

# MERCED COUNTY

## Audit Report

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

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

*July 1, 2019, through June 30, 2023*



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

June 2025



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

June 30, 2025

**CERTIFIED MAIL—RETURN RECEIPT REQUESTED**

The Honorable Lisa Cardella-Presto, Auditor-Controller  
Merced County  
2222 M Street  
Merced, CA 95340

Dear Auditor-Controller Cardella-Presto:

The State Controller's Office audited the costs claimed by Merced County (the county) for the legislatively mandated Custody of Minors – Child Abduction and Recovery Program for the period of July 1, 2019, through June 30, 2023.

The county claimed and was paid \$614,903 for costs of the mandated program. Our audit found that \$10,622 is allowable and \$604,281 is unallowable. The costs are unallowable because the county did not provide contemporaneous source documentation supporting the mandated functions performed or the actual number of hours devoted to each function.

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

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than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended.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

Ms. Lisa Cardella-Presto

June 30, 2025

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

Sincerely,

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

KAT/ac

Copy: Nicole Silveira, District Attorney  
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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by Merced County (the county) for the legislatively mandated Custody of Minors – Child Abduction and Recovery (CAR) Program for the period of July 1, 2019, through June 30, 2023.

The county claimed and was paid \$614,903 for costs of the mandated program. Our audit found that \$10,622 is allowable and \$604,281 is unallowable. The costs are unallowable because the county did not provide contemporaneous source documentation supporting the mandated functions performed or the actual number of hours devoted to each function.

## Background

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

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

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

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

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

The parameters and guidelines establish the state mandate and define reimbursement criteria. The Commission on State Mandates adopted the parameters and guidelines on January 21, 1981; they were last amended on October 30, 2009. In compliance with GC section 17558, the SCO issues the *Mandated Cost Manual for Local Agencies (Mandated Cost Manual)* for mandated programs to assist local agencies in claiming reimbursable costs.

## Audit Authority

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

## Objective, Scope, and Methodology

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

The audit period was July 1, 2019, through June 30, 2023.

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 cost components of each claim as salaries and benefits, materials and supplies, contract services, travel and training, and indirect costs. We determined whether there were any errors or unusual or unexpected variances from year to year. We reviewed the claimed activities to determine whether they adhered to the SCO's *Mandated Cost Manual* and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key county staff. We discussed the claim preparation process with county staff to determine what information was obtained, who obtained it, and how it was used.
- We reviewed time records (which the county refers to as *time studies*) and payroll records provided by the county for the audit period. The records provided as support for the claimed costs did not meet the requirements of the program's parameters and guidelines (see Finding 1).
- We reviewed claimed materials and supplies costs, and found that the county had claimed costs that were not supported by source documentation. We were unable to verify that the costs claimed as materials and supplies were a direct cost to the program and were for mandated activities (see Finding 2).
- We interviewed county personnel and reviewed the county's single audit reports and revenue reports to identify potential sources of offsetting revenues and reimbursements from federal or pass-through programs applicable to the CAR Program. We found that the county did not receive offsetting revenue for this mandate during the audit period.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we

plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **Conclusion**

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. We did not find that the county claimed costs that were funded by other sources; however, we did find that it claimed unsupported costs, as quantified in the Schedule and described in the Findings and Recommendations section of this audit report. To the extent that the county claimed costs not supported by appropriate source documents, such costs are also unreasonable and/or excessive.

For the audit period, the county claimed and was paid \$614,903 for costs of the legislatively mandated CAR Program. Our audit found that \$10,622 is allowable and \$604,281 is unallowable.

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

## **Follow-up on Prior Audit Findings**

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

## **Views of Responsible Officials**

We issued a draft audit report on April 3, 2025. The county's representative responded by letter dated April 28, 2025, partially disagreeing with the audit results. This final audit report includes the county's response as an attachment.

