

SAN BERNARDINO COUNTY

Audit Report

INTERAGENCY CHILD ABUSE AND NEGLECT INVESTIGATION REPORTS PROGRAM

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

July 1, 1999, through June 30, 2015



BETTY T. YEE
California State Controller

June 2022



BETTY T. YEE
California State Controller

June 15, 2022

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Ensen Mason, CPA, CFA
Auditor-Controller/Treasurer/Tax Collector
San Bernardino County
222 West Hospitality Lane
San Bernardino, CA 92415

Dear Mr. Mason:

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

The county claimed \$3,089,647 for the costs of the mandated program. Our audit found that \$184,800 is allowable (\$204,572 less a \$19,772 penalty for filing late claims) and \$2,904,847 is unallowable because the county claimed unsupported and ineligible costs, overstated claimed costs because it did not offset costs that were funded by other sources, misstated the number of cases claimed for each cost component, overstated the productive hourly rates, and overstated the indirect cost rates and related indirect costs. The State made no payments to the county. The State will pay \$184,800, contingent upon available appropriations.

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

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

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/lis

cc: Vanessa Doyle, Chief Deputy Controller
Auditor-Controller/Treasurer/Tax Collector's Office
San Bernardino County
Jai Prasad, Supervising Accountant III
Auditor-Controller/Treasurer/Tax Collector's Office
San Bernardino County
The Honorable Curt Hagman, Chairman
San Bernardino County Board of Supervisors
Kelly Welty, Chief Deputy Director
Bureau of Administration
San Bernardino County Sheriff's Department
Vicki Dela Cruz, Financial Manager
San Bernardino County Sheriff's Department
Chris Hill, Principal Program Budget Analyst
Local Government Unit
California Department of Finance
Steven Pavlov, Finance Budget Analyst
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Audit Report

Summary

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

The county claimed \$3,089,647 for the costs of the mandated program. Our audit found that \$184,800 is allowable (\$204,572 less a \$19,772 penalty for filing late claims) and \$2,904,847 is unallowable because the county claimed unsupported and ineligible costs, overstated claimed costs because it did not offset costs that were funded by other sources, misstated the number of cases claimed for each cost component, overstated the productive hourly rates, and overstated the indirect cost rates and related indirect costs. The State made no payments to the county. The State will pay \$184,800, contingent upon available appropriations.

Background

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

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

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

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

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

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

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

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

The Commission outlined the following ongoing reimbursable activities:

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

- Retaining records; and
- Complying with due process procedures offered to persons listed in the CACI.

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

Audit Authority

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

Objective, Scope, and Methodology

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

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

To achieve our objective, we performed the following procedures:

- We reviewed the annual mandated cost claims filed by the county for the audit period and identified the significant cost components of each claim as salaries, benefits, and indirect costs. We determined whether there were any errors or unusual or unexpected variances from year to year, and we reviewed the claimed activities to determine whether they adhered to the SCO's claiming instructions and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key county staff members. We discussed the claim preparation process with county staff members to determine what information was obtained, who obtained it, and how it was used.
- We accessed the reliability of data generated by the county's information management system (payroll and expenditure reports) and the Law Enforcement Intelligence Network Center (LEINC) by interviewing county staff members and examining supporting records. We determined that the data was sufficiently reliable to address the audit objectives.

² Unreasonable and/or excessive costs include ineligible costs that are not identified in the program's parameters and guidelines as a reimbursable cost.

- We interviewed county staff members to determine what employee classifications were involved in performing the reimbursable activities during the audit period.
- We assessed whether the average time increments claimed for each fiscal year in the audit period to perform the reimbursable activities were reasonable per the requirements of the program.
- We interviewed county staff members and found that they do not distribute Form SS 8572 to mandated reporters. We determined that the costs claimed for the Distributing the Suspected Child Abuse Report Form cost component are ineligible for reimbursement (see Finding 1).
- We reviewed and analyzed the detailed Crimes Against Children (CAC) case listing reports generated by the LEINC and provided by the county to determine the total eligible number of cases for the Cross-reporting from Law Enforcement to County Welfare and the District Attorney's Office cost component. We identified and excluded non-mandate-related cases and cases that were ineligible for reimbursement. We judgmentally selected a non-statistical sample of 200 cases for testing to determine the allowable number of cases cross-reported. Based on our review, we found that 187 (all 50 in fiscal year [FY] 2003-04; 49 out of 50 in FY 2006-07; 49 of 50 in FY 2008-09; and 39 out of 50 in FY 2014-15) out of 200 cases were eligible.

Based on our testing results, we found that the county cross-reported 59 (16 out of 50 in FY 2003-04; eight out of 49 in FY 2006-07; 22 out of 49 in FY 2008-09; and 13 out of 39 in FY 2014-15) out of 187 cases. Consistent with the American Institute of Certified Public Accountants' (AICPA's) Clarified Statement on Auditing Standards (AU-C) section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 31.6% to the total number of eligible cases to determine the total allowable number of cases that were cross-reported during the audit period. We recalculated the costs based on the allowable number of cases (see Finding 2).

- We reviewed and analyzed the detailed CAC case listing reports generated by the LEINC and provided by the county to determine the total eligible number of cases for the Reporting to Licensing Agencies cost component. We identified and excluded non-mandate-related cases and cases that were ineligible for reimbursement. We relied upon the results of our review of the 200 cases that were judgmentally selected as a non-statistical sample. Based on our review, we found that 187 out of 200 cases were eligible.

Based on our testing results, we found that one out of the 187 cases were reported to a licensing agency. Consistent with the AICPA's AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 0.5% to the total number of eligible cases to determine the total allowable number of cases that were reported to licensing agencies during the audit period. We recalculated the costs based on the allowable number of cases (see Finding 3).

- We reviewed and analyzed the detailed CAC case listing reports generated by the LEINC and provided by the county to determine the total eligible number of cases for the Complete an Investigation for Purposes of Preparing the Report cost component. We identified and excluded non-mandate-related cases and cases that were ineligible for reimbursement. We judgmentally selected a non-statistical sample of 150 cases for testing purposes to determine the allowable number of cases investigated. Based on our review, we found that 148 (all 50 in FY 2003-04; 49 out of 50 in FY 2006-07; and 49 out of 50 in FY 2008-09) out of the 150 cases were eligible.

Based on our testing results, we found that the county investigated 31 (13 out of 50 in FY 2003-04; 11 out of 50 in FY 2006-07; and seven out of 49 in FY 2008-09) out of 148 cases. Consistent with the AICPA's AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 20.9% to the total number of eligible cases to determine the total allowable number of cases that were investigated during the audit period. We recalculated the costs based on the allowable number of cases (see Finding 4).

- We reviewed and analyzed the detailed CAC case listing reports generated by the LEINC and provided by the county to determine the total eligible number of cases for the Forward Reports to the Department of Justice cost component. We identified and excluded non-mandate-related cases and cases that were ineligible for reimbursement. We relied upon the results of our review of the 150 cases that were judgmentally selected as a non-statistical sample. Based on our review, we found that 148 out of 150 cases were eligible.

Based on our testing results, we found that a Form SS 8583 was prepared and submitted to the DOJ for 32 (14 out of 50 in FY 2003-04; six out of 49 in FY 2006-07; 12 out of 49 in FY 2008-09) out of 148 cases. Consistent with the AICPA's AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 21.6% to the total number of eligible cases to determine the total allowable number of cases for which the county prepared and submitted a Form SS 8583 to the DOJ during the audit period. We recalculated the costs based on the allowable number of cases (see Finding 5).

- We reviewed and analyzed the detailed CAC case listing reports generated by the LEINC and provided by the county to determine the total eligible number of cases for the Notifications Following Reports to the Child Abuse Central Index cost component. We identified and excluded non-mandate-related cases and cases that were ineligible for reimbursement. We relied upon the results of our review of the 150 cases that were judgmentally selected as a non-statistical sample. Based on our review, we found that 148 out of 150 cases were eligible.

Based on our testing results, we determined that CACI notifications were sent for 20 (eight out of 50 in FY 2003-04; seven out of 49 in FY 2006-07; and five out of 49 in FY 2008-09) out of 148 cases, or a weighted average of 13.5%; relevant information was made available, when received by the DOJ, to the child custodian, guardian, or

appointed counsel for one out of 148 eligible cases, or a weighted average of 0.7%; and a mandated reporter was informed of the investigation results and any action taken with regard to the child or family upon completion of the investigation for six out of 148 eligible cases, or a weighted average of 4.1%. Consistent with the AICPA's AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted averages to the eligible number of cases for each of the activities performed during the audit period. We recalculated the costs based on the allowable number of cases (see Finding 6).

- We traced productive hourly rate calculations for all employee classifications performing the mandated activities to supporting information in the county's financial accounting and payroll system (see Findings 2 through 4, 6, and 7).
- We verified the indirect costs claimed by the county for the audit period. We recalculated the indirect costs based on the audit adjustments made to the claimed salaries and benefits for each cost component and the indirect cost rate adjustments for FY 2001-02 through FY 2004-05 (see Findings 1 through 6, and 8).
- We reviewed and analyzed the detailed CAC case listing reports generated by the LEINC and provided by the county to determine the total eligible number of cases for the audit period. We found that the county claimed cases for both contract cities and unincorporated areas of the county. The county received fees for law enforcement services from its contract cities, but did not report offsetting reimbursements for the contract city cases in its mandated cost claims. We determined that the contract city cases are ineligible for reimbursement, because the county had already been compensated by contract fees. We recalculated the costs based on the allowable number of cases for each of the activities performed during the audit period. Therefore, we found that the county overstated these claimed costs because it did not offset costs that were funded by other sources (see Findings 2 through 6, and 8).

