

SAN JOAQUIN 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, 2017, through June 30, 2020



MALIA M. COHEN
California State Controller

May 2023



MALIA M. COHEN
California State Controller

May 2, 2023

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Jeffery Woltkamp, CPA, Auditor-Controller
San Joaquin County
44 North San Joaquin Street
Fifth Floor, Suite 550
Stockton, CA 95202

Dear Mr. Woltkamp:

The State Controller's Office audited the costs claimed by San Joaquin County for the legislatively mandated Custody of Minors – Child Abduction and Recovery Program for the period of July 1, 2017, through June 30, 2020.

The county claimed and was paid \$2,061,920 for costs of the mandated program. Our audit found that \$28,122 is allowable and \$2,033,798 is unallowable. The costs are unallowable primarily because the county did not provide contemporaneous supporting documentation. In addition, the county claimed costs that are indirect and, therefore, cannot be claimed as direct costs of the program; claimed costs that were not directly related to the mandated program; claimed some costs more than once; and claimed costs that were not supported with documentation.

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/ac

cc: Tod Hill, Assistant Auditor-Controller
San Joaquin County
Belle Silva, Management Services Administrator
San Joaquin County District Attorney's Office
Chris Hill, Principal Program Budget Analyst
Local Government Unit
California Department of Finance
Ted Doan, Finance Budget Analyst
Local Government Unit
California Department of Finance
Darryl Mar, Manager
Local Reimbursement Section
State Controller's Office
Everett Luc, Supervisor
Local Reimbursement Section
State Controller's Office

Contents

Audit Report

Summary	1
Background	1
Audit Authority.....	2
Objective, Scope, and Methodology	2
Conclusion	3
Follow-up on Prior Audit Findings.....	3
Views of Responsible Officials.....	3
Restricted Use	4
Schedule—Summary of Program Costs	5
Findings and Recommendations.....	7

Audit Report

Summary

The State Controller’s Office (SCO) audited the costs claimed by San Joaquin County for the legislatively mandated Custody of Minors – Child Abduction and Recovery (CAR) Program for the period of July 1, 2017, through June 30, 2020.

The county claimed and was paid \$2,061,920 for costs of the mandated program. Our audit found that \$28,122 is allowable and \$2,033,798 is unallowable. The costs are unallowable primarily because the county did not provide contemporaneous supporting documentation. In addition, the county claimed costs that are indirect and, therefore, cannot be claimed as direct costs of the program; claimed costs that are not directly related to the mandated program; claimed some costs more than once; and claimed costs that were not supported with documentation.

Background

Chapter 1399, Statutes of 1976, established the 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 decrees, 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) 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 on State Mandates 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 audit 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 costs claimed represent increased costs resulting from the legislatively mandated CAR 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.

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, 2017, through June 30, 2020.

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, contract services, and indirect costs. We determined whether there were any errors or unusual or unexpected variances from year to year. We reviewed the activities claimed 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 payroll records for claimed employees. We noted various issues with the time records 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 claimed costs that were identified as indirect costs in the DA's Office Indirect Cost Rate Proposal (ICRP), and claimed costs not directly related to the mandated program. We found that \$18,516 in materials and supplies costs was unallowable (see Finding 2).
- We reviewed claimed travel and training costs, and found that the county claimed costs that were identified as indirect costs in the DA's Office ICRP. In addition, we found that the county claimed costs that were not directly related to the mandated program; claimed some costs more than once; and claimed costs that were not supported with documentation. We found that \$84,843 in travel and training costs was unallowable (see Finding 3).

- We reviewed claimed contract services costs and found that the county claimed costs that were identified as indirect costs in the DA’s Office ICRP. We found that \$5,707 in contract services costs was unallowable (see Finding 4).
- We reviewed the offsetting revenues identified on the county’s reimbursement claims, and found that the county accurately accounted for the revenues it received for the mandated program in the form of court-ordered payments.

We did not audit the county’s financial statements.

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.

For the audit period, San Joaquin County claimed and was paid \$2,061,920 for costs of the legislatively mandated CAR Program. Our audit found that \$28,122 is allowable and \$2,033,798 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, 2001, through June 30, 2003, issued on May 27, 2006, with the exception of Finding 1 of this audit report.

Views of Responsible Officials

We issued a draft audit report on January 27, 2023. San Joaquin County’s representative responded by email on January 31, 2023, agreeing with the audit results.