## **Restricted Use**

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

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

June 30, 2025

# Schedule— Summary of Program Costs July 1, 2019, through June 30, 2023

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2019, through June 30, 2020</u>				
Direct Costs:				
Salaries and benefits	\$ 104,756	\$ -	\$ (104,756)	Finding 1
Materials and supplies	5,448	-	(5,448)	Finding 2
Contract Services	848	848	-	
Travel and training	4,489	4,489	-	
Total direct costs	115,541	5,337	(110,204)	
Indirect costs	32,412	-	(32,412)	Finding 1
Total program costs	<u>\$ 147,953</u>	<u>5,337</u>	<u>\$ (142,616)</u>	
Less amount paid by the State <sup>2</sup>		(147,953)		
Amount paid in excess of allowable costs claimed		<u>\$ (142,616)</u>		
<u>July 1, 2020, through June 30, 2021</u>				
Direct Costs:				
Salaries and benefits	\$ 125,341	\$ -	\$ (125,341)	Finding 1
Materials and supplies <sup>3</sup>	5,902	-	(5,902)	Finding 2
Travel and training	8	8	-	
Total direct costs	131,251	8	(131,243)	
Indirect costs	39,808	-	(39,808)	Finding 1
Total program costs	<u>\$ 171,059</u>	<u>8</u>	<u>\$ (171,051)</u>	
Less amount paid by the State <sup>2</sup>		(171,059)		
Amount paid in excess of allowable costs claimed		<u>\$ (171,051)</u>		
<u>July 1, 2021, through June 30, 2022</u>				
Direct Costs:				
Salaries and benefits	\$ 90,492	\$ -	\$ (90,492)	Finding 1
Materials and supplies	5,532	-	(5,532)	Finding 2
Travel and training	2,664	2,664	-	
Total direct costs	98,688	2,664	(96,024)	
Indirect costs	31,066	-	(31,066)	Finding 1
Total program costs	<u>\$ 129,754</u>	<u>2,664</u>	<u>\$ (127,090)</u>	
Less amount paid by the State <sup>2</sup>		(129,754)		
Amount paid in excess of allowable costs claimed		<u>\$ (127,090)</u>		



## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2022, through June 30, 2023</u>				
Direct Costs:				
Salaries and benefits	\$ 114,860	\$ -	\$ (114,860)	Finding 1
Materials and supplies	6,480	-	(6,480)	Finding 2
Travel and training	2,613	2,613	-	
Total direct costs	123,953	2,613	(121,340)	
Indirect costs	42,184	-	(42,184)	Finding 1
Total program costs <sup>4</sup>	<u>\$ 166,137</u>	2,613	<u>\$ (163,524)</u>	
Less amount paid by the State <sup>2</sup>		(166,137)		
Amount paid in excess of allowable costs claimed		<u>\$ (163,524)</u>		
<u>Summary: July 1, 2019, through June 30, 2023</u>				
Direct Costs:				
Salaries and benefits	\$ 435,449	\$ -	\$ (435,449)	Finding 1
Materials and supplies	23,362	-	(23,362)	Finding 2
Contract Services	848	848	-	
Travel and training	9,774	9,774	-	
Total direct costs	469,433	10,622	(458,811)	
Indirect costs	145,470	-	(145,470)	Finding 1
Total program costs	<u>\$ 614,903</u>	10,622	<u>\$ (604,281)</u>	
Less amount paid by the State <sup>2</sup>		(614,903)		
Amount paid in excess of allowable costs claimed		<u>\$ (604,281)</u>		

<sup>1</sup> See the Findings and Recommendations section.

<sup>2</sup> Payment amount current as of May 22, 2025.

<sup>3</sup> In fiscal year 2020-21, the auditee claimed costs under Contract Services in error. We recategorized those costs as Materials and Supplies.

<sup>4</sup> Adjusted for immaterial rounding error.

# Findings and Recommendations

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

The county claimed \$435,449 in salaries and benefits for the audit period. We determined that the entire amount is unallowable. The related unallowable indirect costs total \$145,470, for total unallowable costs of \$580,919. The costs are unallowable because the county's time records do not show the actual hours devoted to each mandated function or the validity of such costs.