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 found that the county claimed unsupported and ineligible costs, and overstated claimed costs because it did not offset costs that were funded by other sources, as quantified in the Schedule and described in the Findings and Recommendations section of this audit report.

For the audit period, San Bernardino County claimed \$3,089,647 for costs of the legislatively mandated ICAN Investigation Reports Program. Our audit found that \$184,800 is allowable (\$204,572 less a \$19,772 penalty for filing late claims) and \$2,904,847 is unallowable. The State made no payments to the county. The State will pay \$184,800, contingent upon available appropriations.

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

**Follow-up on
Prior Audit
Findings**

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

**Views of
Responsible
Officials**

We issued a draft audit report on March 28, 2022. Kelly Welty, Chief Deputy Director, Sheriff's Bureau of Administration, responded by letter dated April 7, 2022. The county's response is included as an attachment.

Restricted Use

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

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

June 15, 2022

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

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 3,075	\$ -	\$ (3,075)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney’s Office	8,733	1,660	(7,073)	Findings 2, 7, 8
Reporting to Licensing Agencies	11,853	42	(11,811)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	47,751	5,670	(42,081)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	337	337	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	12,303	588	(11,715)	Findings 6, 7, 8
Total direct costs	83,715	8,297	(75,418)	
Indirect costs	56,365	5,587	(50,778)	Findings 1-6, 8
Total direct and indirect costs	140,080	13,884	(126,196)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	140,080	13,884	(126,196)	
Less late filing penalty ³	-	(1,388)	(1,388)	
Total program costs	<u>\$ 140,080</u>	12,496	<u>\$ (127,584)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 12,496</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 3,177	\$ -	\$ (3,177)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney’s Office	9,038	1,590	(7,448)	Findings 2, 7, 8
Reporting to Licensing Agencies	12,216	29	(12,187)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	49,398	5,456	(43,942)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	324	324	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	12,709	566	(12,143)	Findings 6, 7, 8
Total direct costs	86,538	7,965	(78,573)	
Indirect costs	47,535	4,375	(43,160)	Findings 1-6, 8
Total direct and indirect costs	134,073	12,340	(121,733)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	134,073	12,340	(121,733)	
Less late filing penalty ³	-	(1,234)	(1,234)	
Total program costs	<u>\$ 134,073</u>	11,106	<u>\$ (122,967)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 11,106</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form Reporting between local departments	\$ 3,326	\$ -	\$ (3,326)	Findings 1 and 8
Cross-reporting from Law Enforcement to County Welfare and the District Attorney's Office	9,481	1,757	(7,724)	Findings 2, 7, 8
Reporting to Licensing Agencies	12,856	31	(12,825)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of Preparing the Report	51,884	6,002	(45,882)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	356	356	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	13,306	621	(12,685)	Findings 6, 7, 8
Total direct costs	90,853	8,767	(82,086)	
Indirect costs	53,758	4,133	(49,625)	Findings 1-6, 8
Total direct and indirect costs	144,611	12,900	(131,711)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	144,611	12,900	(131,711)	
Less late filing penalty ³	-	(1,290)	(1,290)	
Total program costs	<u>\$ 144,611</u>	11,610	<u>\$ (133,001)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 11,610</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form Reporting between local departments	\$ 3,373	\$ -	\$ (3,373)	Findings 1 and 8
Cross-reporting from Law Enforcement to County Welfare and the District Attorney's Office	9,686	1,639	(8,047)	Findings 2, 7, 8
Reporting to Licensing Agencies	13,059	31	(13,028)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of Preparing the Report	52,282	5,522	(46,760)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	337	337	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	13,494	575	(12,919)	Findings 6, 7, 8
Total direct costs	91,894	8,104	(83,790)	
Indirect costs	65,695	4,795	(60,900)	Findings 1-6, 8
Total direct and indirect costs	157,589	12,899	(144,690)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	157,589	12,899	(144,690)	
Less late filing penalty ³	-	(1,290)	(1,290)	
Total program costs	<u>\$ 157,589</u>	11,609	<u>\$ (145,980)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 11,609</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 3,059	\$ -	\$ (3,059)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney's Office	8,880	1,385	(7,495)	Findings 2, 7, 8
Reporting to Licensing Agencies	11,939	34	(11,905)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	47,660	4,619	(43,041)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	296	296	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	12,236	482	(11,754)	Findings 6, 7, 8
Total direct costs	83,774	6,816	(76,958)	
Indirect costs	51,470	3,384	(48,086)	Findings 1-6, 8
Total direct and indirect costs	135,244	10,200	(125,044)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	135,244	10,200	(125,044)	
Less late filing penalty ³	-	(1,020)	(1,020)	
Total program costs	<u>\$ 135,244</u>	9,180	<u>\$ (126,064)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 9,180</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 3,392	\$ -	\$ (3,392)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney's Office	9,660	1,602	(8,058)	Findings 2, 7, 8
Reporting to Licensing Agencies	13,112	37	(13,075)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	52,415	5,403	(47,012)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	328	328	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	13,565	567	(12,998)	Findings 6, 7, 8
Total direct costs	92,144	7,937	(84,207)	
Indirect costs	56,613	3,941	(52,672)	Findings 1-6, 8
Total direct and indirect costs	148,757	11,878	(136,879)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	148,757	11,878	(136,879)	
Less late filing penalty ³	-	(1,188)	(1,188)	
Total program costs	<u>\$ 148,757</u>	10,690	<u>\$ (138,067)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 10,690</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 7,210	\$ -	\$ (7,210)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney's Office	20,664	2,449	(18,215)	Findings 2, 7, 8
Reporting to Licensing Agencies	27,874	60	(27,814)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	112,236	8,295	(103,941)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	507	507	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	28,838	865	(27,973)	Findings 6, 7, 8
Total direct costs	196,822	12,176	(184,646)	
Indirect costs	92,978	5,753	(87,225)	Findings 1-6, 8
Total direct and indirect costs	289,800	17,929	(271,871)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	289,800	17,929	(271,871)	
Less late filing penalty ³	-	(1,793)	(1,793)	
Total program costs	<u>\$ 289,800</u>	16,136	<u>\$ (273,664)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 16,136</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 7,225	\$ -	\$ (7,225)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney's Office	20,836	2,635	(18,201)	Findings 2, 7, 8
Reporting to Licensing Agencies	28,125	62	(28,063)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	113,313	8,889	(104,424)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	551	551	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	28,896	913	(27,983)	Findings 6, 7, 8
Total direct costs	198,395	13,050	(185,345)	
Indirect costs	87,948	5,784	(82,164)	Findings 1-6, 8
Total direct and indirect costs	286,343	18,834	(267,509)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	286,343	18,834	(267,509)	
Less late filing penalty ³	-	(1,883)	(1,883)	
Total program costs	<u>\$ 286,343</u>	16,951	<u>\$ (269,392)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 16,951</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2007, through June 30, 2008</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 6,933	\$ -	\$ (6,933)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney’s Office	19,945	2,333	(17,612)	Findings 2, 7, 8
Reporting to Licensing Agencies	26,879	43	(26,836)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	108,266	7,953	(100,313)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	487	487	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	27,735	822	(26,913)	Findings 6, 7, 8
Total direct costs	189,758	11,638	(178,120)	
Indirect costs	103,475	6,346	(97,129)	Findings 1-6, 8
Total direct and indirect costs	293,233	17,984	(275,249)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	293,233	17,984	(275,249)	
Less late filing penalty ³	-	(1,798)	(1,798)	
Total program costs	<u>\$ 293,233</u>	16,186	<u>\$ (277,047)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 16,186</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 6,952	\$ -	\$ (6,952)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney’s Office	20,223	2,307	(17,916)	Findings 2, 7, 8
Reporting to Licensing Agencies	27,243	44	(27,199)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	109,222	7,895	(101,327)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	496	496	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	27,810	793	(27,017)	Findings 6, 7, 8
Total direct costs	191,450	11,535	(179,915)	
Indirect costs	91,092	5,488	(85,604)	Findings 1-6, 8
Total direct and indirect costs	282,542	17,023	(265,519)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	282,542	17,023	(265,519)	
Less late filing penalty ³	-	(1,702)	(1,702)	
Total program costs	<u>\$ 282,542</u>	15,321	<u>\$ (267,221)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 15,321</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2009, through June 30, 2010</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 6,409	\$ -	\$ (6,409)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney’s Office	18,884	1,938	(16,946)	Findings 2, 7, 8
Reporting to Licensing Agencies	25,293	45	(25,248)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	100,375	6,378	(93,997)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	426	426	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	25,635	663	(24,972)	Findings 6, 7, 8
Total direct costs	176,596	9,450	(167,146)	
Indirect costs	80,686	4,318	(76,368)	Findings 1-6, 8
Total direct and indirect costs	257,282	13,768	(243,514)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	257,282	13,768	(243,514)	
Less late filing penalty ³	-	(1,377)	(1,377)	
Total program costs	<u>\$ 257,282</u>	12,391	<u>\$ (244,891)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 12,391</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 8,371	\$ -	\$ (8,371)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney’s Office	24,093	2,366	(21,727)	Findings 2, 7, 8
Reporting to Licensing Agencies	32,539	48	(32,491)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	130,792	7,971	(122,821)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	492	492	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	33,484	822	(32,662)	Findings 6, 7, 8
Total direct costs	229,279	11,699	(217,580)	
Indirect costs	105,698	5,394	(100,304)	Findings 1-6, 8
Total direct and indirect costs	334,977	17,093	(317,884)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	334,977	17,093	(317,884)	
Less late filing penalty ³	-	(1,709)	(1,709)	
Total program costs	<u>\$ 334,977</u>	15,384	<u>\$ (319,593)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 15,384</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2011, through June 30, 2012</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 8,944	\$ -	\$ (8,944)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney's Office	21,512	2,509	(19,003)	Findings 2, 7, 8
Reporting to Licensing Agencies	30,372	53	(30,319)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	65,837	8,543	(57,294)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	505	505	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	17,224	898	(16,326)	Findings 6, 7, 8
Total direct costs	143,889	12,508	(131,381)	
Indirect costs	61,397	5,337	(56,060)	Findings 1-6, 8
Total direct and indirect costs	205,286	17,845	(187,441)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2-6, 8
Subtotal	205,286	17,845	(187,441)	
Less late filing penalty ³	-	(1,785)	(1,785)	
Total program costs	<u>\$ 205,286</u>	16,060	<u>\$ (189,226)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 16,060</u>		
<u>July 1, 2012, through June 30, 2013</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 9,615	\$ -	\$ (9,615)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney's Office	19,230	2,155	(17,075)	Findings 2, 7, 8
Reporting to Licensing Agencies	28,765	61	(28,704)	Findings 3, 7, 8
Total direct costs	57,610	2,216	(55,394)	
Indirect costs	24,208	932	(23,276)	Findings 1-3, 8
Total direct and indirect costs	81,818	3,148	(78,670)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2, 3, 8
Subtotal	81,818	3,148	(78,670)	
Less late filing penalty ³	-	(315)	(315)	
Total program costs	<u>\$ 81,818</u>	2,833	<u>\$ (78,985)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 2,833</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2013, through June 30, 2014</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 8,306	\$ -	\$ (8,306)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney’s Office	24,918	2,251	(22,667)	Findings 2, 7, 8
Reporting to Licensing Agencies	33,223	58	(33,165)	Findings 3, 7, 8
Total direct costs	66,447	2,309	(64,138)	
Indirect costs	29,396	1,022	(28,374)	Findings 1-3, 8
Total direct and indirect costs	95,843	3,331	(92,512)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2, 3, 8
Total program costs	<u>\$ 95,843</u>	3,331	<u>\$ (92,512)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 3,331</u>		
 <u>July 1, 2014, through June 30, 2015</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 8,376	\$ -	\$ (8,376)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney’s Office	25,128	2,248	(22,880)	Findings 2, 7, 8
Reporting to Licensing Agencies	33,505	58	(33,447)	Findings 3, 7, 8
Total direct costs	67,009	2,306	(64,703)	
Indirect costs	35,160	1,210	(33,950)	Findings 1-3, 8
Total direct and indirect costs	102,169	3,516	(98,653)	
Less offsetting revenues and reimbursements ²	-	-	-	Findings 2, 3, 8
Total program costs	<u>\$ 102,169</u>	3,516	<u>\$ (98,653)</u>	
Less amount paid by the State ⁴		-		
Allowable costs claimed in excess of amount paid		<u>\$ 3,516</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 1999, through June 30, 2015</u>				
Direct costs – salaries and benefits:				
Distributing the Suspected Child Abuse Report Form	\$ 97,743	\$ -	\$ (97,743)	Findings 1 and 8
Reporting between local departments				
Cross-reporting from Law Enforcement				
to County Welfare and the District Attorney’s Office	270,911	32,824	(238,087)	Findings 2, 7, 8
Reporting to Licensing Agencies	368,853	736	(368,117)	Findings 3, 7, 8
Reporting to DOJ				
Complete an Investigation for Purposes of				
Preparing the Report	1,041,431	88,596	(952,835)	Findings 4, 7, 8
Forward Reports to the Department of Justice	-	5,442	5,442	Findings 5 and 8
Notifications Following Reports to the Child Abuse Central Index	<u>267,235</u>	<u>9,175</u>	<u>(258,060)</u>	Findings 6, 7, 8
Total direct costs	2,046,173	136,773	(1,909,400)	
Indirect costs	<u>1,043,474</u>	<u>67,799</u>	<u>(975,675)</u>	Findings 1-6, 8
Total direct and indirect costs	3,089,647	204,572	(2,885,075)	
Less offsetting revenues and reimbursements ²	<u>-</u>	<u>-</u>	<u>-</u>	Findings 2-6, 8
Subtotal	3,089,647	204,572	(2,885,075)	
Less late filing penalty ³	<u>-</u>	<u>(19,772)</u>	<u>(19,772)</u>	
Total program costs	<u>\$ 3,089,647</u>	184,800	<u>\$ (2,904,847)</u>	
Less amount paid by the State ⁴		<u>-</u>		
Allowable costs claimed in excess of amount paid		<u>\$ 184,800</u>		

