 45 in FY 2004-05; 33 out of 45 in FY 2007-08; 29 out of 36 in FY 2011-12; and 40 out of 45 in FY 2014-15) out of 216 referrals. Consistent with AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 66% to the total eligible number of referrals for which CACI notifications were sent to suspected child abusers by the DSS staff members during audit period. We determined that, for the Notifications Following Reports to the Child Abuse Central Index cost component, the allowable number of referrals totals 3,668. We recalculated the costs based on the allowable number of referrals.

The following table summarizes the claimed, allowable, and adjusted number of CACI notifications sent to suspected child abusers by fiscal year:

Fiscal Year	Claimed Referrals	Allowable Referrals	Audit Adjustment
1999-2000	639	311	(328)
2000-01	680	338	(342)
2001-02	582	300	(282)
2002-03	624	335	(289)
2003-04	582	299	(283)
2004-05	525	271	(254)
2005-06	693	260	(433)
2006-07	590	277	(313)
2007-08	491	185	(306)
2008-09	477	197	(280)
2009-10	498	203	(295)
2010-11	424	204	(220)
2011-12	403	193	(210)
2012-13	549	121	(428)
2013-14	495	88	(407)
2014-15	210	86	(124)
Total	8,462	3,668	(4,794)

Productive Hourly Rate

The DSS provided actual salary and benefit cost data generated by the county's payroll system for the DSS staff members responsible for performing the mandate-related activities during the audit period. We used this actual salary cost data to calculate the average annual salary amount for employees in the Social Worker I through IV classifications. We divided the average annual salary amount by 1,800 productive hours to calculate the PHR. As explained in Finding 5, we found that the county misstated the claimed PHRs for FY 1999-2000 through FY 2006-07, FY 2008-09, FY 2010-11, FY 2012-13, and FY 2013-14.

Benefit Rate

The DSS provided the General Ledger Budgets and Actuals with Encumbrances reports identifying the actual departmental salary and benefit costs for the audit period. We used the actual benefits from these

reports to calculate the department-wide benefit rates for the audit period. To calculate the benefit rates, we divided the total actual departmental benefits divided by the total actual departmental salaries. As explained in Finding 6, we found that the county overstated the claimed benefit rates in FY 1999-2000 through FY 2008-09.

Criteria

Section IV, “Reimbursable Activities,” of the parameters and guidelines begins:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed.

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign in sheets, invoices, and receipts....

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities....Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Section IV, subsection B.4, “Notifications Following Reports to the Child Abuse Central Index,” of the parameters and guidelines states:

- a. City and county police or sheriff’s departments, county probation departments if designated by the county to receive mandated reports, and county welfare departments shall:
 - 1) Notify in writing the known or suspected child abuser that he or she has been reported to the Child Abuse Central Index, in any form approved by the Department of Justice, at the time the “Child Abuse Investigation Report” is filed with the Department of Justice.

This activity includes, where applicable, completion of the Notice of Child Abuse Central Index Listing form (SOC 832), or subsequent designated form.

For law enforcement agencies only, this activity is eligible for reimbursement from July 1, 1999 until December 31, 2011, pursuant to Penal Code section 11169(b), as amended by Statutes 2011, chapter 468 (AB 717), which ends the mandate to report to DOJ for law enforcement agencies.

Section V, subparagraph A.1, “Salaries and Benefits,” of the parameters and guidelines states:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO's *Mandated Cost Manual* when preparing its reimbursement claims, and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County's Response

The county agreed with the audit finding.

FINDING 5— Misstated productive hourly rates

The DSS claimed salaries for employees in the Social Worker I through IV classifications for FY 1999-2000 through FY 2013-14, and for the Social Worker IV classification in FY 2014-15.

For FY 2009-10 through FY 2013-14, the DSS calculated salaries for employees in the Social Worker I through IV classifications using the total cumulative actual annual salary costs for each of these classifications. To determine the average actual annual salary costs, the DSS divided the total cumulative actual annual salary costs for these classifications by the total number of DSS staff members assigned to these classifications. To compute the PHRs, the DSS divided the average actual salary costs for these classifications by 1,800 productive hours.

