

# **SAN BERNARDINO COUNTY**

Audit Report

## **CUSTODY OF MINORS – CHILD ABDUCTION AND RECOVERY PROGRAM**

Chapter 1399, Statutes of 1976;  
Chapter 162, Statutes of 1992;  
and Chapter 988, Statutes of 1996

*July 1, 2018, through June 30, 2022*



**MALIA M. COHEN**  
CALIFORNIA STATE CONTROLLER

May 2025



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

May 23, 2025

**CERTIFIED MAIL—RETURN RECEIPT REQUESTED**

The Honorable Ensen Mason, CPA, CFA, Auditor-Controller  
San Bernardino County  
222 West Hospitality Lane  
San Bernardino, CA 92415

Dear Auditor-Controller Mason:

The State Controller's Office audited the costs claimed by San Bernardino County (the county) for the legislatively mandated Custody of Minors – Child Abduction and Recovery for the period of July 1, 2018, through June 30, 2022.

The county claimed and was paid \$6,160,454 for costs of the mandated program. Our audit found that \$130,660 is allowable and \$6,029,794 is unallowable. The costs are unallowable because the county did not provide contemporaneous source documentation to support the mandated functions performed or the actual number of hours devoted to each function; claimed unallowable, misclassified, and unsupported costs; claimed costs outside of the audit period; claimed costs unrelated to the mandated program; and claimed the same costs more than once.

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.

This final audit report contains an adjustment to costs claimed by the county. If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission). Pursuant to the Commission's regulations, outlined in Title 2, *California Code of Regulations*, section 1185.1, subdivision (c), an IRC challenging this adjustment must be filed with the Commission no later than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. IRC information is available on the Commission's website at [www.csm.ca.gov/forms/IRCForm.pdf](http://www.csm.ca.gov/forms/IRCForm.pdf).

Mr. Ensen Mason

May 23, 2025

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If you have any questions regarding this report, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at 916-327-3138. Thank you.

Sincerely,

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

KAT/am

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by San Bernardino County (the county) for the legislatively mandated Custody of Minors – Child Abduction and Recovery (CAR) Program for the period of July 1, 2018, through June 30, 2022.

The county claimed and was paid \$6,160,454 for costs of costs of the mandated program. Our audit found that \$130,660 is allowable and \$6,029,794 is unallowable. The costs are unallowable because the county did not provide contemporaneous source documentation to support the mandated functions performed or the actual number of hours devoted to each function; claimed unallowable, misclassified, and unsupported costs; claimed costs outside of the audit period; claimed costs unrelated to the mandated program; and claimed the same costs more than once.

## Background

Chapter 1399, Statutes of 1976, established the mandated CAR Program, based on the following laws:

- Civil Code section 4600.1 (repealed and added as Family Code sections 3060 through 3064 by Chapter 162, Statutes of 1992);
- Penal Code (PC) sections 278 and 278.5 (repealed and added as PC sections 277, 278, and 278.5 by Chapter 988, Statutes of 1996); and
- Welfare and Institutions Code section 11478.5 (repealed and added as Family Code Section 17506 by Chapter 478, Statutes of 1999; last amended by Chapter 759, Statutes of 2002).

These laws require the District Attorney's (DA's) Office to assist persons having legal custody of a child in:

- Locating their children when they are unlawfully taken away;
- Gaining enforcement of custody and visitation decrees and orders to appear;
- Defraying expenses related to the return of an illegally detained, abducted, or concealed child;
- Civil court action proceedings; and
- Guaranteeing the appearance of offenders and minors in court actions.

On September 19, 1979, the State Board of Control (now the Commission on State Mandates, or "the Commission") determined that this legislation imposed a state mandate reimbursable under Government Code (GC) section 17561.

The parameters and guidelines establish the state mandate and define reimbursement criteria. The Commission adopted the parameters and guidelines on January 21, 1981; they were last amended on October 30, 2009. In compliance with GC section 17558, the SCO issues the *Mandated*

*Cost Manual for Local Agencies (Mandated Cost Manual)* for mandated programs to assist local agencies in claiming 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 for payment.

## **Objective, Scope, and Methodology**

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

Unreasonable and/or excessive costs include ineligible costs that are not identified in the program's parameters and guidelines as reimbursable costs.

The audit period was July 1, 2018, through June 30, 2022.

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 and benefits, materials and supplies, travel and training, and indirect costs. We determined whether there were any errors or unusual or unexpected variances from year to year. We reviewed the claimed activities to determine whether they adhered to the SCO's *Mandated Cost Manual* and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key county staff members. We discussed the claim preparation process with county staff to determine what information was obtained, who obtained it, and how it was used.
- We reviewed time records (which the county called "District Attorney Employee Time Studies") provided by the county for the audit period. We also reviewed payroll records for claimed employees. We noted various issues with the time records that we reviewed. The records provided as support for the claimed costs did not meet the requirements of the program's parameters and guidelines (see Finding 1).
- We reviewed claimed materials and supplies costs and found that the county had misclassified costs; claimed costs not supported with source documents to show the validity of such costs and their relationship to the reimbursable activities; claimed costs outside of the audit period; claimed costs unrelated to the program; and claimed the

same costs more than once. We found \$90,665 in materials and supplies costs to be unallowable (see Finding 2).

- We reviewed claimed travel and training costs and found that the county had claimed costs not directly related or only partially related to the mandated program, and had claimed unsupported and unallowable costs. We found \$49,735 in travel and training costs to be unallowable (see Finding 3).
- We reviewed the claimed indirect cost rates and supporting documentation provided by the county. We found that the indirect cost rates were properly supported.
- We interviewed county personnel and reviewed the county's single audit reports and revenue reports to identify potential sources of offsetting revenues and reimbursements from federal or pass-through programs applicable to the CAR Program. We found that, although they had not been identified in the county's reimbursement claims, the county did receive offsetting revenue for the CAR Program in the form of court-ordered restitution payments. However, the amount of the restitution payments the county received for each fiscal year of the audit period is immaterial.

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.

## Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. We did not find that the county claimed costs that were funded by other sources; however, we did find that it claimed unsupported and ineligible costs, as quantified in the Schedule and described in the Findings and Recommendations section of this audit report.

For the audit period, the county claimed and was paid \$6,160,454 for costs of the legislatively mandated CAR Program. Our audit found that \$130,660 is allowable and \$6,029,794 is unallowable.

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

The county has satisfactorily resolved the findings noted in our prior audit report for the period of July 1, 2003, through June 30, 2007, issued on October 28, 2009. The prior audit was conducted under the program's previous parameters and guidelines, adopted on August 26, 1999.

**Views of  
Responsible  
Officials**

We issued a draft audit report on January 2, 2025. The county's representative responded by letter dated January 10, 2025, disagreeing with the audit results. This final audit report includes the county's response.