¹ See the Findings and Recommendations section.

² The offsets relating to the contract city cases have been accounted for in the direct and indirect cost audit adjustments.

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

⁴ Payment amount current as of June 2, 2022.

Findings and Recommendations

FINDING 1— Unallowable salaries and benefits – Distributing the Suspected Child Abuse Report Form cost component

The county claimed \$97,743 in salaries and benefits for the Distributing the Suspected Child Abuse Report Form cost component during the audit period. We found that the entire amount is unallowable. In addition, unallowable related indirect costs total \$48,566, for a total finding of \$146,309.

The reimbursable activity for this cost component requires county sheriff's departments to distribute the Suspected Child Abuse Report (Form SS 8572) to mandated reporters that are designated by the county to receive mandated reports.

To calculate the claimed salaries and benefits, the county multiplied the average time increment (ATI) by the total number of cases identified in the CAC report, then multiplied the resulting hours by a productive hourly rate (PHR).

During audit fieldwork, we conducted interviews with San Bernardino County Sheriff's Department (SBCSD) staff members from the CAC Unit who were responsible for performing the mandated activities. Based on our interviews, we found that SBCSD staff members do not distribute the Form SS 8572 to mandated reporters. Therefore, the costs claimed for this cost component are ineligible for reimbursement. The county overstated these costs because it did not claim costs in accordance with the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the claimed, allowable, and adjusted costs for the Distributing the Suspected Child Abuse Report Form cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
1999-2000	\$ 3,075	\$ -	\$ (3,075)	\$ (2,069)	\$ (5,144)
2000-01	3,177	-	(3,177)	(1,745)	(4,922)
2001-02	3,326	-	(3,326)	(1,968)	(5,294)
2002-03	3,373	-	(3,373)	(2,411)	(5,784)
2003-04	3,059	-	(3,059)	(1,879)	(4,938)
2004-05	3,392	-	(3,392)	(2,084)	(5,476)
2005-06	7,210	-	(7,210)	(3,405)	(10,615)
2006-07	7,225	-	(7,225)	(3,202)	(10,427)
2007-08	6,933	-	(6,933)	(3,781)	(10,714)
2008-09	6,952	-	(6,952)	(3,308)	(10,260)
2009-10	6,409	-	(6,409)	(2,928)	(9,337)
2010-11	8,371	-	(8,371)	(3,860)	(12,231)
2011-12	8,944	-	(8,944)	(3,816)	(12,760)
2012-13	9,615	-	(9,615)	(4,040)	(13,655)
2013-14	8,306	-	(8,306)	(3,675)	(11,981)
2014-15	8,376	-	(8,376)	(4,395)	(12,771)
Total	<u>\$ 97,743</u>	<u>\$ -</u>	<u>\$ (97,743)</u>	<u>\$ (48,566)</u>	<u>\$ (146,309)</u>

Criteria

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

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

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

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

Section IV, subsection B.1, “Distributing the Suspected Child Abuse Report Form,” of the parameters and guidelines states, in part:

City and county police or sheriff’s departments...shall:

- a. Distribute the child abuse reporting form adopted by DOJ (currently known as the “Suspected Child Abuse Report” Form SS 8572) to mandated reporters.

Recommendation

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

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

County’s Response

The county concurs with the finding and recommendation.

**FINDING 2—
Unallowable salaries
and benefits –
Reporting between
Local Departments:
Cross-reporting from
Law Enforcement to
County Welfare and
the District
Attorney’s Office cost
component**

The county claimed \$270,911 in salaries and benefits for the Cross-reporting from Law Enforcement to County Welfare and the District Attorney’s Office cost component during the audit period. We found that \$32,824 is allowable and \$238,087 is unallowable. Unallowable related indirect costs total \$119,374, for a total finding of \$357,461.

The reimbursable activity for this cost component consists of cross-reporting by law enforcement to county welfare and the District Attorney’s office every known or suspected instance of child abuse.

To calculate the claimed salaries and benefits, the county multiplied the ATI by the total number of cases identified in the CAC report, then multiplied the resulting hours by a PHR.