Restricted Use

This audit report is solely for the information and use of San Joaquin 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.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

May 2, 2023

Schedule—
Summary of Program Costs
July 1, 2017, through June 30, 2020

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2017, through June 30, 2018</u>				
Direct Costs:				
Salaries and benefits	\$ 445,476	\$ -	\$ (445,476)	Finding 1
Materials and supplies	4,648	53	(4,595)	Finding 2
Travel and training	33,929	12,860	(21,069)	Finding 3
Total direct costs	484,053	12,913	(471,140)	
Indirect costs	60,772	-	(60,772)	Finding 1
Total direct and indirect costs	544,825	12,913	(531,912)	
Less offsetting revenues	(985)	(985)	-	
Total program costs	<u>\$ 543,840</u>	11,928	<u>\$ (531,912)</u>	
Less amount paid by the State ²		(543,840)		
Amount paid in excess of allowable costs claimed		<u>\$ (531,912)</u>		
<u>July 1, 2018, through June 30, 2019</u>				
Direct Costs:				
Salaries and benefits	\$ 597,300	\$ -	\$ (597,300)	Finding 1
Materials and supplies	7,401	363	(7,038)	Finding 2
Travel and training	43,926	12,192	(31,734)	Finding 3
Total direct costs	648,627	12,555	(636,072)	
Indirect costs	81,536	-	(81,536)	Finding 1
Total direct and indirect costs	730,163	12,555	(717,608)	
Less offsetting revenues	(970)	(970)	-	
Total program costs	<u>\$ 729,193</u>	11,585	<u>\$ (717,608)</u>	
Less amount paid by the State ²		(729,193)		
Amount paid in excess of allowable costs claimed		<u>\$ (717,608)</u>		
<u>July 1, 2019, through June 30, 2020</u>				
Direct Costs:				
Salaries and benefits	\$ 636,297	\$ -	\$ (636,297)	Finding 1
Materials and supplies	7,887	1,004	(6,883)	Finding 2
Travel and training	40,057	8,017	(32,040)	Finding 3
Contract services	5,707	-	(5,707)	Finding 4
Total direct costs	689,948	9,021	(680,927)	
Indirect costs	103,351	-	(103,351)	Finding 1
Total direct and indirect costs	793,299	9,021	(784,278)	
Less offsetting revenues	(4,412)	(4,412)	-	
Total program costs	<u>\$ 788,887</u>	4,609	<u>\$ (784,278)</u>	
Less amount paid by the State ²		(788,887)		
Amount paid in excess of allowable costs claimed		<u>\$ (784,278)</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2017, through June 30, 2020</u>				
Direct Costs:				
Salaries and benefits	\$ 1,679,073	\$ -	\$ (1,679,073)	Finding 1
Materials and supplies	19,936	1,420	(18,516)	Finding 2
Travel and training	117,912	33,069	(84,843)	Finding 3
Contract services	5,707	-	(5,707)	Finding 4
Total direct costs	1,822,628	34,489	(1,788,139)	
Indirect costs	245,659	-	(245,659)	Finding 1
Total direct and indirect costs	2,068,287	34,489	(2,033,798)	
Less offsetting revenues	(6,367)	(6,367)	-	
Total program costs	<u>\$ 2,061,920</u>	28,122	<u>\$ (2,033,798)</u>	
Less amount paid by the State ²		(2,061,920)		
Amount paid in excess of allowable costs claimed		<u>\$ (2,033,798)</u>		

¹ See the Findings and Recommendations section.

² Payment amount current as of November 8, 2022.

Findings and Recommendations

FINDING 1— Unsupported salaries, benefits, and related indirect costs

The county claimed \$1,679,073 in salaries and benefits for the audit period. We determined that the entire amount is unallowable. The related unallowable indirect costs total \$245,659, for total unallowable costs of \$1,924,732. The costs are unallowable because the county did not provide contemporaneous supporting documentation, did not provide time records showing the actual number of hours devoted to each mandated function, and claimed time for activities performed on “good cause” cases.

The following table summarizes the unallowable salaries, benefits, and related indirect costs claimed by the DA’s Office, and the audit adjustment by fiscal year:

Cost Element	2017-18	2018-19	2019-20	Total
Compliance with Court Orders				
Unallowable salaries	\$ (229,286)	\$ (312,726)	\$ (327,059)	\$ (869,071)
Unallowable benefits	(184,090)	(261,718)	(309,238)	(755,046)
Court Costs for Out of Jurisdiction Cases				
Unallowable salaries	(18,661)	(12,119)	-	(30,780)
Unallowable benefits	(13,439)	(10,737)	-	(24,176)
Total unallowable salaries	A (247,947)	(324,845)	(327,059)	(899,851)
Total unallowable benefits	B (197,529)	(272,455)	(309,238)	(779,222)
Claimed indirect cost rate*	C 24.51%	25.10%	31.60%	
Related indirect costs [A × C]	D (60,772)	(81,536)	(103,351)	(245,659)
Audit adjustment [A + B + D]	<u>\$ (506,248)</u>	<u>\$ (678,836)</u>	<u>\$ (739,648)</u>	<u>\$ (1,924,732)</u>

*The indirect cost base includes only salaries.