For FY 1999-2000 through FY 2008-09, DSS did not use the total cumulative actual annual salary costs for each of these classifications to calculate the salaries. Instead, the county estimated the PHRs by reducing the computed PHR in FY 2009-10 by a cost-of-living adjustment equal to 1.5%, and applied this methodology to the preceding fiscal years.

For FY 2014-15, the DSS calculated salaries for the Social Worker IV classification using the total cumulative actual annual salary cost for this classification. To determine the average annual salary cost, the DSS divided by the number of DSS staff members assigned to this classification. To compute the PHR, the DSS divided the average annual salary cost for this classification by 1,800 productive hours.

During testing, the DSS provided actual salary cost data from the county's payroll system for DSS staff members responsible for performing the mandate-related activities during the audit period. We reviewed the actual salary cost data and recalculated the PHRs based on the actual salary costs. We found that the county misstated the PHRs for FY 1999-2000 through FY 2006-07, FY 2008-09, FY 2010-11, FY 2012-13, and FY 2013-14. We recalculated allowable costs based on the allowable PHRs.

The following table summarizes the claimed, allowable, and adjusted PHRs for the fiscal years that resulted in an audit adjustment:

Fiscal Year	Claimed PHR	Allowable PHR	Audit Adjustment
1999-2000	\$ 26.63	\$ 19.76	\$ (6.87)
2000-01	27.03	21.30	(5.73)
2001-02	27.44	18.83	(8.61)
2002-03	27.86	20.64	(7.22)
2003-04	28.29	22.31	(5.98)
2004-05	28.72	23.34	(5.38)
2005-06	29.15	25.17	(3.98)
2006-07	29.60	28.16	(1.44)
2008-09	30.51	31.80	1.29
2010-11	31.24	30.04	(1.20)
2012-13	31.07	30.08	(0.99)
2013-14	31.55	30.74	(0.81)

Criteria

Section V, subparagraph A.1, “Salaries and Benefits,” of the parameters and guidelines states:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Section 2, part 7, sub-part (1)(a), “Productive Hourly Rate Options,” of the SCO’s *Mandated Cost Manual* (July 1, 2015) states:

A local agency may use one of the following methods to compute productive hourly rates:

- Actual annual productive hours for each employee;
- The weighted-average annual productive hours for each job title; or
- 1,800* annual productive hours for all employees.

If actual annual productive hours or weighted-average annual productive hours for each job title is chosen, the claimant must maintain documentation of how these hours were computed.

*1,800 annual productive hours excludes the following employee time:

- Paid holidays;
- Vacation earned;
- Sick leave taken;
- Informal time off;
- Jury duty; and
- Military leave taken.

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO's *Mandated Cost Manual* when preparing its reimbursement claims; and
- Calculate the PHRs based on the classifications of the employees who perform the mandated activities, using the documentation for the corresponding fiscal year.

County's Response

The county agreed with the audit finding.

**FINDING 6—
Overstated benefit rates**

For the audit period, the county claimed benefits for employees in the Social Worker I through IV classifications. For FY 2009-10 through FY 2014-15, the benefit costs for these classifications were calculated using the total actual departmental benefit costs from the DSS payroll system. The total actual departmental benefit costs were divided by the total departmental salary costs to compute the benefit rates. For FY 1999-2000 through FY 2008-09, the DSS did not use the total actual departmental salary and benefit costs to compute the benefit rates claimed. Instead, the DSS computed an average estimated benefit rate totaling 44.14%, based on the calculated benefit rates for FY 2009-10 through FY 2013-14.

During testing, the DSS provided the General Ledger Budgets and Actuals with Encumbrances reports identifying the total actual departmental salary and benefit costs for the audit period. We reviewed the reports and recalculated the benefit rates based on the total actual departmental salary and benefit costs. We found that the county overstated the benefit rates in FY 1999-2000 through FY 2008-09. We calculated allowable costs based on the allowable benefit rates.