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

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

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
1999-2000	\$ 8,733	\$ 1,660	\$ (7,073)	\$ (4,762)	\$ (11,835)
2000-01	9,038	1,590	(7,448)	(4,092)	(11,540)
2001-02	9,481	1,757	(7,724)	(4,782)	(12,506)
2002-03	9,686	1,639	(8,047)	(5,955)	(14,002)
2003-04	8,880	1,385	(7,495)	(4,768)	(12,263)
2004-05	9,660	1,602	(8,058)	(5,140)	(13,198)
2005-06	20,664	2,449	(18,215)	(8,605)	(26,820)
2006-07	20,836	2,635	(18,201)	(8,068)	(26,269)
2007-08	19,945	2,333	(17,612)	(9,604)	(27,216)
2008-09	20,223	2,307	(17,916)	(8,524)	(26,440)
2009-10	18,884	1,938	(16,946)	(7,743)	(24,689)
2010-11	24,093	2,366	(21,727)	(10,016)	(31,743)
2011-12	21,512	2,509	(19,003)	(8,108)	(27,111)
2012-13	19,230	2,155	(17,075)	(7,174)	(24,249)
2013-14	24,918	2,251	(22,667)	(10,028)	(32,695)
2014-15	25,128	2,248	(22,880)	(12,005)	(34,885)
Total	<u>\$ 270,911</u>	<u>\$ 32,824</u>	<u>\$ (238,087)</u>	<u>\$ (119,374)</u>	<u>\$ (357,461)</u>

Background

The SBCSD is responsible for providing law enforcement services to the unincorporated areas of the county. The SBCSD also contracts with cities that are within the county's boundaries and do not have a police force, to provide law enforcement services for a fee. The county identifies these cities as "contract cities."

During the course of the audit, we found that the county included costs for providing services to contract cities as part of its mandated cost claims for all activities. The parameters and guidelines state that any county, city, or city and county is eligible to submit a mandate reimbursement claim. Therefore, all counties and cities—including contract cities—are eligible to submit mandate reimbursement claims. Because contract cities are eligible to submit reimbursement claims, and the county received fees for law enforcement services from its contract cities, we determined that the county should only claim costs associated with the unincorporated areas of the county. We determined that the costs incurred by contract cities are unallowable because the county had already been compensated by contract fees. The county did not report offsetting reimbursements for the contract city cases in its mandated cost claims. Therefore, we found that the county overstated these claimed costs because it did not offset costs that were funded by other sources.

Number of Cases Cross-reported

For the audit period, the county obtained the claimed number of cases cross-reported from the CAC report generated by the Law Enforcement Intelligence Network Center (LEINC).

The county provided detailed CAC case listing reports generated by the LEINC. During our review, we found that the reports included contract city cases; cases that occurred outside of the audit period; and PC section 311.11 cases. Cases related to PC section 311.11 are not mandate-related; therefore, we determined that the costs claimed for these cases are ineligible for reimbursement. Contract city cases and cases that occurred outside of the audit period are unallowable. We recalculated the number of supported cases for the audit period.

For testing purposes we judgmentally selected a non-statistical sample of 200 (50 cases for each fiscal year for FY 2003-04, FY 2006-07, FY 2008-09, and FY 2014-15) from the population of 6,940 supported cases. Based on our review, we found that 187 (all 50 in FY 2003-04; 49 out of 50 in FY 2006-07; 49 out of 50 in FY 2008-09; and 39 out of 50 in FY 2014-15) of the sampled 200 cases were eligible.

We also determined that 59 (16 out of 50 in FY 2003-04; eight out of 49 in FY 2006-07; 22 out of 49 in FY 2008-09; and 13 out of 39 in FY 2014-15) out of the 187 cases were cross-reported. Consistent with the AICPA's AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 31.6% to the total number of eligible cases to determine the total allowable number of cases that were cross-reported during the audit period. We determined that for the Cross-reporting from Law Enforcement to County Welfare and the District Attorney's Office cost component, the allowable number of cases totals 2,193. We recalculated the costs based on the allowable number of cases.

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

Fiscal Year	Claimed Cases	Allowable Cases	Audit Adjustment
1999-2000	819	160	(659)
2000-01	805	146	(659)
2001-02	816	156	(660)
2002-03	798	140	(658)
2003-04	697	112	(585)
2004-05	676	115	(561)
2005-06	1,398	165	(1,233)
2006-07	1,348	170	(1,178)
2007-08	1,246	146	(1,100)
2008-09	1,239	141	(1,098)
2009-10	1,138	117	(1,021)
2010-11	1,348	132	(1,216)
2011-12	1,296	128	(1,168)
2012-13	1,428	160	(1,268)
2013-14	1,140	103	(1,037)
2014-15	1,140	102	(1,038)
Total	17,332	2,193	(15,139)

Productive Hourly Rate

The county provided payroll summary reports identifying actual annual salary and benefit cost data generated by the county's financial accounting

system for the audit period. We used the actual annual salary and benefit cost data to compute the average annual salary and benefit amount for the employees in the Deputy Sheriff Officer, Sheriff Sergeant, and Office Assistant III classifications. We divided the average annual salary and benefit amounts by the calculated productive hours to calculate the PHR. As discussed in Finding 7, we found that the county overstated the claimed PHRs for FY 1999-2000 through FY 2004-05.

Criteria

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

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

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

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

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

- c. Cross-Reporting of Suspected Child Abuse or Neglect from the Law Enforcement Agency to . . . County Welfare and the District Attorney’s Office:

City and county police or sheriff’s departments shall:

- 1) Report by telephone immediately, or as soon as practically possible, to the agency given responsibility for investigation of cases under Welfare and Institutions Code section 300 and to the district attorney’s office every known or suspected instance of child abuse reported to it, except acts or omissions coming within Penal Code section 11165.2(b), which shall be reported only to the county welfare department.
- 2) Report to the county welfare department every known or suspected instance of child abuse reported to it which is alleged to have occurred as a result of the action of a person responsible for the child’s welfare, or as the result of the failure of a person responsible for the child’s welfare to adequately protect the minor from abuse when the person responsible for the child’s welfare knew or reasonably should have known that the minor was in danger of abuse.
- 3) Send a written report thereof within 36 hours of receiving the information concerning the incident to any agency to which it is required to make a telephone report under Penal Code section 11166.

As of January 1, 2006, initial reports may be made by fax or electronic transmission, instead of by telephone, and will satisfy the requirement for a written report within 36 hours.

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

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

Recommendation

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

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

County's Response

We disagree with the disallowance of ICAN cases related to law enforcement contract cities. The contract fee for law enforcement services from the San Bernardino County Sheriff's Department primarily covers patrol services provided to local jurisdictions. This fee does not include certain specialized mandated activities, including administration of the ICAN program. This specific function is performed by the Crimes Against Children Unit within the Sheriff's Specialized Investigations Division, located at Sheriff Headquarters. These individuals have the requisite training and experience to conduct these specialized investigations. Per Section IV, "Reimbursable Activities" of the parameters and guidelines, "To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those actually incurred to implement the mandated activities." The contracted law enforcement cities would not be eligible to claim costs related to the ICAN program's mandated activities, as these costs were not transferred to those jurisdictions. Therefore, the County was not compensated for these costs and believes that the disallowed ICAN cases related to law enforcement contract cities should be reinstated for reimbursement.

In addition, cases related to PC Section 311.11 were deemed not mandate-related and, therefore, ineligible for reimbursement. The County disagrees with this finding as PC Section 311.11 states:

- (a) Every person who knowingly possesses or controls any matter, representation of information, data, or image, including but not limited to, any film, filmstrip, photograph, negative, slide, photocopy, videotape, video laser disc, computer hardware, computer software, computer floppy disc, data storage media, CD-ROM, or computer-generated equipment or any other computer-generated image that contains or incorporates in any manner, any film or filmstrip, the production of which

involves the use of a person under 18 years of age, knowing that the matter depicts a person under 18 years of age personally engaging in or simulating sexual conduct, as defined in subdivision (d) of Section 311.4, is guilty of a felony and shall be punished by imprisonment in the state prison, or a county jail for up to one year, or by a fine not exceeding two thousand five hundred dollars (\$2,500), or by both the fine and imprisonment.

The Auditor stated that “sexual abuse” for eligible cases is defined under PC 11165.1 under the Child Abuse and Neglect Reporting Act. Pursuant to PC 11165.1, “sexual abuse” means sexual assault or sexual exploitation as defined by the following:

- (c) “Sexual exploitation” refers to any of the following:
- (1) Conduct involving matter depicting a minor engaged in obscene acts in violation of Section 311.2 (preparing, selling, or distributing obscene matter) or subdivision (a) of Section 311.4 (employment of minor to perform obscene acts).
 - (2) A person knowingly promotes, aids, or assists, employs, uses, persuades, induces, or coerces a child, or person responsible for a child’s welfare, who knowingly permits or encourages a child to engage in, or assist others to engage in, prostitution or a live performance involving obscene sexual conduct, or to either pose or model alone or with others for purposes of preparing a film, photograph, negative, slide, drawing, painting, or other pictorial depiction, involving obscene sexual conduct. For the purpose of this section, “person responsible for a child’s welfare” means a parent, guardian, foster parent, or a licensed administrator or employee of a public or private residential home, residential school, or other residential institution.
 - (3) A person who depicts a child in, or who knowingly develops, duplicates, prints, downloads, streams, accesses through any electronic or digital media or exchanges, a film, photograph, videotape, video recording, negative, or slide in which a child is engaged in an act of obscene sexual conduct, except for those activities by law enforcement and prosecution agencies and other persons described in subdivisions (c) and (e) of Section 311.3.

As PC Section 311.11 cases relate to conduct involving a person who knowingly duplicates, prints, downloads, streams, accesses through any electronic or digital media, or exchanges, a film, photograph, videotape, video recording, negative, or slide in which a child is engaged in an act of obscene sexual conduct, we believe these cases include mandated activities and should be eligible for reimbursement.

Lastly, due to the amount of time that has elapsed between occurrence of the claimed reimbursable activities and the audit period (**spanning up to 22 years**), the County is unable to provide any additional supporting documentation. Had the field audit been performed closer to the actual cost incurrence period, responsible claim preparation staff (who are retired or no longer better employed) could have provided a much better response to the audit inquiries, which would have resulted in favorable results for San Bernardino County.

