

KINGS COUNTY

Final 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, 2020, through June 30, 2023



MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

June 2026



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MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

June 24, 2026

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Mr. Erik Ureña, CPA, Auditor-Controller
Kings County
1400 West Lacey Boulevard, Building 7
Hanford, CA 93230

Dear Auditor-Controller Ureña:

The State Controller's Office audited the costs claimed by Kings County (the county) for the legislatively mandated Custody of Minors – Child Abduction and Recovery (CAR) Program for the period of July 1, 2020, through June 30, 2023.

The county claimed and was paid \$638,504 for costs of the CAR Program. Our audit found that \$15,379 is allowable and \$623,125 is unallowable. The costs are unallowable because the county did not provide contemporaneous supporting documentation, did not claim actual costs, and did not show that claimed costs were a direct cost to the CAR Program.

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 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 Incorrect Reduction Claim 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than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. You may obtain Incorrect Reduction Claim information on the Commission's website at www.csm.ca.gov/request-form.php.

Mr. Erik Ureña

June 24, 2026

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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 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

Copy: Robert Knudson, Assistant Director of Finance

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SUMMARY

The State Controller’s Office (SCO) audited the costs claimed by Kings County (the county) for the legislatively mandated Custody of Minors – Child Abduction and Recovery (CAR) Program for the period of July 1, 2020, through June 30, 2023 (fiscal year [FY] 2020-21 through FY 2022-23).

The county claimed and was paid \$638,504 for costs of the CAR Program. Our audit found that \$15,379 is allowable and \$623,125 is unallowable. The costs are unallowable because the county did not provide contemporaneous supporting documentation, did not claim actual costs, and did not show that claimed costs are a direct cost to the CAR Program.

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 sections 278 and 278.5 (repealed and added as Penal Code 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 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 program's parameters and guidelines establish the state mandate and define reimbursement criteria. The Commission on State Mandates adopted the CAR Program's 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 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

Our audit objective was to determine whether claimed costs represent increased costs resulting from the legislatively mandated CAR Program during the period of July 1, 2020,

through June 30, 2023. Specifically, we conducted this audit to determine whether claimed costs were supported by appropriate source documents, not funded by another source, and not unreasonable and/or excessive. Unreasonable and/or excessive costs include ineligible costs that are not identified in the CAR Program's parameters and guidelines as reimbursable costs. To achieve our objective, we performed the following procedures:

- We reviewed the annual mandated cost claims filed by the county for the audit period and identified the significant cost components of each claim as salaries and benefits, materials and supplies, and offsetting revenue. 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 CAR Program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing the county's key staff members. We discussed the claim preparation process with the county's staff members to determine what information was obtained, who obtained it, and how it was used.
- We reviewed payroll records and time studies for claimed employees. We noted that the records provided as support for the claimed costs did not meet the requirements of the CAR Program's parameters and guidelines (see Finding 1).
- We reviewed claimed materials and supplies costs and found that the county claimed costs that were not supported by source documentation. We were unable to verify that costs claimed under materials and supplies were a direct cost to the CAR Program and were for mandated activities. Per the CAR Program's parameters and guidelines, only actual costs are allowable (see Finding 2).
- We 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. The county claimed offsetting revenues for the audit period; we found that the county should have offset \$117 in restitution payments related to a child abduction case (see Finding 3).

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 did not claim costs funded by another source; however, some costs were ineligible and unsupported, as quantified in the Schedule and described in the Findings and Recommendations section.

For the audit period, the county claimed and was paid \$638,504 for costs of the legislatively mandated CAR Program. Our audit found that \$15,379 is allowable and \$623,125 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 on the county's legislatively mandated CAR Program.

VIEWS OF RESPONSIBLE OFFICIALS

We issued a draft audit report on May 26, 2026. The county’s representatives responded by letter dated June 2, 2026. The county disagreed with the audit results. This final audit report includes the county’s response as an attachment.

RESTRICTED USE

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

Original signed by

Kimberly A. Tarvin, CPA

Chief, Division of Audits

June 24, 2026

SCHEDULE—SUMMARY OF PROGRAM COSTS

July 1, 2020, through June 30, 2023

Payment amounts shown below are current as of June 4, 2026.

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference
<u>July 1, 2020, through June 30, 2021</u>				
Direct costs: Salaries and benefits	\$165,476	\$0	-\$165,476	Finding 1
Direct costs: Materials and supplies	17,835	3,943	-13,892	Finding 2
Total direct costs	183,311	3,943	-179,368	
Indirect costs	0	0	0	
Total direct and indirect costs	183,311	3,943	-179,368	
Less: offsetting revenues and other reimbursements	0	-62	-62	Finding 3
Total CAR Program costs	<u>\$183,311</u>	3,881	<u>-\$179,430</u>	
Less: amount paid by the State		<u>-183,311</u>		
Amount paid in excess of allowable cost claimed		<u><u>-\$179,430</u></u>		
<u>July 1, 2021, through June 30, 2022</u>				
Direct costs: Salaries and benefits	\$208,153	\$0	-\$208,153	Finding 1
Direct costs: Materials and supplies	13,605	1,756	-11,849	Finding 2
Total direct costs	221,758	1,756	-220,002	
Indirect costs	0	0	0	
Total direct and indirect costs	221,758	1,756	-220,002	