**Restricted Use**

This audit report is solely for the information and use of the 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 report, which is a matter of public record and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

May 23, 2025



## Schedule— Summary of Program Costs July 1, 2018, through June 30, 2022

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2018, through June 30, 2019</u>				
Direct costs:				
Salaries and benefits	\$ 784,490	\$ 8,349	\$ (776,141)	Finding 1
Materials and supplies	8,535	4,026	(4,509)	Finding 2
Travel and training	39,350	15,510	(23,840)	Finding 3
Total direct costs	832,375	27,885	(804,490)	
Indirect costs	611,431	6,507	(604,924)	Finding 1
Total program costs	<u>\$ 1,443,806</u>	34,392	<u>\$ (1,409,414)</u>	
Less amount paid by the State <sup>2</sup>		(1,443,806)		
Amount paid in excess of allowable costs		<u>\$ (1,409,414)</u>		
<u>July 1, 2019, through June 30, 2020</u>				
Direct costs:				
Salaries and benefits	\$ 841,808	\$ 8,870	\$ (832,938)	Finding 1
Materials and supplies	14,951	5,207	(9,744)	Finding 2
Travel and training	53,889	28,691	(25,198)	Finding 3
Total direct costs	910,648	42,768	(867,880)	
Indirect costs	586,487	6,179	(580,308)	Finding 1
Total program costs <sup>3</sup>	<u>\$ 1,497,136</u>	48,947	<u>\$ (1,448,188)</u>	
Less amount paid by the State <sup>2</sup>		(1,497,136)		
Amount paid in excess of allowable costs		<u>\$ (1,448,189)</u>		
<u>July 1, 2020, through June 30, 2021</u>				
Direct costs:				
Salaries and benefits	\$ 921,391	\$ 3,790	\$ (917,601)	Finding 1
Materials and supplies	51,754	7,034	(44,720)	Finding 2
Travel and training	13,376	12,679	(697)	Finding 3
Total direct costs	986,522	23,504	(963,018)	
Indirect costs	589,322	2,424	(586,898)	Finding 1
Total program costs <sup>3</sup>	<u>\$ 1,575,843</u>	25,928	<u>\$ (1,549,916)</u>	
Less amount paid by the State <sup>2</sup>		(1,575,843)		
Amount paid in excess of allowable costs		<u>\$ (1,549,915)</u>		

**Schedule (continued)**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2021, through June 30, 2022</u>				
Direct costs:				
Salaries and benefits	\$ 985,321	\$ 8,725	\$ (976,596)	Finding 1
Materials and supplies	35,290	3,598	(31,692)	Finding 2
Travel and training	3,586	3,586	-	Finding 3
Total direct costs	1,024,198	15,910	(1,008,288)	
Indirect costs	619,472	5,486	(613,986)	Finding 1
Total program costs <sup>3</sup>	<u>\$ 1,643,669</u>	21,396	<u>\$ (1,622,274)</u>	
Less amount paid by the State <sup>2</sup>		(1,643,669)		
Amount paid in excess of allowable costs		<u>\$ (1,622,273)</u>		
<u>Summary: July 1, 2018, through June 30, 2022</u>				
Direct costs:				
Salaries and benefits	\$ 3,533,010	\$ 29,734	\$ (3,503,276)	Finding 1
Materials and supplies	110,530	19,865	(90,665)	Finding 2
Travel and training	110,202	60,467	(49,735)	Finding 3
Total direct costs	3,753,742	110,066	(3,643,676)	
Indirect costs <sup>3</sup>	2,406,710	20,594	(2,386,116)	Finding 1
Total program costs <sup>3</sup>	<u>\$ 6,160,454</u>	130,660	<u>\$ (6,029,794)</u>	
Less amount paid by the State <sup>2</sup>		(6,160,454)		
Amount paid in excess of allowable costs		<u>\$ (6,029,794)</u>		

<sup>1</sup> See the Finding and Recommendation section.

<sup>2</sup> Payment amount current as of February 10, 2025

<sup>3</sup> Adjusted for an immaterial rounding error.

# Findings and Recommendations

## **FINDING 1— Unsupported salaries and benefit costs and related indirect costs**

The county claimed \$3,533,010 in salaries and benefits for the audit period. We determined that \$29,734 is allowable and \$3,503,276 is unallowable. The related indirect costs total \$2,386,116, for total unallowable costs of \$5,889,392. The costs are unallowable because the county did not provide contemporaneous source documentation to support the mandated functions performed or the actual number of hours devoted to each function; claimed time for activities performed on cases under PC section 278.7 (commonly referred to as “good cause” cases); and claimed unallowable and unsupported training hours.

The following table summarizes the unallowable salaries and benefits, the related indirect costs, and the audit adjustment by fiscal year:

	Fiscal Year				
	2018-19	2019-20	2020-21	2021-22	Total
Total unallowable salaries and benefits	<b>A</b> \$ (776,141)	\$ (832,938)	\$ (917,601)	\$ (976,596)	(3,503,276)
Claimed indirect cost rate*	<b>B</b> 77.94%	69.67%	63.96%	62.87%	
Related indirect costs ( <b>A × B</b> )	<b>C</b> (604,924)	(580,308)	(586,898)	(613,986)	(2,386,116)
Audit Adjustment ( <b>A + C</b> )	<b>D</b> \$ (1,381,065)	\$ (1,413,246)	\$ (1,504,499)	\$ (1,590,582)	\$ (5,889,392)

\*The indirect costs base includes salaries and benefits

The county claimed salaries and benefits costs for regular hours worked and training hours under the Compliance with Court Orders cost component. The county claimed various employee classifications, including Deputy DA, Supervising Investigator, Senior Investigator, Investigator, Investigative Technician, and Secretary. Employees working on the CAR Program manually complete monthly timesheets titled “District Attorney Employee Time Study.” The county submitted timesheets for the employees working on the CAR Program for each fiscal year in the audit period.

### **Regular Hours Claimed**

The monthly timesheets show how many regular hours an employee works per day, along with professional training hours and various types of leave time such as sick, vacation, and holiday. The regular hours are recorded in one or more of the following three categories:

- Child Abduction Activities
- Non-Reimbursable Child Abduction Activities
- Non-Child Abduction Activities

As evidenced in the timesheets, there is no breakdown within the “Child Abduction Activities” category that shows specific reimbursable activities (mandated functions) and the time associated with those activities. Rather, daily time is recorded as a single block of time; for example, six hours, eight hours, 10 hours, etc. Similarly, there is no breakdown within the

“Non-Reimbursable Child Abduction Activities” and “Non-Child Abduction Activities” categories that shows what those activities might include. Without a description of the specific mandated activities performed, we were unable to verify that the hours claimed under the category of “Child Abduction Activities” were for reimbursable activities.

Additionally, we were unable to determine whether the county had claimed unallowable costs associated with criminal prosecution commencing with the defendant’s first appearance in a California court, or claimed costs associated with non-mandated activities. Furthermore, the county did not separately identify its time spent on activities related to “good cause” cases.

Time spent on good cause cases is unallowable because the parameters and guidelines do not identify good cause cases as reimbursable costs. The parameters and guidelines incorporate requirements of PC sections 278 and 278.5, as amended by Chapter 988, Statutes of 1996. This law, known as the Parental Kidnapping Prevention Act, also added PC section 278.7. However, PC section 278.7 was not incorporated into the parameters and guidelines; therefore, any costs claimed under this section are not reimbursable.