The following table summarizes the claimed, allowable, and adjusted benefit rates for the fiscal years that resulted in an audit adjustment:

Fiscal Year	Claimed Benefit Rate	Allowable Benefit Rate	Audit Adjustment
1999-2000	44.14%	20.17%	(23.97)%
2000-01	44.14%	20.22%	(23.92)%
2001-02	44.14%	21.50%	(22.64)%
2002-03	44.14%	24.01%	(20.13)%
2003-04	44.14%	29.78%	(14.36)%
2004-05	44.14%	35.21%	(8.93)%
2005-06	44.14%	41.39%	(2.75)%
2006-07	44.14%	43.92%	(0.22)%
2007-08	44.14%	39.62%	(4.52)%
2008-09	44.14%	42.45%	(1.69)%

Criteria

Section V, subparagraph A.1, “Salaries and Benefits,” of the parameters and guidelines states, in part:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Section 2, part 7, sub-part (2)(d), “Employer’s Benefit Contribution,” of the SCO’s *Mandated Cost Manual* states, in part:

A local agency has the option of claiming actual employer’s fringe benefit contributions or computing an average fringe benefit cost for the employee’s job classification and claiming it as a percentage of direct labor. The same time base should be used for both salary and fringe benefits when computing a percentage.

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO’s *Mandated Cost Manual* when preparing its reimbursement claims; and
- Calculate the benefit rates based on the classifications of the employees who perform the mandated activities, using the documentation for the corresponding fiscal year.

County’s Response

The county agreed with the audit finding.

FINDING 7— Overstated offsetting revenues

The county reported \$817,519 in offsetting revenues for the audit period. We found that the county overstated offsetting revenues by \$539,844.

The county reported the mandate-related ratio of funding it received based on the total annual costs claimed. As a result of the adjustments identified in Findings 1 through 6, we recalculated the offsetting revenues based on the allowable costs using the 35% offset ratio provided by the DSS for the audit period.

The following table summarizes the audit adjustment related to offsetting revenues by fiscal year:

Fiscal Year	Reported Offsetting Revenues	Actual Offsetting Revenues	Audit Adjustment
1999-2000	\$ (39,425)	\$ (10,350)	\$ 29,075
2000-01	(45,664)	(12,714)	32,950
2001-02	(44,600)	(8,953)	35,647
2002-03	(50,411)	(11,480)	38,931
2003-04	(52,333)	(13,557)	38,776
2004-05	(50,678)	(15,112)	35,566
2005-06	(50,320)	(14,070)	36,250
2006-07	(57,080)	(20,354)	36,726
2007-08	(48,483)	(15,777)	32,706
2008-09	(47,705)	(17,652)	30,053
2009-10	(52,922)	(17,479)	35,443
2010-11	(61,153)	(22,737)	38,416
2011-12	(68,605)	(29,330)	39,275
2012-13	(64,220)	(26,354)	37,866
2013-14	(56,261)	(20,311)	35,950
2014-15	(27,659)	(21,445)	6,214
Total	<u>\$ (817,519)</u>	<u>\$ (277,675)</u>	<u>\$ 539,844</u>

Criteria

Section VII, “Offsetting Revenues and Reimbursements,” of the parameters and guidelines states:

Any offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including, but not limited to, service fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO’s *Mandated Cost Manual* when preparing its reimbursement claims; and
- Ensure that all offsetting revenues are identified and deducted from claimed costs.

County’s Response

The county agreed with the audit finding.

**Attachment—
County's Response to Draft Audit Report**



TODD E. MILLER, CPA
AUDITOR-CONTROLLER
COUNTY OF MADERA
200 WEST 4TH ST., SUITE #2300, MADERA, CALIFORNIA 93637
559.675.7707 / FAX 559.661.3006 / TDD 559.675.8970

December 29, 2021

Lisa Kurokawa, Chief, Compliance Audits Bureau
State Controller's Office
Division of Audits
PO Box 942850
Sacramento CA 94250

Dear Ms. Kurokawa,

The State Controller's Office audited the costs claimed by Madera County for the legislatively mandated Interagency Child Abuse and Neglect Investigation Reports Program for the period of July 1, 1999, through June 30, 2015. During the audit there were 7 findings identified. Below are the responses to the findings.