DA’s Office employees track their time daily by entering it on a timesheet. The timesheets are submitted biweekly and are approved by a supervisor. The county uses the information in the biweekly timesheets, together with the payroll department’s Employee Benefits Report, to create a monthly “Child Abduction Time Details” spreadsheet. The timesheets show how many total hours employees work per day within a two-week time period. The timesheets also show hours of overtime, compensatory time, and various types of paid time off.

The timesheets use the following categories:

- Local or Outside Jurisdiction SB90
- CAT – Child Abduction Team
- DA
- Real Estate
- Other/Mainline
- Admin

Time recorded as “Local,” “Outside Jurisdiction SB90,” and “CAT” reflects time spent on the CAR Program. Other recorded time reflects time spent on other activities within the DA’s Office. The timesheets do not describe the mandated functions performed or specify the number of hours

devoted to each function. We noted that most of the claimed employees charged 100% of their time to the CAR Program. These positions include District Attorney Investigators, Investigative Assistants, and Office Assistants. Other employees, including the Deputy DA and Office Assistants, charge only a small amount of their time to the program.

The county uses the hours recorded on the timesheets to determine what percentage of an employee's time is spent on the CAR Program. To calculate claimed costs, the county applies this "percent to bill" percentage to an employee's salaries and benefits. The county performs these calculations on a monthly basis to create the "Child Abduction Time Details" spreadsheet. The county uses the monthly spreadsheets to calculate yearly totals, which are then transferred to the mandated cost claims. During the course of the audit, we confirmed with DA's Office staff members that they do not track their time in any manner other than the biweekly timesheets.

We also reviewed the county's list of child abduction cases by fiscal year. We noted that many of the cases were "good cause" cases. Furthermore, during a meeting with DA's Office staff, we confirmed that all staff members within the DA's Office work on cases under PC section 278.7 (commonly referred to as "good cause" cases) to some extent. Time spent on activities related to "good cause" cases is unallowable because the parameters and guidelines do not identify such cases as reimbursable costs.

Based on the documentation provided, we were unable to determine the mandated functions performed, the actual number of hours devoted to each function, or the validity of the claimed costs. Without descriptions of the mandated functions performed, we were unable to determine whether the county claimed unallowable costs associated with criminal prosecution, commencing with the defendant's first appearance in a California court; or claimed costs associated with other unallowable activities, including "good cause" cases.

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.

Section VII.A.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.

Recommendation

We recommend that the county:

- Follow the SCO’s *Mandated Cost Manual* and the mandated program’s parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs are supported by source documentation.

County’s Response

The county agreed with the audit finding and recommendation.

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

The county claimed a total of \$19,936 in materials and supplies costs for the audit period. We determined that \$1,420 is allowable and \$18,516 is unallowable. The costs are unallowable because they are indirect and, therefore, cannot be claimed as direct costs of the program; in addition, one miscellaneous cost was not related to the program or a specific case.

The following table shows the materials and supplies costs claimed by the DA’s Office, 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>
2017-18	\$ 4,648	\$ 53	\$ (4,595)
2018-19	7,401	363	(7,038)
2019-20	7,887	1,004	(6,883)
Total	<u>\$ 19,936</u>	<u>\$ 1,420</u>	<u>\$ (18,516)</u>

The county claimed materials and supplies in two different categories: “Miscellaneous Supplies” and “Communications.”

Miscellaneous Supplies

For “Miscellaneous Supplies” the county claimed a variety of items, including, but not limited to, furniture, shipping costs, printers, insurance, data processing, and electronic devices. The allowable “Miscellaneous Supplies” costs are those for items directly related to the mandated program and/or directly tied to a case number. The unallowable “Miscellaneous Supplies” costs are included as indirect costs in the DA’s Office ICRP and, therefore, cannot also be claimed as direct costs. An additional expense, labeled “EAP Special Expense Miscellaneous Supplies” in FY 2019-20 is unallowable because, per the county, it is not directly related to a case or the mandated program.

Communications

“Communications” costs consisted of cellular phone charges. All of the claimed communications costs are unallowable because they are included as indirect costs in the DA’s Office ICRP and, therefore, cannot also be claimed as direct costs.

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.

Section VII.A., “Direct Costs,” states that “direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities or functions.”