During a walkthrough meeting with DA’s Office staff and Auditor-Controller/Treasurer/Tax Collector (ATC) staff, DA’s Office representatives explained and further confirmed that they do not track their time in any other manner, and that the timesheets are fundamentally the basis for the time claimed. DA’s Office staff also confirmed that they spent time requesting emergency (ex parte) court orders for “good cause” cases. Staff also confirmed that the DA’s Office handles approximately 10 criminal cases per year, and that the Deputy DA works the criminal cases beginning with the defendant’s first appearance in court.

### ***Timesheet Testing***

We tested the Fiscal Year (FY) 2019-20 monthly timesheets for each claimed employee to determine whether the timesheets had been created and approved contemporaneously. We noted that many of the timesheets were signed and/or approved a month or multiple months after the last day of the pay period. During a walkthrough meeting with DA’s Office staff and ATC staff, DA’s Office representatives acknowledged that the timesheets are sometimes completed at the end of each week, a month at a time, or sometimes multiple months after the end of a pay period.

### ***Training Hours Claimed***

The county claimed salaries and benefits costs for regular hours and training hours under the Compliance with Court Orders cost component. Based on the testing results for the claimed non-salary training costs, we tested the training hours claimed for all four fiscal years in the audit period. In some instances, the claimed training hours were not directly related to the CAR Program, were only partially related, were claimed in error, or were not supported.

The following table provides a breakdown of the claimed training hours and the allowable training hours:

Fiscal Year	Training Hours Claimed	Training Hours Allowable	Difference
2018-19	188.00	79.00	(109.00)
2019-20	128.00	85.00	(43.00)
2020-21	114.50	34.00	(80.50)
2021-22	105.00	55.00	(50.00)
	<u>535.50</u>	<u>253.00</u>	<u>(282.50)</u>

### ***Total Hours***

The county claimed a total of 35,360.50 hours for the Compliance with Court Orders cost component for the audit period. We determined that 253.00 hours are allowable and 35,107.50 hours are unallowable. The allowable hours are training hours that were properly supported with source documentation. The following table provides a summary:

Fiscal Year	Total Hours Claimed	Total Hours Allowable	Difference
2018-19	8,766.75	79.00	(8,687.75)
2019-20	8,727.00	85.00	(8,642.00)
2020-21	9,317.50	34.00	(9,283.50)
2021-22	8,549.25	55.00	(8,494.25)
	<u>35,360.50</u>	<u>253.00</u>	<u>(35,107.50)</u>

### **Criteria**

Section VII.1, “Salary and Employees’ Benefits,” of the parameters and guidelines states, in part:

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study. . . .

Section V., “Reimbursable Costs,” 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. . . .

### Recommendation

We recommend that the county:

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

### County Response

The County disagrees with the Draft Report and urges the SCO to reconsider its findings for these reasons: the Draft Report improperly interprets the 2009 Parameters and Guidelines, the County did not receive fair notice of any significant change in source documentation requirements, and the Draft Report ignores evidence that significant reimbursable work was actually performed. The findings of the Draft Report are arbitrary, capricious, and untethered to the facts and evidence. We urge the SCO to reconsider its findings.<sup>1</sup>

#### **I. Adoption of Parameters and Guidelines in 2009 did not materially change documentation requirements.**

The 1999 Parameters and Guidelines, section VII(A)(1), requires claims for Salaries and Benefits be supported as follows:

Identify the employee(s) . . . and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. . . .

Section VIII further provides in part:

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of and the validity of such costs.

Applying these guidelines, the SCO's 2009 audit of our program resulted in 94.3% of claims be allowed.

The 2009 Parameters and Guidelines, section V, states in part:

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.

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<sup>1</sup> The county's response primarily focuses on Finding 1 related to Salaries and Benefits and related Indirect Costs, which represents 95.6% of the County's total claims. The points made in response to Finding 1 are applicable to some portions of Findings 2 and 3.

Section VII(A)(1) requires claims for Salaries and Benefits be supported as follows:

Identify the employee(s), . . . describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. . . .

There is little meaningful difference between the 1999 and 2009 versions of the Parameters and Guidelines insofar as they require source documents to demonstrate the validity of costs and relationship to reimbursable activities. While the 2009 version clarifies that source documents must be created “at or near the same time” of an event, that is a technical timing matter unrelated to the more meaningful question of whether the costs are valid. Thus, the 2009 Parameters and Guidelines did not make a meaningful change. Indeed, the 2009 Parameters and Guidelines has been described as recently as 2023 as merely an effort to “**clarify** source documentation requirements” (emphasis added), leading to the conclusion that significant change was not intended. (See, Office of the State Controller, State-Mandated Costs Claiming Instructions No. 2012-323, Custody of Minors – Child Abduction and Recovery – Program No. 13, Revised October 1, 2023.)

And yet, the SCO’s most recent interpretation of the 2009 Parameters and Guidelines is to entirely change – not clarify – documentation requirements. This is seen in the results. The County’s audit from 2009 resulted in 94.3% of claims being allowed while the Draft Report allows only 2.1%. Interestingly, two years<sup>2</sup> of the audit period for the 2009 audit were subject to the 2009 Parameters and Guidelines and yet 92.9% of the claims for those two years were allowed.

The SCO’s interpretation of the 2009 Parameters and Guidelines results in significant unfairness to the counties who have diligently performed mandated work by reuniting children with their lawful custodians. The SCO’s incorrect interpretation of the 2009 Parameters and Guidelines has resulted in the shocking disallowance of nearly 100% of claims from nearly every audited county. Its actions are both unsound and arbitrary.

## **II. Changes in Source Documentation requirements were not communicated to the counties.**

The SCO cites the 2009 Parameters and Guidelines as authority for its changed interpretation. However, the change was not communicated to the counties and resulted in – and continues to result in – unfair and unjust disallowances of valid and reimbursable costs throughout the state, as evidenced in the examples below.

The last audit report of the County’s CAR program covering July 1, 2003, through June 30, 2007, allowed 94.3% of the claims under the 1999 Parameters and Guidelines.<sup>3</sup> For that period, the SCO accepted the County’s time records and other documentation as proof of the substantial reimbursable work performed. The Draft Report, by comparison, ignores similar records that prove significant work performed on mandated activities. Thus, documentation like that accepted by the 2009 audit that resulted in a 94.3% allowance now results in a disallowance of 97.9%.

<sup>2</sup> July 1, 2005, through June 30, 2006, and July 1, 2006, through June 30, 2007.

<sup>3</sup> As noted above, claims for two-years of the audit period from July 1, 2005, through June 30, 2006, and July 1, 2006, through June 30, 2007, were subject to the 2009 Parameters and Guidelines and yet 92.9% of the claims for those two years were allowed.