FINDING 1 – Unallowable salaries and benefits – Crossreporting from County Welfare to Law Enforcement and the District Attorney's Office cost component

Recommendation –

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO's Mandated Cost Manual when preparing reimbursement claims, and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County Auditor-Controller Response –

The Auditor-Controller and the Department of Social Services agrees with the recommendation. The County will ensure that the parameters, guidelines and SCO's Mandated Cost Manual are followed when preparing future reimbursement claims. We will also ensure only eligible costs are based on actual costs and properly supported.

FINDING 2—Unallowable salaries and benefits – Reporting to the State Department of Justice: Complete an Investigation for Purposes of Preparing the Report cost component

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Recommendation –

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO's Mandated Cost Manual when preparing its reimbursement claims, and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County Auditor-Controller Response –

The Auditor-Controller and the Department of Social Services agrees with the recommendation. The County will ensure that the parameters, guidelines and SCO's Mandated Cost Manual are followed when preparing future reimbursement claims. We will also ensure only eligible costs are based on actual costs and properly supported.

FINDING 3 – Unallowable salaries and benefits – Reporting to the State Department of Justice: Forward Reports to the Department of Justice cost component

Recommendation –

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO's Mandated Cost Manual when preparing its reimbursement claims, and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County Auditor-Controller Response –

The Auditor-Controller and the Department of Social Services agrees with the recommendation. The County will ensure that the parameters, guidelines and SCO's Mandated Cost Manual are followed when preparing future reimbursement claims. We will also ensure only eligible costs are based on actual costs and properly supported.

FINDING 4 – Unallowable salaries and benefits – Notifications following reports to the Child Abuse Central Index cost component

Recommendation –

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The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO's Mandated Cost Manual when preparing its reimbursement claims, and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County Auditor-Controller Response –

The Auditor-Controller and the Department of Social Services agrees with the recommendation. The County will ensure that the parameters, guidelines and SCO's Mandated Cost Manual are followed when preparing future reimbursement claims. We will also ensure only eligible costs are based on actual costs and properly supported.

FINDING 5 – Misstated productive hourly rates

Recommendation –

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO's Mandated Cost Manual when preparing its reimbursement claims, and
- Calculate the PHRs based on the classifications of the employees who perform the mandated activities, using the documentation for the corresponding fiscal year.

County Auditor-Controller Response –

The Auditor-Controller and the Department of Social Services agrees with the recommendation. The County will ensure that the parameters, guidelines and SCO's Mandated Cost Manual are followed when preparing future reimbursement claims. The County will also ensure that it is properly calculating PHRs based on classifications of the employees who perform the mandated activities.

FINDING 6—Overstated benefit rates

Recommendation –

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

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- Follow the parameters and guidelines and the SCO's Mandated Cost Manual when preparing its reimbursement claims; and
- Calculate the benefit rates based on the classifications of the employees who perform the mandated activities, using the documentation for the corresponding fiscal year.

County Auditor-Controller Response –

The Auditor-Controller and the Department of Social Services agrees with the recommendation. The County will ensure that the parameters, guidelines and SCO's Mandated Cost Manual are followed when preparing future reimbursement claims. The County will also ensure that it is properly calculating rates based on classifications of the employees who perform the mandated activities.

FINDING 7—Overstated offsetting revenues

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the parameters and guidelines and the SCO's Mandated Cost Manual when preparing its reimbursement claims; and
- Ensure that all offsetting revenues are identified and deducted from claimed costs.

County Auditor-Controller Response –

- The Auditor-Controller and the Department of Social Services agrees with the recommendation. The County will ensure that the parameters, guidelines and SCO's Mandated Cost Manual are followed when preparing future reimbursement claims. The County will also ensure all offsetting revenues are identified and deducted from claimed costs.

Respectfully,

Todd E. Miller
Auditor-Controller



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**State Controller's Office
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