Section VII.A.3., “Materials and Supplies,” requires that claimed materials and supplies costs be supported by the following cost element information:

Only expenditures which can be identified as a direct cost of the mandate such as, but not limited to, vehicles, office equipment, communication devices, memberships, subscriptions, publications may be claimed. List the cost of the materials and supplies consumed specifically for the purpose of this mandate.

Recommendation

We recommend that the county:

- Follow the SCO’s *Mandated Cost Manual* and the mandated program’s 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’s Response

The county agreed with the audit finding and recommendation.

FINDING 3— Overstated travel and training costs

The county claimed a total of \$117,912 in travel and training costs for the audit period. We determined that \$33,069 is allowable and \$84,843 is unallowable. The costs are unallowable because they are indirect and, therefore, cannot be claimed as direct costs. In addition, the costs are not directly related to the mandated program, some costs were claimed more than once, and other costs were not supported with documentation.

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

Fiscal Year	Amount Claimed	Total Allowable	Audit Adjustment
2017-18	\$ 33,929	\$ 12,860	(21,069)
2018-19	43,926	12,192	(31,734)
2019-20	40,057	8,017	(32,040)
Total	<u>\$ 117,912</u>	<u>\$ 33,069</u>	<u>\$ (84,843)</u>

The county claimed travel and training costs in two different categories: “Travel & Training” and “Motorpool.” “Travel & Training” costs were claimed under both the Compliance with Court Orders and Return of Child to Custodian cost components, while “Motorpool” costs were claimed under the Compliance with Court Orders cost component.

Travel & Training

For “Travel & Training” the county claimed a variety of items, including, but not limited to, travel expenses for child-abduction case investigations and retrieval of children (airplane flights, lodging, food, rental cars, parking, etc.), special department expenses, and various types of professional training. Allowable costs for travel and training include items that are directly related to the mandated program and/or directly tied to a case number. The county’s unallowable costs for travel and training include training that was not mandate-related, one training session that was claimed more than once, and a “special department expense” without accompanying supporting documentation.

Motorpool

“Motorpool” costs consisted of monthly charges to the Child Abduction Unit for Fleet Services vehicles used by the DA’s Office investigators in their daily duties. All of the claimed motorpool costs are unallowable because they are included as indirect costs in the DA’s Office ICRP for each fiscal year of the audit period.

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.

Section VII.A., “Direct Costs,” states that “direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities or functions.”

Section VII.A.4., “Travel,” requires that claimed travel costs be supported by the following cost element information:

Travel expenses for mileage, per diem, lodging, and other employee entitlement are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of the travelers(s), purpose of travel, inclusive dates and times of travel, destination points, and travel costs.

Section VII.A.5., “Training,” requires that claimed training costs be supported by the following cost element information:

The cost of training an employee to perform the mandated activities is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the date(s) attended, and the location. Reimbursable costs may include salaries and benefits, registration fees, transportation, lodging, and per diem. Ongoing training is essential to the performance of this mandate because of frequent turnover in staff, rapidly changing technology, and developments in case law, statutes, and procedures. Reimbursable training under this section includes child abduction training scheduled during the California Family Support Council’s conferences, the annual advanced child abduction training sponsored by the California District Attorney Association, and all other professional training.

Recommendation

We recommend that the county:

- Follow the SCO’s *Mandated Cost Manual* and the mandated program’s 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’s Response

The county agreed with the audit finding and recommendation.

**FINDING 4—
Unallowable contract
services costs**

The county claimed a total of \$5,707 in contract services costs for FY 2019-20. We determined that the entire amount is unallowable. The costs are unallowable because they are indirect costs and, therefore, cannot be claimed as direct costs of the program.

The following table summarizes the contract services costs:

Cost Element	Amount Claimed
Communications	\$ 2,490
Workers’ compensation insurance	2,562
Casualty insurance	655
Total	<u>\$ 5,707</u>

The county claimed contract services costs in two different categories: “Communications” and “Insurance.” “Communications” consisted of monthly cellular phone charges, and “Insurance” consisted of workers’ compensation and casualty insurance costs. All of the claimed contract services costs are unallowable because they are included as indirect costs in the DA’s Office FY 2019-20 ICRP.

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.

Section VII.A., “Direct Costs,” states that “direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities or functions.”

Section VII.A.2., “Contracted Services,” requires that claimed contract services costs be supported by the following cost element information:

Provide copies of the contract, separately show the contract services performed relative to the mandate, and the itemized costs for such services. Invoices must be submitted as supporting documentation with the claim.

Recommendation

We recommend that the county:

- Follow the SCO’s *Mandated Cost Manual* and the mandated program’s 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’s Response

The county agreed with the audit finding and recommendation.

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250**

www.sco.ca.gov