It appears other audited counties were equally unaware of any change. Nearly every county whose program is known to have been audited after the adoption of the 2009 Parameters and Guidelines has had more than 97% of its claims disallowed – this includes Ventura (2022), San Joaquin (2023), Riverside (2023), San Diego (2023), Shasta (2023), Los Angeles (2024), San Luis Obispo (2024), Tehama (2024), Yolo (2024) and Orange (2024). Only Sacramento County in 2022 fared better with 24.7% of its claims being disallowed. It is our understanding that the claims for these counties have been disallowed because the SCO declined to accept documentation that was once accepted, all without notice of a change in required documentation.

Further, the absence of any audits applying the 2009 Parameters and Guidelines since its adoption deprived the County, and other counties, with fair warning of the SCO's new interpretation of source documentation. After the adoption of the 2009 Parameters and Guidelines, the SCO engaged in no known audits of CAR programs until 2022. During that lengthy period, counties continued with their existing – and once accepted – documentation practices unaware of any change that could invalidate nearly the entirety of their claims.

What is absent in the Draft Report is any suggestion that reimbursable work was not actually performed. During the entire four-year audit period, the County's CAR program assigned an attorney, investigators and other staff who were fully dedicated to performing duties under the program. Timesheets were submitted and case files and other records were available as proof of reimbursable work. The source documents and other records submitted and rejected for the Draft Audit were similar in nature to the source documents and other records submitted and accepted for the 2009 audit, and they prove without any dispute that significant reimbursable work was performed. Nonetheless, the claims were disallowed based on a disputed interpretation of source documentation. The near total disallowance of costs to this County – and nearly every audited county – is contrary to the supporting documentation, completely unexpected and incomprehensible.

Fair notice was lacking.

### **III. Good Cause matters should be reimbursable.**

One reason cited for disallowance of Salaries and Benefits is that Good Cause matters are not reimbursable. The County disagrees. Mandated activities include compliance with court orders relating to child custody or visitation as well as the use of appropriate civil or criminal action to secure compliance. A District Attorney's decision to take any action depends entirely on the lawful authority of a parent to take or hold a child. A taking parent who does so with good cause would have a defense against the enforcement of a court order and against any civil or criminal action. Good Cause matters are inextricably intertwined with mandated functions and inherent in any initial review of facts. The SCO's conclusion that Good Cause matters are not reimbursable is incorrect.

### **IV. Future Compliance with Parameters and Guidelines.**

The County has adopted new procedures to ensure compliance with our new understanding of the 2009 Parameters and Guidelines. Daily and weekly timesheets are now used to record each activity performed, the case or child to which it relates, time spent per activity, and classification of work that distinguishes between the various mandated functions. Additionally,



timesheets are required to be signed and approved weekly. These changes were put into effect in 2024, following the SCO's un-noticed shift in interpretation.

## **V. Conclusion**

We urge the SCO to reconsider its findings. The 2009 Parameters and Guidelines did not enact any meaningful change to the source documentation requirement. And yet, the SCO's interpretation has caused widespread confusion and surprise resulting in near total disallowances of claims for nearly every audited county for mandated work that was actually performed. At a minimum, the SCO's interpretation of the 2009 Parameters and Guidelines was not communicated to the counties.

The Child Custody – Child Abduction and Recovery Program has a laudable purpose. It mandates the District Attorneys' participation with the promise of reimbursement. The County, and other counties, have diligently performed mandated work in good faith, assisted in reuniting children with their lawful custodians, and enforced court orders. The County has met its obligation and asks merely to be reimbursed as was promised.

## **SCO's Response**

Our finding and recommendation remain unchanged. In footnote 1, the county states that its response focuses primarily on Finding 1, relating to salaries and benefits and related indirect costs. We will address the county's concerns in the order in which they appear in the county's response.

On page 2 of its response under Section I (Adoption of Parameters and Guidelines in 2009 did not materially change documentation requirements), the county states, in part:

There is little meaningful difference between the 1999 and 2009 versions of the Parameters and Guidelines insofar as they require source documents to demonstrate the validity of costs and relationship to reimbursable activities. While the 2009 version clarifies that source documents must be created "at or near the same time" of an event, that is a technical timing matter unrelated to the more meaningful question of whether the costs are valid. Thus, the 2009 Parameters and Guidelines did not make a meaningful change.

We disagree. Page 3 of the 2009 parameters and guidelines, Section V. "Reimbursable Costs," states, in part:

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.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, “I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge.” Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

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

This portion of Section V, consisting of three paragraphs, is entirely new and constitutes the most significant difference between the 1999 and the 2009 parameters and guidelines. This portion of Section V defines the following: 1) actual costs, 2) source document, 3) contemporaneous documentation, and 4) corroborating documentation/evidence. While the adjective “contemporaneous” is not specifically mentioned, it is by default defined within the parameters and guidelines’ definition of a source document: “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.” While the remainder of the 2009 parameters and guidelines remains wholly unchanged from the 1999 version, the addition of these three paragraphs is significant in that they provide additional specific criteria for claimants to meet when filing mandated cost claims for reimbursement, and for the SCO to consider when auditing the claims.

On page 3 of its response, the county goes on to state, in part:

... the SCO’s most recent interpretation of the 2009 Parameters and Guidelines is to entirely change – not clarify – documentation requirements. This is seen in the results. The County’s audit from 2009 resulted in 94.3% of claims being allowed while the Draft Report allows only 2.1%. Interestingly, two years of the audit period for the 2009 audit were subject to the 2009 Parameters and Guidelines and yet 92.9% of the claims for those two years were allowed.

The regulatory parameters and guidelines for the CAR Program establish the state mandate and define the reimbursement criteria. The SCO does not change documentation requirements. The SCO strictly adheres to the criteria outlined in the parameters and guidelines. The previous audit of the county’s CAR Program claims was published October 28, 2009; the audit period was July 1, 2003, through June 30, 2007. The 2009 parameters and guidelines were amended October 30, 2009. As stated on page 1 of the amended parameters and guidelines, “this amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.” The county is correct that two fiscal years of the four-year audit period fell under the 2009 parameters and guidelines due to the retroactive application. However, the SCO conducted and closed the audit before the October 30, 2009, amendment date. The final audit report was published October 28, 2009,

two days before the amendment. Therefore, it would have been impossible to retroactively apply the 2009 parameters and guidelines to FY 2005-06 and FY 2006-07, as the audit had already concluded. The audit was conducted entirely under the criteria of the 1999 parameters and guidelines for this reason.

On page 3 of its response under Section II (Changes in Source Documentation requirements were not communicated to the counties), the county states, in part:

The SCO cites the 2009 Parameters and Guidelines as authority for its changed interpretation. However, the change was not communicated to the counties and resulted in – and continues to result in – unfair and unjust disallowances of valid and reimbursable costs throughout the state...

It is the claimant's responsibility to keep abreast of changes to mandated programs for which it is claiming reimbursement. The county bears the burden of providing supporting documentation that is in accordance with the program's parameters and guidelines.

Subsequently, on page 3 the county states, in part:

The Draft Report, by comparison, ignores similar records that prove significant work performed on mandated activities. Thus, documentation like that accepted by the 2009 audit that resulted in a 94.3% allowance now results in a disallowance of 97.9%.