SCO Comment

Our finding and recommendation remain unchanged.

The county disagrees with the SCO's determination that the costs claimed for contract city cases are ineligible for reimbursement. The county disputes that it was not compensated for the costs related to performing the mandated activities for the ICAN Investigation Reports Program for contract city cases and believes that the costs should be reinstated for reimbursement. We disagree.

The SBCSD contracts with cities within the county's boundaries that do not have a police force. The contract cities purchase various SBCSD staff positions (i.e. Deputy Sheriff Officer and Sheriff Sergeant) each fiscal period and pay the SBCSD annual contract rates for the purchased positions to provide law enforcement services. As the contract cities do not have a police force, none of the contract cities' staff members performed any of the reimbursable activities under the ICAN Investigation Reports Program. In addition, the staff positions purchased by the contract cities include those staff positions who were responsible for performing the reimbursable mandated activities for the ICAN Investigation Reports Program. Therefore, the SBCSD is responsible for performing all law enforcement duties, including the mandated activities for the ICAN Investigation Reports Program, for contract cities.

The county contends that the contract fee for law enforcement services provided by the SBCSD primarily covers patrol services provided to local jurisdictions. The county maintains that the contract fee does not include certain specialized mandated activities, including the administration of the ICAN Investigation Reports Program. The county disputes that the mandated activities for the ICAN Investigation Reports Program are performed by the Crimes Against Children Unit staff members in the Sheriff's Specialized Investigations Division, located at the Sheriff's Headquarters. In addition, the county contends that the contracted law enforcement cities are not eligible to claim costs related to the ICAN Investigation Reports Program, because the county did not transfer the costs related to the ICAN Investigation Reports Program to the local jurisdictions.

The parameters and guidelines state that any county, city, or city and county is eligible to submit a mandate reimbursement claim. Therefore, all counties and cities—including contract cities—are eligible to submit mandate reimbursement claims. During testing, the county provided the law enforcement service contracts for our review. Based on our review of these contracts, we found that they do not provide any detailed information excluding certain specialized activities, nor do they specify or exclude divisions or identify who is responsible for the administration of the ICAN Investigation Reports Program. Our review also disclosed that the contracts did not itemize fees relating to the specific law enforcement services provided. Consequently, the county's position that the contract fees do not include costs relating to the ICAN Investigation Reports Program, and that the contract cities are not eligible to claim costs for this program as they did not transfer the costs to the local jurisdictions, remains unsupported. Furthermore, the county has not provided additional

documentation to support that the contract fees do not include the costs to administer the ICAN Investigation Reports Program, or any evidence showing that the county does not transfer the costs to local jurisdictions. As a result, the costs claimed for the contract cities are ineligible for reimbursement.

Our audit determined whether claimed costs represent increased costs resulting from the mandated program. The county is not entitled to mandated reimbursement for costs for contract city cases.

Section VII, "Offsetting Revenues and Reimbursements," of the parameters and guidelines states, in part:

. . . Reimbursement for this mandate from any source, including but not limited to, service fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

The county also disagrees with the SCO's determination that PC section 311.11 cases are non-mandate-related and are ineligible for reimbursement. The county believes that PC section 311.11 cases include mandate-related activities and should be eligible for reimbursement. We disagree.

The ICAN Investigation Reports Program addresses statutory amendments to California's mandatory child abuse reporting laws. The child abuse reporting law was first added to the Penal Code in 1963, and initially required medical professional to report suspected child abuse to local law enforcement or child welfare authorities. The law was regularly expanded to include more professions (now termed "mandated reporters") required to report suspected child abuse, and in 1980, California reenacted and amended the law, entitling it the "Child Abuse and Neglect Reporting Act." The California Child Abuse and Neglect Reporting Act is codified in PC sections 11164 through 11174.3.

As part of our audit procedures, we reviewed PC sections 11164 through 11174.3. Based on our review, we found that none of the Penal Code sections cite PC section 311.11. For further clarification, PC section 11165.1 relates to sexual abuse meaning sexual assault or sexual exploitation and identifies specific PC sections relating to PC section 311. However, none of the sections cited in PC section 11165.1 cite PC section 311.11. Therefore, although the county believes that PC section 311.11 cases include mandate-related activities, we determined that these cases are outside the scope of the reimbursable activities under this mandated program. As a result, the county is not entitled to mandated reimbursement for PC section 311.11 cases.

The county filed its claims with the SCO for FY 1999-2000 through FY 2012-13 on July 15, 2015; for FY 2013-14 on February 15, 2015; and for FY 2014-15 on February 15, 2016. The SCO initiated an audit of the County of San Bernardino's legislatively mandated ICAN Investigation Reports Program cost claims filed for FY 1999-2000 through FY 2014-15 on July 9, 2020. The documentation requirements for this mandated cost program were adopted by the Commission on December 6, 2013.

The county maintains that it was unable to provide any additional documentation to support the mandated cost claims because approximately 22 years had elapsed between the occurrence of the reimbursable costs claimed and the audit period. The county also maintains that if the audit had been performed closer to the actual cost incurrence period, staff who were responsible for preparing the reimbursement claims (who have since retired) could have provided better responses to the audit inquires. Although the actual cost incurrence period and the audit period are separated by more than a decade, the majority of the reimbursement claims that the county filed with the SCO were submitted on July 15, 2015, only five years from the date on which the SCO initiated this audit. In addition, the county incurred and claimed costs for FY 2014-15, only six years from the date on which the SCO initiated this audit. Furthermore, the county is responsible for maintaining documentation for the period the claims were subject to audit.

Section VI, "Record Retention," of the parameters and guidelines states:

Pursuant to Government Code section 17558.5(a), a reimbursement claim for actual costs filed by a local agency or school district . . . is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV., must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

**FINDING 3—
Unallowable salaries
and benefits –
Reporting between
Local Departments:
Reporting to
Licensing Agencies
cost component**

The county claimed \$368,853 in salaries and benefits for the Reporting to Licensing Agencies cost component during the audit period. We found that \$736 is allowable and \$368,117 is unallowable. Unallowable related indirect costs total \$183,802, for a total finding of \$551,919.

The reimbursable activity for this cost component consists of cross-reporting by law enforcement to the appropriate licensing agency every known or suspected instance of child abuse or neglect when the instance of abuse or neglect occurs while the child is being cared for in a child day care facility, involves a child day care licensed staff person, or occurs while the child is under the supervision of a community care facility or involves a community care facility licensee or staff person.

To calculate the claimed salaries and benefits, the county multiplied the ATI by the total number of cases identified in the CAC report, then multiplied the resulting hours by a PHR.

During testing, we found that the county overstated the number of cases reported to licensing agencies, overstated the PHRs, and overstated the related indirect costs. The county overstated these costs because it did not claim costs in accordance with the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the claimed, allowable, and adjusted costs for the Reporting to Licensing Agencies cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
1999-2000	\$ 11,853	\$ 42	\$ (11,811)	\$ (7,953)	\$ (19,764)
2000-01	12,216	29	(12,187)	(6,694)	(18,881)
2001-02	12,856	31	(12,825)	(7,592)	(20,417)
2002-03	13,059	31	(13,028)	(9,318)	(22,346)
2003-04	11,939	34	(11,905)	(7,318)	(19,223)
2004-05	13,112	37	(13,075)	(8,038)	(21,113)
2005-06	27,874	60	(27,814)	(13,140)	(40,954)
2006-07	28,125	62	(28,063)	(12,441)	(40,504)
2007-08	26,879	43	(26,836)	(14,634)	(41,470)
2008-09	27,243	44	(27,199)	(12,941)	(40,140)
2009-10	25,293	45	(25,248)	(11,535)	(36,783)
2010-11	32,539	48	(32,491)	(14,978)	(47,469)
2011-12	30,372	53	(30,319)	(12,937)	(43,256)
2012-13	28,765	61	(28,704)	(12,062)	(40,766)
2013-14	33,223	58	(33,165)	(14,671)	(47,836)
2014-15	33,505	58	(33,447)	(17,550)	(50,997)
Total	<u>\$ 368,853</u>	<u>\$ 736</u>	<u>\$ (368,117)</u>	<u>\$ (183,802)</u>	<u>\$ (551,919)</u>

Number of Cases Reported to Licensing Agencies

For the audit period, the county obtained the claimed number of cases that were reported to licensing agencies from the CAC report generated by the LEINC.

The county provided detailed CAC case listing reports generated by the LEINC. During our review, we found that the reports included contract city cases; cases that occurred outside of the audit period; and PC section 311.11 cases. Cases related to PC section 311.11 are not mandate-related; therefore, we determined that the costs claimed for these cases are ineligible for reimbursement. Contract city cases and cases that occurred outside of the audit period are unallowable. We recalculated the number of supported cases for the audit period.

For testing purposes, we relied on the results of our review of the 200 cases that were judgmentally selected as a non-statistical sample (discussed in Finding 2). Based on our review, we found that 187 (all 50 in FY 2003-04; 49 out of 50 in FY 2006-07; 49 out of 50 in FY 2008-09; and 39 out of 50 in FY 2014-15) of the sampled 200 cases were eligible.

We also determined that one of the 187 cases was reported to a licensing agency during the audit period. Consistent with the AICPA's AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 0.5% to the total eligible number of cases that were reported to licensing agencies during the audit period. We determined that for the Reporting to Licensing Agencies cost component, the allowable number of cases totals 36. We recalculated the costs based on the allowable number of cases.