The following is a summary of the unallowable salaries and benefits, the related indirect costs, and the audit adjustment:

Cost Elements	Fiscal Years				Total
	2019-20	2020-21	2021-22	2022-23	
Unallowable salaries [A]	\$ (58,408)	\$ (70,089)	\$ (51,367)	\$ (66,927)	\$ (246,791)
Unallowable benefits [B]	(46,348)	(55,252)	(39,125)	(47,933)	(188,658)
Total unallowable salaries and benefits [C] = [A] + [B]	(104,756)	(125,341)	(90,492)	(114,860)	(435,449)
Claimed indirect cost rate [D]	30.94%	31.76%	34.33%	36.73%	
Related indirect costs* [E] = [C] × [D]	(32,412)	(39,808)	(31,066)	(42,184)	(145,470)
Audit adjustment [F] = [C] + [E]	\$ (137,168)	\$ (165,149)	\$ (121,558)	\$ (157,044)	\$ (580,919)

\*Related indirect costs for fiscal year 2022-23 contain an adjustment to correct a rounding error.

The county claimed various classifications for multiple employees including, but not limited to Deputy DAs, Investigators, Investigative Assistants, and Legal Assistants. For fiscal year 2021-22, the county claimed all cost components (Return of Children to Custodian, Compliance with Court Orders, Court Costs for Out-of-Jurisdiction Cases, and the Secure Appearance of Offender). For all other fiscal years in the audit period, the county claimed only one cost component—Return of Children to Custodian.

The claimed DA's Office employees do not exclusively work the CAR Program. Typically, a part-time legal assistant, a full-time investigative assistant, and a DA oversee CAR cases with a part-time fully sworn investigator to recover or locate the children.

To support the claimed hours, the county provided monthly time studies, completed by employees, to document total hours worked on different assignments (i.e. Child Abduction, Auto Insurance Fraud, Rural Crimes, etc.) which are filled out for DA's Office internal tracking purposes. The timesheets list the pay period (month), name of employee, title of employee, table of assignments and different leave types (vacation, sick leave, holiday, etc.).

After discussions with DA Office's personnel, we determined that, for all fiscal years in the audit period, the time studies provided to support claimed hours do not describe the mandated functions performed or specify the actual number of hours devoted to each function.

During fieldwork, the county provided a sample of Child Abduction case file documents for the audit period. The case file documents vary depending on the case and include the investigator's notes, emails, receipts, and court documents (i.e., declarations, findings and orders, warrants, etc.). None of the case file documents provided describe the mandated functions performed or specify the actual number of hours devoted to each function.

Furthermore, county representatives stated that DA's Office caseloads include cases that fall under PC section 278.7 (commonly referred to as "good cause" cases). CAR cases are referred to the DA's Office by various means including, but not limited to, at the request of the courts or the parents. The county representatives stated that prior to 2024, the county did not document actual hours or specify mandated activities performed when filing mandated cost claims. Therefore, we were unable to determine the amount of time that the county might be claiming for unallowable costs associated with "good cause" cases or other unallowable activities.

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

Section V., "Reimbursable Costs," of the parameters and guidelines begins:

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

Section VII.A.1., "Salary and Employees' Benefits," of the parameters and guidelines states, in part:

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

### Recommendation

We recommend that the county:

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

### County Response

The County respectfully disagrees with this finding and disallowance of costs.

The Merced County District Attorney's Office (MCDA) supported the salaries and benefits costs with reports from the County's timekeeping software – Kronos and time studies Finance Enterprise Labor Cost reports. Kronos entries are made by the MCDA Child Abduction and Recovery Program (CAR) funded employees and approved by their supervisors for each bi-weekly pay period, contemporaneous to the time worked. To corroborate the Kronos reports, MCDA office provided monthly time studies to reflect the reimbursable/non-reimbursable activities and Labor Cost reports to reflect employees, classifications, and other salary/benefit information. MCDA staff members additionally provided comprehensive case notes, investigator's notes, emails, receipts and court documents.

Contrary to the Controller's assertion, these documents are valid source documents as set forth by the Parameters and Guidelines.

The Parameters and Guidelines provide that claimed costs must be supported by documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. Employee time records or time logs are specifically referenced as acceptable source documents. See Parameters and Guidelines, Section V.

Notwithstanding the County's objections, in March 2024, MCDA implemented changes to their Case Management System, Karpel, enabling us to track the hours dedicated to specific tasks related to the Child Abduction and Recovery Program.

### SCO Comment

Our finding and recommendation remain unchanged.