The SCO considered and analyzed all documentation provided by the county as support for its claimed costs. As stated previously, the 2009 audit was conducted entirely under the criteria of the 1999 parameters and guidelines, while the current audit was conducted under the criteria of the 2009 parameters and guidelines.

On page 4 the county states, in part:

Timesheets were submitted and case files and other records were available as proof of reimbursable work. The source documents and other records submitted and rejected for the Draft Audit were similar in nature to the source documents and other records submitted and accepted for the 2009 audit, and they prove without any dispute that significant reimbursable work was performed.

The SCO did not reject the documentation submitted. Again, the SCO considered all documentation. The issue is that the county did not adhere to the parameters and guidelines. The parameters and guidelines clearly state how claimed costs must be supported. The county's records did not meet the level of specificity as required by the parameters and guidelines. Due to the lack of specificity of the county's records, we were unable to distinguish between reimbursable and non-reimbursable activities. Furthermore, many of the timesheets were not completed contemporaneously.

On page 4 of its response under Section III (Good Cause matters should be reimbursable), the county states, in part:

One reason cited for disallowance of Salaries and Benefits is that Good Cause matters are not reimbursable. The County disagrees. ... A taking parent who does so with good cause would have a defense against the enforcement of a court order and against any civil or criminal action. Good Cause matters are inextricably intertwined with mandated functions and inherent in any initial review of facts. The SCO's conclusion that Good Cause matters are not reimbursable is incorrect.

We disagree. Activities for PC section 278.7 (commonly referred to as "good cause" cases) are not identified in the parameters and guidelines. During fieldwork, we determined that employees claimed time on activities related to cases under PC section 278.7. Activities performed under this penal code are not considered reimbursable mandated activities. Furthermore, the county's time records did not comply with the requirements of the parameters and guidelines to support the actual number of hours devoted to each reimbursable function or identify employees' time spent on cases related to PC section 278.7.

On page 4 of its response under Section IV (Future Compliance with Parameters and Guidelines), the county states, in part:

The County has adopted new procedures to ensure compliance with our new understanding of the 2009 Parameters and Guidelines. ... These changes were put into effect in 2024, following the SCO's un-noticed shift in interpretation.

The SCO did not shift its interpretation of the parameters and guidelines. The guidelines are adopted by the Commission on State Mandates, and the SCO performs its audits according to the criteria contained therein. The county did not comply with the documentation requirements of the parameters and guidelines.

On page 5 of its response under Section V (Conclusion), the county states, in part:

The 2009 Parameters and Guidelines did not enact any meaningful change to the source documentation requirement...

We disagree. As stated previously, the 2009 parameters and guidelines added three entirely new paragraphs under Section V "Reimbursable Costs." In short, this section defines actual costs, source documents, and corroborating documents. In doing so, it also defines contemporaneous documentation and how source documents must be contemporaneous.

Also, on page 5 the county states, in part:

The Child Custody – Child Abduction and Recovery Program has a laudable purpose. It mandates the District Attorneys' participation with the promise of reimbursement...

We do not dispute the laudable purpose of the CAR Program, nor the work of the DA's Office. The parameters and guidelines allow for only specific

reimbursable activities. Moreover, the costs claimed for reimbursement must be properly supported by the county as outlined in the parameters and guidelines.

**FINDING 2—  
Overstated and  
misclassified  
materials and supplies  
costs**

The county claimed a total of \$110,530 in materials and supplies costs for the audit period. We found that \$19,865 is allowable and \$90,665 is unallowable. The costs are unallowable because the county misclassified costs; claimed costs not supported with source documents that show the validity of such costs and their relationship to the reimbursable activities; claimed costs outside of the audit period; claimed costs unrelated to the program; and claimed the same costs more than once.

The following table shows the claimed materials and supplies costs, the allowable costs, and the audit adjustment by fiscal year:

Fiscal Year	Amount Claimed	Total Allowable	Audit Adjustment
2018-19	\$ 8,535	\$ 4,026	\$ (4,509)
2019-20	14,951	5,207	(9,744)
2020-21	51,754	7,034	(44,720)
2021-22	35,290	3,598	(31,692)
Total	<u>\$ 110,530</u>	<u>\$ 19,865</u>	<u>\$ (90,665)</u>

The county claimed direct materials and supplies costs in the following 17 categories:

Direct Costs	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	Total	
Clothing & Personal Supplies	\$ -	\$ -	\$ 20	\$ -	\$ 20	
Payroll Processing Cost	-	-	-	898	898	
Food	-	5	15	18	38	
Memberships	623	772	713	738	2,846	
Non-Inventoriable Equipment	988	205	1,857	-	3,050	Test
Publications	396	464	59	80	1,000	
Special Department Expense	391	147	468	399	1,404	
General Office Expense	939	1,023	411	51	2,423	
Emergency Supplies	-	82	-	-	82	
Presort and Packaging	387	282	155	84	909	
Surplus Handling Charges	-	-	27	-	27	
Subscriptions	-	1,281	-	-	1,281	
Courier and Printing	74	-	22	-	96	
Other Professional Services	4,738	10,688	14,650	5,387	35,463	Test
Medical Expense	-	-	76	-	76	
Vehicle Charges	-	-	32,750	27,635	60,385	Test
Maintenance Charges	-	-	533	-	533	
	<u>\$ 8,535</u>	<u>\$ 14,951</u>	<u>\$ 51,754</u>	<u>\$ 35,290</u>	<u>\$ 110,530</u>	

1. Discrepancies due to rounding

We judgmentally selected a total of three categories for review, as the county claimed a material amount in these categories during the audit period. The selected categories are the following:

- Non-Inventoriable Equipment
- Other Professional Services
- Vehicle Charges

#### **Non-Inventoriable Equipment**

The county claimed a total of \$3,050 in non-inventoriable equipment for the audit period. We found that the entire amount is allowable. The county claimed the costs of items such as a storage cabinet, a dry erase board, a table, and miscellaneous equipment for the DA's Office Child Abduction Unit under the category of Non-inventoriable Equipment. For each item, the county provided source documentation that showed that the item was specifically for the Child Abduction Unit and therefore directly related to the mandated program.

#### **Other Professional Services**

The county claimed a total of \$35,463 in other professional services for the audit period. We found that \$7,408 is allowable and \$28,055 is unallowable.

The following table shows the claimed costs, the allowable costs, and the audit adjustment by fiscal year:

Fiscal Year	Amount Claimed	Total Allowable	Audit Adjustment
2018-19	\$ 4,738	\$ 229	\$ (4,509)
2019-20	10,688	944	(9,744)
2020-21	14,650	4,906	(9,744)
2021-22	5,387	1,330	(4,057)
Total	<u>\$ 35,463</u>	<u>\$ 7,408</u>	<u>\$ (28,055)</u>

##### **1. Discrepancies due to rounding**

The county claimed costs such as charges for expert witnesses, transcript fees, process server fees, filing fees, software usage charges for online case research, etc. under the category of Other Professional Services. The allowable costs for Other Professional Services are items directly related to the CAR Program and/or directly tied to a case number. Most of the unallowable costs are for Lexis Nexis software usage. There was also one instance in which the county claimed a cost outside of the audit period; one instance in which the county erroneously charged an unrelated cost to the program; and one instance in which the county claimed a cost twice.