The following table summarizes the claimed, allowable, and adjusted number of cases for the Reporting to Licensing Agencies cost component by fiscal year:

Fiscal Year	Claimed Cases	Allowable Cases	Audit Adjustment
1999-2000	819	3	(816)
2000-01	805	2	(803)
2001-02	816	2	(814)
2002-03	798	2	(796)
2003-04	697	2	(695)
2004-05	676	2	(674)
2005-06	1,398	3	(1,395)
2006-07	1,348	3	(1,345)
2007-08	1,246	2	(1,244)
2008-09	1,239	2	(1,237)
2009-10	1,138	2	(1,136)
2010-11	1,348	2	(1,346)
2011-12	1,292	2	(1,290)
2012-13	1,428	3	(1,425)
2013-14	1,140	2	(1,138)
2014-15	1,140	2	(1,138)
Total	17,328	36	(17,292)

Productive Hourly Rate

The county provided payroll summary reports identifying actual annual salary and benefit cost data generated by the county's financial accounting system for the audit period. We used the actual annual salary and benefit cost data to compute the average annual salary and benefit amount for the employees in the Deputy Sheriff Officer, Sheriff Sergeant, and Office Assistant III classifications. We divided the average annual salary and benefit amounts by the calculated productive hours to calculate the PHR. As discussed in Finding 7, we found that the county overstated the claimed PHRs for FY 1999-2000 through FY 2004-05.

Criteria

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

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

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

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

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

e. Reporting to Licensing Agencies:

City and county police or sheriff’s departments . . . shall:

- 1) Report by telephone immediately or as soon as practically possible to the appropriate licensing agency every known or suspected instance of child abuse or neglect when the instance of abuse or neglect occurs while the child is being cared for in a child day care facility, involves a child day care licensed staff person, or occurs while the child is under the supervision of a community care facility or involves a community care facility licensee or staff person.
- 2) Send a written report thereof within 36 hours of receiving the information concerning the incident to any agency to which it is required to make a telephone report under Penal Code section 11166.2. The agency shall send the licensing agency a copy of its investigation report and any other pertinent materials.

As of July 31, 2001, initial reports may be made by fax or electronic transmission, instead of by telephone, and will satisfy the requirement for a written report within 36 hours.

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

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

Recommendation

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

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

County’s Response

The county disagreed with but did not respond separately to Findings 2 through 6. The county’s response to these findings is reproduced in Finding 2, and the county’s entire response is included as an attachment to this report.

SCO Comment

Our finding and recommendation remain unchanged.

The county disagreed with but did not respond separately to Findings 2 through 6. The county's response to these findings appears in Finding 2, along with our comments on the county's response.

**FINDING 4—
Unallowable salaries
and benefits –
Reporting to the State
Department of
Justice: Complete an
Investigation for
Purposes of Preparing
the Report cost
component**

The county claimed \$1,041,431 in salaries and benefits for the Complete an Investigation for Purposes of Preparing the Report cost component during the audit period. We found that \$88,596 is allowable and \$952,835 is unallowable. Unallowable related indirect costs total \$493,279, for a total finding of \$1,446,114.

The county misclassified the preparing and submitting the Form SS 8583 to the DOJ activities under the Complete an Investigation for Purposes of Preparing the Report cost component. We reclassified the preparing and submitting the Form SS 8583 to the DOJ activities under the Forward Reports to the Department of Justice cost component.

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

To calculate the claimed salaries and benefits, the county multiplied the ATI by the total number of cases from the CAC report, then multiplied the resulting hours by a PHR.

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

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

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
1999-2000	\$ 47,751	\$ 5,670	\$ (42,081)	\$ (28,333)	\$ (70,414)
2000-01	49,398	5,456	(43,942)	(24,137)	(68,079)
2001-02	51,884	6,002	(45,882)	(27,871)	(73,753)
2002-03	52,282	5,522	(46,760)	(34,108)	(80,868)
2003-04	47,660	4,619	(43,041)	(26,989)	(70,030)
2004-05	52,415	5,403	(47,012)	(29,521)	(76,533)
2005-06	112,236	8,295	(103,941)	(49,101)	(153,042)
2006-07	113,313	8,889	(104,424)	(46,292)	(150,716)
2007-08	108,266	7,953	(100,313)	(54,700)	(155,013)
2008-09	109,222	7,895	(101,327)	(48,212)	(149,539)
2009-10	100,375	6,378	(93,997)	(42,947)	(136,944)
2010-11	130,792	7,971	(122,821)	(56,620)	(179,441)
2011-12	65,837	8,543	(57,294)	(24,448)	(81,742)
Total	\$ 1,041,431	\$ 88,596	\$ (952,835)	\$ (493,279)	\$ (1,446,114)

Number of Cases Investigated

For the audit period, the county obtained the claimed number of cases that were investigated from the CAC report generated by the LEINC.

The county provided detailed CAC case listing reports generated by the LEINC. During our review, we found that the reports included contract city cases; cases that occurred outside of the audit period; and PC section 311.11 cases. Cases related to PC section 311.11 are not mandate-related; therefore, we determined that the costs claimed for these cases are ineligible for reimbursement. Contract city cases and cases that occurred outside of the audit period are unallowable. We recalculated the number of supported cases for the audit period.

For testing purposes we judgmentally selected a non-statistical sample of 150 (50 cases for each fiscal year for FY 2003-04, FY 2006-07, and FY 2008-09) from the population of 5,786 supported cases. Based on our review, we found that 148 (all 50 in FY 2003-04; 49 out of 50 in FY 2006-07; and 49 out of 50 in FY 2008-09) of the sampled 150 cases were eligible.

We also determined that 31 (13 out of 50 in FY 2003-04; 11 out of 49 in FY 2006-07; and seven out of 49 in FY 2008-09) out of the 148 cases were investigated. Consistent with the AICPA's AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 20.9% to the total eligible number of cases that were investigated during the audit period. We determined that for the Complete an Investigation for Purposes of Preparing the Report cost component, the allowable number of cases totals 1,209. We recalculated the costs based on the allowable number of cases.

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

Fiscal Year	Claimed Cases	Allowable Cases	Audit Adjustment
1999-2000	819	106	(713)
2000-01	805	97	(708)
2001-02	816	103	(713)
2002-03	798	92	(706)
2003-04	697	74	(623)
2004-05	676	76	(600)
2005-06	1,398	109	(1,289)
2006-07	1,348	112	(1,236)
2007-08	1,246	97	(1,149)
2008-09	1,239	94	(1,145)
2009-10	1,138	77	(1,061)
2010-11	1,348	87	(1,261)
2011-12	618	85	(533)
Total	<u>12,946</u>	<u>1,209</u>	<u>(11,737)</u>

Productive Hourly Rate

The county provided payroll summary reports identifying actual annual salary and benefit cost data generated by the county's financial accounting system for the audit period. We used the actual annual salary and benefit cost data to compute the average annual salary and benefit amount for employees in the Deputy Sheriff Officer, Sheriff Sergeant, and Office Assistant III classifications. We divided the average annual salary and benefit amounts by the calculated productive hours to calculate the PHR. As discussed in Finding 7, we found that the county overstated the claimed PHRs for FY 1999-2000 through FY 2004-05.

Criteria

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

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

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

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

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

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

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

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

Reimbursement is not required in the following circumstances:

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

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

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

Recommendation

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

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

County’s Response

The county disagreed with but did not respond separately to Findings 2 through 6. The county’s response to these findings is reproduced in Finding 2, and the county’s entire response is included as an attachment to this report.

SCO Comment

Our finding and recommendation remain unchanged.

The county disagreed with but did not respond separately to Findings 2 through 6. The county’s response to these findings appears in Finding 2, along with our comments on the county’s response.

**FINDING 5—
Understated salaries
and benefits –
Reporting to the State
Department of
Justice: Forward
Reports to the
Department of Justice
cost component**

The county misclassified the salaries and benefits for the preparing and submitting the Form SS 8583 to the DOJ activities under the Complete an Investigation for Purposes of Preparing the Report cost component. We reclassified the preparing and submitting the Form SS 8583 to the DOJ activities under the Forward Reports to the Department of Justice cost component. We found that the county understated salaries and benefits totaling \$5,442, and \$2,705 in related indirect costs, for a total adjustment of \$8,147.

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

To calculate the claimed salaries and benefits, the county multiplied the ATI by the total number of cases identified in the CAC report, then multiplied the resulting hours by a PHR.

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

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

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Related Indirect Costs	Total Audit Adjustment
1999-2000	\$ -	\$ 337	\$ 337	\$ 227	\$ 564
2000-01	-	324	324	178	502
2001-02	-	356	356	168	524
2002-03	-	337	337	199	536
2003-04	-	296	296	147	443
2004-05	-	328	328	163	491
2005-06	-	507	507	240	747
2006-07	-	551	551	244	795
2007-08	-	487	487	266	753
2008-09	-	496	496	236	732
2009-10	-	426	426	195	621
2010-11	-	492	492	227	719
2011-12	-	505	505	215	720
Total	\$ -	\$ 5,442	\$ 5,442	\$ 2,705	\$ 8,147

Number of Reports Forwarded to the DOJ

For the audit period, the county obtained the claimed number of cases for which a Form SS 8583 was forwarded to the DOJ from the CAC report generated by the LEINC.

The county provided detailed CAC case listing reports generated by the LEINC. During our review, we found that the reports included contract city cases; cases that occurred outside of the audit period; and PC section 311.11 cases. Cases related to PC section 311.11 are not mandate-related; therefore, we determined that the costs claimed for these cases are ineligible for reimbursement. Contract city cases and cases that occurred outside of the audit period are unallowable. We recalculated the number of supported cases for the audit period.