The county asserts that the documents provided are "valid source documents as set forth by the Parameters and Guidelines." We disagree.

Documentation provided by the county does not describe the mandated activities performed. Reports from the Kronos timekeeping software and time studies provided do not specify the actual number of hours that employees spent on the mandated activities, as required by the parameters and guidelines. Without a description of any mandated activities, there was no way for us to determine whether the county had claimed costs

associated with criminal prosecution commencing with the defendant's first appearance in a California court, or costs associated with non-mandated activities.

Section VII.A.1., "Salary and Employees' Benefits," of the parameters and guidelines states, in part:

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

The county states:

To corroborate the Kronos reports, MCDA office provided monthly time studies to reflect the reimbursable/non-reimbursable activities and Labor Cost reports to reflect employees, classifications, and other salary/benefit information. MCDA staff members additionally provided comprehensive case notes, investigator's notes, emails, receipts and court documents.

After reviewing the Kronos reports and the monthly time studies, we were unable to determine the mandated functions performed or the actual hours devoted to each function, as required per the parameters and guidelines.

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

The county claimed a total of \$23,362 in materials and supplies costs for the audit period. We determined that the entire amount is unallowable. The costs are unallowable because the county claimed costs that were allocated to the CAR Program instead of actual costs supported by source documentation, as required by the program's parameters and guidelines.

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

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Total Allowable</u>	<u>Audit Adjustment</u>
2019-20	\$ 5,448	-	\$ (5,448)
2020-21	5,902	-	(5,902)
2021-22	5,532	-	(5,532)
2022-23	6,480	-	(6,480)
Total	<u>\$ 23,362</u>	<u>-</u>	<u>\$ (23,362)</u>

The county's claimed materials and supplies costs are for maintenance of a case management system for archived files pertaining to pre-2011 child abduction cases. The case files are limited and contain only the information required per the county's document retention policy.

The costs for maintaining the case management system are allocated by the county's Information Services (IS) department during the yearly budget process. IS costs are for personnel and network maintenance including labor, division overhead, and administrative allocations necessary for IS staff time, equipment, and data center operations. The county provided IS service agreements, expenditure reports, and journal entry details for the intra-fund transfers between the DA's Office and IS as support. However, we determined that these materials and supplies costs are unallowable because they are estimated allocations and cannot be identified as a direct cost of the mandate.

Section VII.A.3., "Materials and Supplies," of the parameters and guidelines states, in part:

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

#### Recommendation

We recommend that the county:

- Follow the SCO's *Mandated Cost Manual* and the mandated program's parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs are actual and specific to the purposes of the mandated program.

#### County Response

The County concurs with this finding of disallowance of costs.

The county's claimed materials and supplies costs for maintenance of a case management system for archived child abduction case files prior to 2011. The archived cases themselves are limited and contain only necessary information required per the document retention policy the county has as part of a larger effort to consolidate information. The cost for maintaining the case management system is allocated by the county's Information Services (IS) department during the yearly budget process, which includes budgets for all hosted systems in the county. IS costs associated with hosted systems are for personnel and network maintenance including labor, division overhead, and administrative allocations necessary for IS staff time, equipment, and Data Center operations. The MCDA interpreted this to apply to commonly accepted practice amount cost sharing programs that the proportional share of usage is applied to the appropriate program. The MCDA will implement changes to ensure that only expenditures which can be identified as a direct cost of the mandate are claimed.

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

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## AUDITOR-CONTROLLER

**Lisa Cardella-Presto**  
*Auditor-Controller*

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April 28, 2025

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Lisa Kurokawa, Chief  
Kimberly A. Tarvin, CPA  
Compliance Audits Bureau  
State Controller's Office  
PO Box 942850  
Sacramento, CA 94250

**Re:** County of Merced Response to Draft Audit Report for the Child Abduction Recovery Program  
Program Period: July 1, 2019, through June 30, 2023

Dear Ms. Kurokawa:

Thank you for giving the County the opportunity to review the draft audit report. As reported, the County claimed costs of \$614,903 during the audit period. Of this amount, the audit found \$10,622 allowable and \$604,281 unallowable. The primary grounds stated in the audit for the costs being unallowable were that the County did not provide contemporaneous source documentation supporting the mandated functions performed or actual hours devoted to each function. The County generally does not concur with the findings and disallowance of costs. A response to each of the findings is provided below:

### **Finding 1 – Unsupported salaries, benefits, and related indirect costs**

The county claimed \$435,449 in salaries and benefits for the audit period. The State Controller determined that the entire amount is unallowable. The State Controller also determined that related indirect costs of \$145,470, were unallowable, for total unallowable costs of \$580,919. The costs are unallowable because the county's time records did not show the actual hours devoted to each mandated function or the validity of such costs. Further, the county claimed time for activities performed on "good cause" cases.

### **Response:**

The County respectfully disagrees with this finding and disallowance of costs.

The Merced County District Attorney's Office (MCDA) supported the salaries and benefits costs with reports from the County's timekeeping software – Kronos and time studies Finance Enterprise Labor Cost reports. Kronos entries are made by the MCDA Child Abduction and Recovery Program (CAR) funded employees and approved by their supervisors for each bi-weekly pay period, contemporaneous to the time worked. To corroborate the Kronos reports, MCDA office provided monthly time studies to reflect the reimbursable/non-reimbursable activities and Labor Cost reports to reflect employees, classifications, and

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other salary/benefit information. MCDA staff members additionally provided comprehensive case notes, investigator's notes, emails, receipts and court documents.

Contrary to the Controller's assertion, these documents are valid source documents as set forth by the Parameters and Guidelines.

The Parameters and Guidelines provide that claimed costs must be supported by documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. Employee time records or time logs are specifically referenced as acceptable source documents. See Parameters and Guidelines, Section V.

Notwithstanding the County's objections, in March 2024, MCDA implemented changes to their Case Management System, Karpel, enabling us to track the hours dedicated to specific tasks related to the Child Abduction and Recovery Program.

**Finding 2 – Unsupported materials and supplies costs**

The county claimed a total of \$23,362 in materials and supplies costs for the audit period. The entire amount is unallowable.

**Response:**

The County concurs with this finding of disallowance of costs.

The county's claimed materials and supplies costs for maintenance of a case management system for archived child abduction case files prior to 2011. The archived cases themselves are limited and contain only necessary information required per the document retention policy the county has as part of a larger effort to consolidate information. The cost for maintaining the case management system is allocated by the county's Information Services (IS) department during the yearly budget process, which includes budgets for all hosted systems in the county. IS costs associated with hosted systems are for personnel and network maintenance including labor, division overhead, and administrative allocations necessary for IS staff time, equipment, and Data Center operations. The MCDA interpreted this to apply to commonly accepted practice amount cost sharing programs that the proportional share of usage is applied to the appropriate program. The MCDA will implement changes to ensure that only expenditures which can be identified as a direct cost of the mandate are claimed.

The MCDA has a strong record of successfully reuniting children with their custodial parents and legal guardians from whom they were unlawfully taken. During this audit period, the MCDA reunited 50 children with their custodial parents and guardians, demonstrating the reunification services were successfully performed as required by CAR mandate. Though the audit report reflects no assertions of the inappropriate use of funds, the claimed expenditures for salary and benefits were disallowed in their entirety and only \$10,622 in contract services, travel and training costs were allowed.

The recovery of children who have been illegally taken from their custodial parent or guardian is a highly

sensitive and complex duty. These potentially volatile cases are carefully handled by our expert and highly professional Child Abduction Unit staff. To allow less than 2% of the claimed costs (or a total of \$10,622) for this program is unreasonable. Accordingly, the County disagrees with the findings and disallowance of costs and reserves the right to file and "Incorrect Reduction Claim" with the Commission on State Mandates within three years of the SCO's notification of adjustment.

If you have any questions, please contact Melanie Smith, Administrative Services Director, Merced County District Attorney's Office at (209) 385-7381, Ext. 4191

Sincerely,



Lisa Cardella-Presto  
Auditor and Controller

cc: Nicole A. Silveira, District Attorney  
Anna Hazel, Chief Investigator  
Melanie Smith, Director of Administrative Services  
Janey Cabral, Assistant Auditor and Controller  
Robert McGhee, Division Manager – Audits  
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