The county's representatives explained that Lexis Nexis software is a legal research tool used by investigators and others in the DA's Office. For the audit period, the county claimed the amount Lexis Nexis billed for

monthly usage of the software by two employees: the Deputy DA and one investigator. A sample Lexis Nexis detailed billing shows that the software tracks a user's connected time. Based on the connected time, Lexis Nexis calculates a gross amount to apply to the user. The gross amount is then adjusted according to the predetermined contract amount, resulting in a net amount that is ultimately billed to the user. We asked the county if any greater level of detail is available regarding the usage (i.e., tracing connected time to specific cases). The county's representatives stated that no greater detail on usage is available.

The two employees' timesheets included time spent on "non-reimbursable child abduction activities" and "non-child abduction activities," which are not mandate-related. Moreover, the timesheets do not show the specific reimbursable activities performed and the time associated with those activities. Based on the documentation provided, we were unable to determine how much of the claimed software usage expenses was related to the reimbursable activities. The county did not support the claimed software expenses with source documents that show the validity of such costs and their relationship to the reimbursable activities.

### **Vehicle Charges**

The county claimed a total of \$60,385 in vehicle charges for the audit period. We found that the entire amount is unallowable. The costs are unallowable because they were misclassified.

The following table shows the claimed costs, the allowable costs, and the audit adjustment by fiscal year:

Fiscal Year	Amount Claimed	Total Allowable	Audit Adjustment
2020-21	\$ 32,750	\$ -	\$ (32,750)
2021-22	27,635	-	(27,635)
Total	<u>\$ 60,385</u>	<u>\$ -</u>	<u>\$ (60,385)</u>

The county claimed vehicle charges under materials and supplies for FY 2020-21 and FY 2021-22, and under travel and training and labeled "motorpool" for FY 2018-19 and FY 2019-20. The county's representatives explained that vehicle charges and motorpool charges are the same cost, and that the costs should have been claimed under travel and training for all four fiscal years. Therefore, we reclassified the FY 2020-21 and FY 2021-22 vehicle charges and analyzed them under travel and training as motorpool costs (see Finding 3).

### **Criteria**

Section V., "Reimbursable Costs," 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. . . .

### Recommendation

We recommend that the county:

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

### **FINDING 3— Overstated travel and training costs**

The county claimed a total of \$110,202 in travel and training costs for the audit period. We found that \$60,467 is allowable and \$49,735 is unallowable. The costs are unallowable because the county claimed costs not directly related or only partially related to the mandated program, and claimed unsupported and unallowable costs.

The following table shows the claimed travel and training costs, the allowable costs, and the audit adjustment by fiscal year:

Fiscal Year	Amount Claimed	Total Allowable	Audit Adjustment
2018-19	\$ 39,350	\$ 15,510	(23,840)
2019-20	53,889	28,691	(25,198)
2020-21	13,376	12,679	(697)
2021-22	3,586	3,586	-
Total	<u>\$ 110,202</u>	<u>\$ 60,467</u>	<u>\$ (49,735)</u>

#### 1. Discrepancies due to rounding

The county claimed travel and training costs in the following three categories: case-related travel expenses, training costs, and motorpool costs. The following table shows the claimed travel and training costs, the allowable costs, and the audit adjustment by category:

Category	FY 2018-19			FY 2019-20			FY 2020-21			FY 2021-22		
	Total Claimed	Total Allowable	Total Adjustment	Total Claimed	Total Allowable	Total Adjustment	Total Claimed	Total Allowable	Total Adjustment	Total Claimed	Total Allowable	Total Adjustment
Case-related Travel	\$ 13,388	\$ 13,388	\$ -	\$ 25,480	\$ 25,480	\$ -	\$ 12,679	\$ 12,679	\$ -	\$ 3,394	\$ 3,394	-
Training	6,149	2,122	(4,027)	5,760	3,212	(2,548)	697	-	(697)	192	192	-
Motorpool Costs	19,813	-	(19,813)	22,650	-	(22,650)	-	-	-	-	-	-
	<u>\$39,350</u>	<u>\$ 15,510</u>	<u>\$ (23,840)</u>	<u>\$53,889</u>	<u>\$ 28,691</u>	<u>\$ (25,198)</u>	<u>\$ 13,376</u>	<u>\$ 12,679</u>	<u>\$ (697)</u>	<u>\$ 3,586</u>	<u>\$ 3,586</u>	<u>-</u>

#### 1. Discrepancies due to rounding



### Case-related Travel

The county claimed a total of \$54,941 in case-related travel costs for the audit period. These costs include items such as airfare, car rental, hotels, meals, and parking.

The following table shows the travel costs claimed, the allowable costs, and the audit adjustment by fiscal year:

Fiscal Year	Amount Claimed	Total Allowable	Audit Adjustment
2018-19	\$ 13,388	\$ 13,388	\$ -
2019-20	25,480	25,480	-
2020-21	12,679	12,679	-
2021-22	3,394	3,394	-
Total	<u>\$ 54,941</u>	<u>\$ 54,941</u>	<u>\$ -</u>

We judgmentally selected FY 2019-20 to test the claimed case-related travel costs. Using the summaries provided by the county, we scheduled and summarized the costs claimed for FY 2019-20. We then traced the claimed amounts to supporting documentation provided by the county and tied the costs to the associated case numbers. As a result of this testing, we found that the claimed costs for this fiscal year were fully supported, and the documentation showed how the costs are directly related to the mandated program. We therefore determined that expanded testing was not necessary. The county claimed a total of \$54,941 in case-related travel costs for the audit period. Based on the documentation provided, we determined that the entire amount is allowable.

### Training

The county claimed a total of \$12,799 in training costs for the audit period. These costs include the costs of items such as training fees, airfare, car rentals, hotels, meals, and parking.

The following table shows the claimed training costs, the allowable costs, and the audit adjustment by fiscal year:

Fiscal Year	Amount Claimed	Total Allowable	Audit Adjustment
2018-19	\$ 6,149	\$ 2,122	\$ (4,027)
2019-20	5,760	3,212	(2,548)
2020-21	697	-	(697)
2021-22	192	192	-
Total	<u>\$ 12,799</u>	<u>\$ 5,526</u>	<u>\$ (7,272)</u>

1. Discrepancies due to rounding

We judgmentally selected FY 2019-20 to test the claimed training costs. Using the summaries provided by the county, we scheduled and summarized the claimed costs for FY 2019-20. We then traced the claimed amounts to supporting documentation provided by the county. Supporting documentation included items such as receipts, paid invoices, agendas, and training materials. We noted some co-mingled expenses that were not related to training, but were instead related to case travel. However, as these expenses qualify as travel and training expenses, we therefore accepted them under that category. In some instances, the county claimed costs for training that was not directly related to the CAR Program. The county also claimed unallowable non-training costs such as mileage to travel to various courts for criminal cases. Per the CAR Program's parameters and guidelines, costs associated with criminal prosecution, commencing with the defendant's first appearance in a California court, are not reimbursable. Based on these testing results, we expanded the testing to the remaining three fiscal years of the audit period.