For testing purposes, we relied on the results of our review of the 150 cases that were judgmentally selected as a non-statistical sample (discussed in Finding 4). Based on our review, we found that 148 (all 50 in FY 2003-04; 49 out of 50 in FY 2006-07; and 49 out of 50 in FY 2008-09) of the sampled 150 cases were eligible.

We also determined that a Form SS 8583 was prepared and sent to the DOJ for 32 (14 out of 50 in FY 2003-04; six out of 49 in FY 2006-07; and 12 out of 49 in FY 2008-09) out of the 148 eligible cases. Consistent with the AICPA's AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 21.6% to the total eligible number of cases for which a Form SS 8583 was prepared and sent to the DOJ during the audit period. We determined that for the Forward Reports to the Department of Justice cost component, the allowable number of cases totals 1,250. We recalculated the costs based on the allowable number of cases.

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

Fiscal Year	Claimed Cases	Allowable Cases	Audit Adjustment
1999-2000	-	110	110
2000-01	-	100	100
2001-02	-	106	106
2002-03	-	95	95
2003-04	-	77	77
2004-05	-	79	79
2005-06	-	113	113
2006-07	-	116	116
2007-08	-	100	100
2008-09	-	97	97
2009-10	-	80	80
2010-11	-	90	90
2011-12	-	87	87
Total	-	1,250	1,250

Criteria

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

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

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

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

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

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

2) Forward reports to the Department of Justice

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

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

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

Recommendation

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

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

County's Response

The county disagreed with but did not respond separately to Findings 2 through 6. The county's response to these findings is reproduced in Finding 2, and the county's entire response is included as an attachment to this report.

SCO Comment

Our finding and recommendation remain unchanged.

The county disagreed with but did not respond separately to Findings 2 through 6. The county's response to these findings appears in Finding 2, along with our comments on the county's response.

**FINDING 6—
Unallowable salaries
and benefits –
Notifications
Following Reports to
the Child Abuse
Central Index cost
component**

The county claimed \$267,235 in salaries and benefits for the Notifications Following Reports to the Child Abuse Central Index cost component during the audit period. We found that \$9,175 is allowable and \$258,060 is unallowable. Unallowable related indirect costs total \$133,359, for a total finding of \$391,419.

This component provides reimbursement for costs associated with notifying, in writing, the known or suspected child abuser that he or she has been reported to the Child Abuse Central Index (CACI), in any form approved by the DOJ, at the time the Form SS 8583 is filed with the DOJ; making relevant information available, when received from the DOJ, to the child custodian, appointed guardian or counsel, or to the appropriate licensing agency, if he or she is treating or investigating a case of known or suspected child abuse or severe neglect; and informing the mandated reporter of the results of the investigation and any action the agency is taking with regard to the child or family, upon completion of the child abuse investigation or after there has been a final disposition in the matter.

To calculate the claimed salaries and benefits, the county multiplied the ATI by the total number of cases from the CAC report, then multiplied the resulting hours by a PHR.

During testing, we found that the county overstated the number of cases for which a CACI notification was sent to the suspected child abuser; overstated the number of cases for which relevant information was made available, when received from the DOJ, to the child custodian, appointed guardian or counsel; overstated the number of cases for which the mandated reporter was informed of the investigation results and of any action taken regarding the child and family upon completion of the investigation; overstated the PHRs, and overstated the related indirect costs. The county overstated these costs because it did not claim costs in accordance with the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

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

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
1999-2000	\$ 12,303	\$ 588	\$ (11,715)	\$ (7,888)	\$ (19,603)
2000-01	12,709	566	(12,143)	(6,670)	(18,813)
2001-02	13,306	621	(12,685)	(7,580)	(20,265)
2002-03	13,494	575	(12,919)	(9,307)	(22,226)
2003-04	12,236	482	(11,754)	(7,279)	(19,033)
2004-05	13,565	567	(12,998)	(8,052)	(21,050)
2005-06	28,838	865	(27,973)	(13,214)	(41,187)
2006-07	28,896	913	(27,983)	(12,405)	(40,388)
2007-08	27,735	822	(26,913)	(14,676)	(41,589)
2008-09	27,810	793	(27,017)	(12,855)	(39,872)
2009-10	25,635	663	(24,972)	(11,410)	(36,382)
2010-11	33,484	822	(32,662)	(15,057)	(47,719)
2011-12	17,224	898	(16,326)	(6,966)	(23,292)
Total	\$ 267,235	\$ 9,175	\$ (258,060)	\$ (133,359)	\$ (391,419)

Number of Notifications Following Reports to CACI

For the audit period, the county obtained the claimed number of cases from the CAC report generated by the LEINC.

The county provided detailed CAC case listing reports generated by the LEINC. During our review, we found that the reports included contract city cases; cases that occurred outside of the audit period; and PC section 311.11 cases. Cases related to PC section 311.11 are not mandate-related; therefore, we determined that the costs claimed for these cases are ineligible for reimbursement. Contract city cases and cases that occurred outside of the audit period are unallowable. We recalculated the number of supported cases for the audit period.

For testing purposes, we relied on the results of our review of the 150 cases that were judgmentally selected as a non-statistical sample (discussed in Finding 4). Based on our review, we found that 148 (all 50 in FY 2003-04; 49 out of 50 in FY 2006-07; and 49 out of 50 in FY 2008-09) of the sampled 150 cases were eligible.

We also determined that CACI notifications were sent for 20 (eight out of 50 in FY 2003-04; seven out of 49 in FY 2006-07; and five out of 49 in FY 2008-09) out of the 148 eligible cases, or a weighted average of 13.5%; relevant information was made available, when received by the DOJ, to the child custodian, or appointed guardian or counsel for one out of 148 eligible cases, or a weighted average of 0.7%; and a mandated reporter was informed of the investigation results and any action taken with regard to the child or family upon completion of the investigation for six out of 148 eligible cases, or a weighted average of 4.1%. Consistent with the AICPA's AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the calculated weighted averages to the total eligible number of cases for each of the activities performed. We determined that for the Notifications

Following Reports to the CACI, the allowable number of cases totals 1,060 (782 for CACI notifications sent, 41 for making relevant information available, and 237 for informing the mandated reporter). We recalculated the costs based on the allowable number of cases.

The following table summarizes the claimed, allowable, and adjusted number of cases for the Notifications Following Reports to the Child Abuse Central Index by fiscal year:

Fiscal Year	CACI Notifications to Suspects			Make Relevant Information Available			Inform Mandated Reporter		
	Claimed Cases	Allowable Cases	Audit Adjustment	Claimed Cases	Allowable Cases	Audit Adjustment	Claimed Cases	Allowable Cases	Audit Adjustment
1999-2000	819	68	(751)	819	4	(815)	819	21	(798)
2000-01	805	63	(742)	805	3	(802)	805	19	(786)
2001-02	816	67	(749)	816	3	(813)	816	20	(796)
2002-03	798	60	(738)	798	3	(795)	798	18	(780)
2003-04	697	48	(649)	697	3	(694)	697	15	(682)
2004-05	676	49	(627)	676	2	(674)	676	15	(661)
2005-06	1,398	71	(1,327)	1,398	3	(1,395)	1,398	21	(1,377)
2006-07	1,348	72	(1,276)	1,348	4	(1,344)	1,348	22	(1,326)
2007-08	1,246	63	(1,183)	1,246	4	(1,242)	1,246	19	(1,227)
2008-09	1,239	60	(1,179)	1,239	3	(1,236)	1,239	18	(1,221)
2009-10	1,138	50	(1,088)	1,138	3	(1,135)	1,138	15	(1,123)
2010-11	1,348	56	(1,292)	1,348	3	(1,345)	1,348	17	(1,331)
2011-12	624	55	(569)	624	3	(621)	624	17	(607)
Total	12,952	782	(12,170)	12,952	41	(12,911)	12,952	237	(12,715)

Productive Hourly Rate

The county provided payroll summary reports identifying actual annual salary and benefit cost data generated by the county's financial accounting system for the audit period. We used the actual annual salary and benefit cost data to compute the average annual salary and benefit amount for the employees in the Deputy Sheriff Officer, Sheriff Sergeant, and Office Assistant III classifications. We divided the average annual salary and benefit amounts by the calculated productive hours to calculate the PHR. As discussed in Finding 7, we found that the county overstated the claimed PHRs for FY 1999-2000 through FY 2004-05.

Criteria

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

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

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

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

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

a. City and county police or sheriff’s departments, county probation departments if designated by the county to receive mandated reports, and county welfare departments shall:

- 1) Notify in writing the known or suspected child abuser that he or she has been reported to the Child Abuse Central Index, in any form approved by the Department of Justice, at the time the “Child Abuse Investigation Report” is filed with the Department of Justice.

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

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

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

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

Recommendation

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

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

County’s Response

The county disagreed with but did not respond separately to Findings 2 through 6. The county’s response to these findings is reproduced in Finding 2, and the county’s entire response is included as an attachment to this report.

SCO Comment

Our finding and recommendation remain unchanged.

The county disagreed with but did not respond separately to Findings 2 through 6. The county's response to these findings appears in Finding 2, along with our comments on the county's response.

**FINDING 7—
Overstated productive
hourly rates**

The county claimed salary and benefit costs for the Office Assistant III, Deputy Sheriff Officer, and Sheriff Sergeant classifications for the audit period. The salaries and benefits for these classifications were calculated using the total cumulative actual annual salary and benefit costs for each classification, then divided by the total number of county staff members assigned to that classification to determine the average annual salary and benefit costs. The county divided the average annual salary and benefit costs for each classification by the calculated annual productive hours to compute the claimed PHRs.