As a result of our testing, we found instances in which the county claimed training costs for FY 2018-19 and FY 2020-21 that was not directly related or was only partially related to the CAR Program; claimed unsupported costs; and claimed unallowable non-training costs such as mileage to travel to various courts for criminal cases. For FY 2021-22, we found that the claimed training costs were supported and directly related to the mandated program.

The county claimed a total of \$12,799 in training costs for the audit period. Based on the documentation provided, we found that a total of \$7,272 in training costs is unallowable.

### **Motorpool**

The county claimed a total of \$42,463 in motorpool costs for the audit period. The county misclassified motorpool costs as materials and supplies costs for FY 2020-21 and FY 2021-22 (see Finding 2). We reclassified and analyzed the FY 2020-21 and FY 2021-22 motorpool costs under the appropriate category of travel and training.

The following table shows the claimed motorpool costs, the allowable costs, and the audit adjustment by fiscal year:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Total Allowable</u>	<u>Audit Adjustment</u>
2018-19	\$ 19,813	\$ -	\$ (19,813)
2019-20	22,650	-	(22,650)
2020-21	-	-	-
2021-22	-	-	-
Total	<u>\$ 42,463</u>	<u>\$ -</u>	<u>\$ (42,463)</u>

We judgmentally selected FY 2019-20 to test claimed motorpool costs. Using the summaries provided by the county, we scheduled and summarized the costs claimed for FY 2019-20. We then traced the claimed

amounts to supporting documentation provided by the county. Supporting documentation consisted of billing reports from the Fleet Management department. Through discussions with county staff, we learned that Fleet Management bills the DA's Office Child Abduction Unit for the use of county vehicles. The monthly charges are categorized as follows for each vehicle: 1) "Cost per Meter"; 2) "Base"; and 3) "Replacement." The county's representatives explained that "Cost per Meter" is a variable cost and is based on the miles driven by a specific vehicle. "Base" is a fixed cost and is similar to a monthly rental charge. "Replacement" is also a fixed monthly charge that, depending on the life of the vehicle, is meant to eventually provide sufficient funds to replace the vehicle. The county's representatives also explained that only Investigators use the county-issued vehicles; attorneys and other classifications use their own personal vehicles and are reimbursed for their mileage costs.

As "Cost per Meter" is a variable cost, we requested documentation supporting the monthly "Cost per Meter" billed to each vehicle. The county provided the FY 2019-20 Board-approved motorpool rates, which show the authorized charge per mile, depending on the class of vehicle. The county also provided an "Asset Utilization" report from July 2019. The Asset Utilization report details the odometer readings of all county vehicles at the beginning of the billing period, at the end of the billing period, and the "usage," or total miles driven. The "Cost per Meter" for each vehicle is calculated by multiplying the Board-approved rate for the appropriate vehicle classification by the monthly usage.

We asked if any greater level of detail could be provided to show how the usage (miles driven) of the vehicles is directly related to the CAR Program. The county's representatives responded that no greater detail is available. DA's Office staff inquired with an Investigator, and the Investigator stated that the investigators do not keep separate daily mileage logs. During a walkthrough meeting with DA's Office staff and ATC staff, investigators further explained that they are each assigned a specific vehicle to take home and drive to work every day. The Investigators also drive the vehicles to lunch, and take the vehicles for service every 3,000 miles.

Investigators explained they are not required to check the vehicles in and out, and that neither daily vehicle usage, nor how the usage relates to child abduction cases, are tracked. The DA's Office representatives confirmed that the odometer readings are entered before each fuel purchase, and the transaction is recorded. Similar records are generated when a vehicle is brought in for service or when a work order is generated. Because the county does not keep a vehicle use log, we were unable to determine how much of the motorpool costs were related to the reimbursable activities. The county was not able to provide source documents showing that "Cost per Meter," "Base," and "Replacement" charges were direct costs of the mandate.

Based on these testing results, we expanded the testing to the claimed motorpool costs for FY 2018-19 and the reclassified motorpool costs for FY 2020-21 and FY 2021-22. We confirmed with county staff that Fleet Management's method of billing the DA's Office Child Abduction Unit for

the use of county vehicles was the same for these years as for FY 2019-20. As with FY 2019-20, because the county does not keep a vehicle use log, we were unable to determine how much of the motorpool costs were related to the reimbursable activities. The county was not able to provide source documents showing that “Cost per Meter,” “Base,” and “Replacement” charges are direct costs of the mandate.

Based on the documentation provided, we were unable to determine how much of the motorpool costs were related to the reimbursable activities. The county did not support the motorpool costs with source documents that show the validity of such costs and their relationship to the reimbursable activities. Therefore, we determined that a total of \$42,463 in motorpool costs is unallowable.

### Criteria

Section VI., “Non-Reimbursable Costs,” of the parameters and guidelines states:

- A. Costs associated with criminal prosecution, commencing with the defendant’s first appearance in a California court, for offenses defined in Sections 278 or 278.5 of the Penal Code, wherein the missing, abducted, or concealed child(ren) has been returned to the lawful person or agency.

Section V., “Reimbursable Costs,” 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. . . .

### Recommendation

We recommend that the county:

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

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

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County of San Bernardino  
Office of the District Attorney

JASON ANDERSON, District Attorney

January 10, 2025

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State Controller's Office – Division of Audits  
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RE: San Bernardino County's Response to Draft Audit Report  
Custody of Minors – Child Abduction and Recovery Program  
Audit Period – July 1, 2018, through June 30, 2022

Dear Chief Kurokawa:

I write on behalf of San Bernardino County (County) in response to the State Controller's (SCO) draft audit report (Draft Report) of the County's Custody of Minors – Child Abduction and Recovery (CAR) Program. The program's last audit in 2009 allowed 94.3% of the claims. Despite similar documentation being presented in the current audit, the Draft Report disallows 97.9% of the County's claims. Of the total claimed costs of \$6,160,454, \$130,660 was allowed and \$6,029,794 was disallowed.

This near-total disallowance is based principally on the grounds that the County's "source documents" fail to comply with the 2009 Parameters and Guidelines. The Draft Report states "the county did not provide contemporaneous source documentation to support the mandated functions performed or the actual number of hours devoted to each function . . ." Notably missing is any suggestion that reimbursable work was not actually performed. Indeed, documentation does exist proving that significant reimbursable work was actually performed which the SCO determined to be unacceptable as proof.

The County disagrees with the Draft Report and urges the SCO to reconsider its findings for these reasons: the Draft Report improperly interprets the 2009 Parameters and Guidelines, the County did not receive fair notice of any significant change in source documentation requirements, and the Draft Report ignores evidence that significant reimbursable work was actually performed. The findings of the Draft Report are arbitrary, capricious, and untethered to the facts and evidence. We urge the SCO to reconsider its findings.<sup>1</sup>

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<sup>1</sup> The County's response primarily focuses on Finding 1 related to Salaries and Benefits and related Indirect Costs, which represents 95.6% of the County's total claims. The points made in response to Finding 1 are applicable to some portions of Findings 2 and 3.

**I. Adoption of Parameters and Guidelines in 2009 did not materially change documentation requirements.**

The 1999 Parameters and Guidelines, section VII(A)(1), requires claims for Salaries and Benefits be supported as follows:

Identify the employee(s) . . . and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. . . .

Section VIII further provides in part:

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of and the validity of such costs.

Applying these guidelines, the SCO's 2009 audit of our program resulted in 94.3% of claims be allowed.

The 2009 Parameters and Guidelines, section V, states in part:

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.

Section VII(A)(1) requires claims for Salaries and Benefits be supported as follows:

Identify the employee(s), . . . describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. . . .

There is little meaningful difference between the 1999 and 2009 versions of the Parameters and Guidelines insofar as they require source documents to demonstrate the validity of costs and relationship to reimbursable activities. While the 2009 version clarifies that source documents must be created “at or near the same time” of an event, that is a technical timing matter unrelated to the more meaningful question of whether the costs are valid. Thus, the 2009 Parameters and Guidelines did not make a meaningful change. Indeed, the 2009 Parameters and Guidelines has been described as recently as 2023 as merely an effort to “clarify source documentation requirements” (emphasis added), leading to the conclusion

that significant change was not intended. (See, Office of the State Controller, State-Mandated Costs Claiming Instructions No. 2012-323, Custody of Minors – Child Abduction and Recovery – Program No. 13, Revised October 1, 2023.)

And yet, the SCO's most recent interpretation of the 2009 Parameters and Guidelines is to entirely change – not clarify – documentation requirements. This is seen in the results. The County's audit from 2009 resulted in 94.3% of claims being allowed while the Draft Report allows only 2.1%. Interestingly, two years<sup>2</sup> of the audit period for the 2009 audit were subject to the 2009 Parameters and Guidelines and yet 92.9% of the claims for those two years were allowed.

The SCO's interpretation of the 2009 Parameters and Guidelines results in significant unfairness to the counties who have diligently performed mandated work by reuniting children with their lawful custodians. The SCO's incorrect interpretation of the 2009 Parameters and Guidelines has resulted in the shocking disallowance of nearly 100% of claims from nearly every audited county. Its actions are both unsound and arbitrary.

**II. Changes in Source Documentation requirements were not communicated to the counties.**

The SCO cites the 2009 Parameters and Guidelines as authority for its changed interpretation. However, the change was not communicated to the counties and resulted in – and continues to result in – unfair and unjust disallowances of valid and reimbursable costs throughout the state, as evidenced in the examples below.

The last audit report of the County's CAR program covering July 1, 2003, through June 30, 2007, allowed 94.3% of the claims under the 1999 Parameters and Guidelines.<sup>3</sup> For that period, the SCO accepted the County's time records and other documentation as proof of the substantial reimbursable work performed. The Draft Report, by comparison, ignores similar records that prove significant work performed on mandated activities. Thus, documentation like that accepted by the 2009 audit that resulted in a 94.3% allowance now results in a disallowance of 97.9%.

It appears other audited counties were equally unaware of any change. Nearly every county whose program is known to have been audited after the adoption of the 2009 Parameters and Guidelines has had more than 97% of its claims disallowed – this includes Ventura (2022), San Joaquin (2023), Riverside (2023), San Diego (2023), Shasta (2023), Los Angeles (2024), San Luis Obispo (2024), Tehama (2024), Yolo (2024) and Orange (2024). Only Sacramento County in 2022 fared better with 24.7% of its claims being disallowed. It is our understanding

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<sup>2</sup> July 1, 2005, through June 30, 2006, and July 1, 2006, through June 30, 2007.

<sup>3</sup> As noted above, claims for two-years of the audit period from July 1, 2005, through June 30, 2006, and July 1, 2006, through June 30, 2007, were subject to the 2009 Parameters and Guidelines and yet 92.9% of the claims for those two years were allowed.



that the claims for these counties have been disallowed because the SCO declined to accept documentation that was once accepted, all without notice of a change in required documentation.

Further, the absence of any audits applying the 2009 Parameters and Guidelines since its adoption deprived the County, and other counties, with fair warning of the SCO's new interpretation of source documentation. After the adoption of the 2009 Parameters and Guidelines, the SCO engaged in no known audits of CAR programs until 2022. During that lengthy period, counties continued with their existing – and once accepted – documentation practices unaware of any change that could invalidate nearly the entirety of their claims.

What is absent in the Draft Report is any suggestion that reimbursable work was not actually performed. During the entire four-year audit period, the County's CAR program assigned an attorney, investigators and other staff who were fully dedicated to performing duties under the program. Timesheets were submitted and case files and other records were available as proof of reimbursable work. The source documents and other records submitted and rejected for the Draft Audit were similar in nature to the source documents and other records submitted and accepted for the 2009 audit, and they prove without any dispute that significant reimbursable work was performed. Nonetheless, the claims were disallowed based on a disputed interpretation of source documentation. The near total disallowance of costs to this County – and nearly every audited county – is contrary to the supporting documentation, completely unexpected and incomprehensible.

Fair notice was lacking.

**III. Good Cause matters should be reimbursable.**

One reason cited for disallowance of Salaries and Benefits is that Good Cause matters are not reimbursable. The County disagrees. Mandated activities include compliance with court orders relating to child custody or visitation as well as the use of appropriate civil or criminal action to secure compliance. A District Attorney's decision to take any action depends entirely on the lawful authority of a parent to take or hold a child. A taking parent who does so with good cause would have a defense against the enforcement of a court order and against any civil or criminal action. Good Cause matters are inextricably intertwined with mandated functions and inherent in any initial review of facts. The SCO's conclusion that Good Cause matters are not reimbursable is incorrect.

**IV. Future Compliance with Parameters and Guidelines.**

The County has adopted new procedures to ensure compliance with our new understanding of the 2009 Parameters and Guidelines. Daily and weekly timesheets are now used to record each activity performed, the case or child to which it relates, time spent per activity, and classification of work that distinguishes between the various mandated functions. Additionally,

timesheets are required to be signed and approved weekly. These changes were put into effect in 2024, following the SCO's un-noticed shift in interpretation.


**V. Conclusion**

We urge the SCO to reconsider its findings. The 2009 Parameters and Guidelines did not enact any meaningful change to the source documentation requirement. And yet, the SCO's interpretation has caused widespread confusion and surprise resulting in near total disallowances of claims for nearly every audited county for mandated work that was actually performed. At a minimum, the SCO's interpretation of the 2009 Parameters and Guidelines was not communicated to the counties.

The Child Custody – Child Abduction and Recovery Program has a laudable purpose. It mandates the District Attorneys' participation with the promise of reimbursement. The County, and other counties, have diligently performed mandated work in good faith, assisted in reuniting children with their lawful custodians, and enforced court orders. The County has met its obligation and asks merely to be reimbursed as was promised.

Respectfully submitted,

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