The county calculates a countywide productive hourly rate for all of its employees. During testing, we found that the county calculated the annual productive hours by subtracting administration and meeting hours from the total annual work hours for FY 1999-2000 through FY 2004-05. The SCO's *Mandated Cost Manual* does not identify time spent on administration and meetings as excludable time. Therefore, time spent on administration and meetings should not be excluded when computing the productive hours. As a result, we recomputed the annual productive hours without excluding the administration and meeting hours. We found that the county understated the annual productive hours for FY 1999-2000 through FY 2004-05. We recomputed the PHRs by dividing the average annual salary and benefit costs for each classification by the recomputed annual productive hours, and found that the county overstated the PHRs for FY 1999-2000 through FY 2004-05. We recalculated allowable costs based on the allowable PHRs.

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

Fiscal Year	Claimed Productive Hours	Allowable Productive Hours	Audit Adjustment
1999-2000	1,646	1,698	52
2000-01	1,655	1,708	53
2001-02	1,647	1,699	52
2002-03	1,634	1,686	52
2003-04	1,623	1,675	52
2004-05	1,623	1,675	52

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

Office Assistant III

Fiscal Year	Claimed PHR	Allowable PHR	Audit Adjustment
1999-2000	\$ 18.98	\$ 18.40	\$ (0.58)
2000-01	20.03	19.41	(0.62)
2001-02	20.79	20.15	(0.64)
2002-03	21.93	21.32	(0.61)
2003-04	23.81	23.07	(0.74)
2004-05	25.69	24.89	(0.80)

Deputy Sheriff Officer

Fiscal Year	Claimed PHR	Allowable PHR	Audit Adjustment
1999-2000	\$ 45.23	\$ 43.84	\$ (1.39)
2000-01	47.42	45.95	(1.47)
2001-02	48.92	47.42	(1.50)
2002-03	50.35	48.95	(1.40)
2003-04	52.74	51.10	(1.64)
2004-05	60.56	58.68	(1.88)

Sheriff Sergeant

Fiscal Year	Claimed PHR	Allowable PHR	Audit Adjustment
1999-2000	\$ 59.75	\$ 57.92	\$ (1.83)
2000-01	63.74	61.76	(1.98)
2001-02	67.19	65.14	(2.05)
2002-03	68.39	66.48	(1.91)
2003-04	70.16	67.98	(2.18)
2004-05	76.78	74.40	(2.38)

Criteria

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

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

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

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

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

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

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

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

Recommendation

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

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

County's Response

The county concurs with the finding and recommendation.

FINDING 8— Overstated indirect cost rates

The county overstated the indirect cost rates for FY 2001-02 through FY 2004-05. The indirect cost rates for FY 2001-02 through FY 2003-04 were previously audited and determined to be overstated in the final audit report of San Bernardino County for the legislatively mandated Peace Officers Procedural Bill of Rights Program for the period of July 1, 2001, through June 30, 2004, issued on June 29, 2007.

During testing, we found that the county claimed a 61.44% indirect cost rate in FY 2003-04 and FY 2004-05. Based on discussions with key county staff members, the county did not prepare an indirect cost rate proposal for FY 2004-05 due to a major financial system upgrade. Instead, the county relied upon the indirect cost rate proposal that had been prepared for FY 2003-04, and applied the 61.44% indirect cost rate to FY 2004-05. As the county had relied upon the FY 2003-04 indirect cost rate for FY 2004-05, we determined that it would be reasonable to apply the previously audited FY 2003-04 indirect cost rate of 49.65% to FY 2004-05. We found that the county had overstated the indirect cost rates for FY 2001-02 through FY 2004-05. We recalculated the allowable indirect costs based on the previously audited indirect cost rates.

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

<u>Fiscal Year</u>	<u>Claimed Indirect Cost Rate</u>	<u>Allowable Indirect Cost Rate</u>	<u>Audit Adjustment</u>
2001-02	59.17%	47.13%	(12.04)%
2002-03	71.49%	59.18%	(12.31)%
2003-04	61.44%	49.65%	(11.79)%
2004-05	61.44%	49.65%	(11.79)%

Criteria

Section V, subparagraph B, “Indirect Cost Rates,” of the parameters and guidelines states, in part:

Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both: (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in 2 CFR Part 225 (Office of Management and Budget (OMB) Circular A-87). Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

Recommendation

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

- Follow the parameters and guidelines and the SCO’s *Mandated Cost Manual* when preparing its reimbursement claims; and
- Ensure that the indirect cost calculations are consistent with the methodology outlined in Title 2, Code of Federal Regulations, Part 225 (OMB Circular A-87).

County’s Response

The county concurs with the finding and recommendation.

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



SHANNON D. DICUS, SHERIFF-CORONER

April 7, 2022

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

RE: **Response to Draft Audit Report**
Interagency Child Abuse and Neglect Investigation Reports (ICAN) Program
Audit period: July 1, 1999 through June 30, 2015

Dear Ms. Kurokawa:

Thank you for providing an opportunity for San Bernardino County to review and respond to the State Controller's Office (SCO) draft audit report for the above-mandated program dated March 28, 2022.

The County's review of the draft audit report has been completed. While we concur with a majority of the findings and recommendations proposed in the ICAN draft audit report, we disagree with the disallowance of ICAN cases related to law enforcement contract cities. The contract fee for law enforcement services from the San Bernardino County Sheriff's Department primarily covers patrol services provided to local jurisdictions. This fee does not include certain specialized mandated activities, including administration of the ICAN program. This specific function is performed by the Crimes Against Children Unit within the Sheriff's Specialized Investigations Division, located at Sheriff Headquarters. These individuals have the requisite training and experience to conduct these specialized investigations. Per Section IV, "Reimbursable Activities" of the parameters and guidelines, "To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those actually incurred to implement the mandated activities." The contracted law enforcement cities would not be eligible to claim costs related to the ICAN program's mandated activities, as these costs were not transferred to those jurisdictions. Therefore, the County was not compensated for these costs and believes that the disallowed ICAN cases related to law enforcement contract cities should be reinstated for reimbursement.

In addition, cases related to PC Section 311.11 were deemed not mandate-related and, therefore, ineligible for reimbursement. The County disagrees with this finding as PC Section 311.11 states:

"(a) Every person who knowingly possesses or controls any matter, representation of information, data, or image, including, but not limited to, any film, filmstrip, photograph, negative, slide, photocopy, videotape, video laser disc, computer hardware, computer software, computer floppy disc, data storage media, CD-ROM, or computer-generated equipment or any other computer-generated image that contains or incorporates in any manner, any film or filmstrip, the production of which involves the use of a person under 18 years of age, knowing that the matter depicts a person under 18 years of age personally engaging in or simulating sexual conduct, as defined in subdivision (d) of Section 311.4, is guilty of a felony and shall be punished by imprisonment in the state prison, or a county jail for up to one year, or by a fine not exceeding two thousand five hundred dollars (\$2,500), or by both the fine and imprisonment."

The Auditor stated that "sexual abuse" for eligible cases is defined under PC 11165.1 under the Child Abuse and Neglect Reporting Act. Pursuant to PC 11165.1, "sexual abuse" means sexual assault or sexual exploitation as defined by the following:

(c) "Sexual exploitation" refers to any of the following:

(1) Conduct involving matter depicting a minor engaged in obscene acts in violation of Section 311.2 (preparing, selling, or distributing obscene matter) or subdivision (a) of Section 311.4 (employment of minor to perform obscene acts).

(2) A person who knowingly promotes, aids, or assists, employs, uses, persuades, induces, or coerces a child, or a person responsible for a child's welfare, who knowingly permits or encourages a child to engage in, or assist others to engage in, prostitution or a live performance involving obscene sexual conduct, or to either pose or model alone or with others for purposes of preparing a film, photograph, negative, slide, drawing, painting, or other pictorial depiction, involving obscene sexual conduct. For the purpose of this section, "person responsible for a child's welfare" means a parent, guardian, foster parent, or a licensed administrator or employee of a public or private residential home, residential school, or other residential institution.

(3) A person who depicts a child in, or who knowingly develops, duplicates, prints, downloads, streams, accesses through any electronic or digital media, or exchanges, a film, photograph, videotape, video recording, negative, or slide in which a child is engaged in an act of obscene sexual conduct, except for those activities by law enforcement and prosecution agencies and other persons described in subdivisions (c) and (e) of Section 311.3.


As PC Section 311.11 cases relate to conduct involving a person who knowingly duplicates, prints, downloads, streams, accesses through any electronic or digital media, or exchanges, a film, photograph, videotape, video recording, negative, or slide in which a child is engaged in an act of obscene sexual conduct, we believe these cases include mandated activities and should be eligible for reimbursement.

Lastly, due to the amount of time that has elapsed between occurrence of the claimed reimbursable activities and the audit period (**spanning up to 22 years**), the County is unable to provide any additional supporting documentation. Had the field audit been performed closer to the actual cost incurrence period, responsible claim preparation staff (who are retired or no longer employed) could have provided a much better response to audit inquiries, which would have resulted in favorable results for San Bernardino County.

If you have any questions, please contact Jose L. Torres, Sheriff's Administrative Manager, at (909) 387-3465 or e-mail jtorres@sbcasd.org.

Sincerely,

Shannon D. Dicus
Sheriff/Coroner/Public Administrator
San Bernardino County

By: 
Kelly Welty
Chief Deputy Director
Sheriff's Bureau of Administration

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