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference
Less: offsetting revenues and other reimbursements	-9,519	-45	9,474	Finding 3
Total CAR Program costs	<u>\$212,239</u>	1,711	<u>-\$210,528</u>	
Less: amount paid by the State		-212,239		
Amount paid in excess of allowable cost claimed		<u>-\$210,528</u>		
<u>July 1, 2022, through June 30, 2023</u>				
Direct costs: Salaries and benefits	\$221,441	\$0	-\$221,441	Finding 1
Direct costs: Materials and supplies	21,523	9,797	-11,726	Finding 2
Total direct costs	242,964	9,797	-233,167	
Indirect costs	0	0	0	
Total direct and indirect costs	242,964	9,797	-233,167	
Less: offsetting revenues and other reimbursements	-10	-10	0	
Total CAR Program costs	<u>\$242,954</u>	9,787	<u>-\$233,167</u>	
Less: amount paid by the State		-242,954		
Amount paid in excess of allowable cost claimed		<u>-\$233,167</u>		
<u>Summary: July 1, 2020, through June 30, 2023</u>				
Direct costs: Salaries and benefits	\$595,070	\$0	-\$595,070	Finding 1
Direct costs: Materials and supplies	52,963	15,496	-37,467	Finding 2
Total direct costs	648,033	15,496	-632,537	
Indirect costs	0	0	0	
Total direct and indirect costs	648,033	15,496	-632,537	
Less: offsetting revenues and other reimbursements	-9,529	-117	9,412	Finding 3
Total CAR Program costs	<u>\$638,504</u>	15,379	<u>-\$623,125</u>	
Less: amount paid by the State		-638,504		
Amount paid in excess of allowable cost claimed		<u>-\$623,125</u>		

FINDINGS AND RECOMMENDATIONS

Finding 1—Unsupported Salaries and Benefits Costs

The county claimed \$595,070 in salaries and benefits for the audit period. We determined that the entire amount is unallowable. The costs are unallowable because the county did not provide contemporaneous source documentation to support the mandated functions performed or the actual number of hours devoted to each function.

The following table is a summary of the total claimed, amount allowable, and audit adjustment:

Fiscal Year	Total Claimed	Amount Allowable	Audit Adjustment
2020-21	\$165,476	\$0	-\$165,476
2021-22	208,153	0	-208,153
2022-23	221,441	0	-221,441
Total	\$595,070	\$0	-\$595,070

The following table shows the county's claimed salaries and benefit costs; the Regular Employees line item includes an adjustment to correct a rounding error:

Account Number	Account Name	FY 2020-21	FY 2021-22	FY 2022-23	Total Claimed
Salaries					
91000	Regular Employees	\$101,426	\$127,961	\$142,846	\$372,233
91002	Special Pays	1,968	1,583	3,951	7,502
91003	Overtime	6,169	8,535	2,176	16,880
91004	Holiday in Lieu	0	1,284	1,190	2,474
Subtotal: Salaries		\$109,563	\$139,363	\$150,163	\$399,089
Benefits					
91005	Retirement	\$40,026	\$48,518	\$50,746	\$139,290
91007	Health Insurance	7,921	10,819	10,843	29,583
91008	Management Life Insurance	13	29	29	71
91010	Insurance – Workers' Comp	5,036	4,737	4,555	14,328
91012	Social Security – Medicare	2,917	4,687	5,105	12,709
Subtotal: Benefits		\$55,913	\$68,790	\$71,278	\$195,981
Total: Salaries and Benefits		\$165,476	\$208,153	\$221,441	\$595,070

The county did not claim costs based on hours worked, the productive hourly rate, or the benefit rate. Instead, the county claimed all salaries and benefits that were posted to Budget Unit 216900 (the Child Abduction Unit)—including Regular Employees, Special Pays, Overtime, Holiday in Lieu, Retirement, Health Insurance, Management Life Insurance, Insurance – Workers’ Comp, and Social Security – Medicare—under the cost category Return of Children to Custodian for all fiscal years of the audit period. In our review, we noted that claimed salaries included non-productive leave time. Non-productive hours cannot be claimed for reimbursement, as they are not an increased cost required by the mandate.

To support the claimed costs, the county provided time studies for the audit period. Time studies are not used for the county’s payroll purposes but are completed to budget for positions in the Child Abduction Unit. All of the time studies were signed at year end and thus could not have been completed contemporaneously.

Criteria

Section V., “Reimbursable Costs,” of the CAR Program’s 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 CAR Program’s 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 CAR Program's parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs are supported by source documentation.

County's Response

The County disagrees with the SCO's conclusion that all salary and benefit costs are entirely unsupported and therefore wholly unallowable. The County acknowledges that the time studies were signed at year-end rather than periodically throughout the fiscal year; however, the underlying information was derived from contemporaneous operational records, payroll records, assigned budget unit activity, and the actual duties performed by employees assigned to the Child Abduction Unit. The County further notes that the time study format and documentation methodology utilized during the audit period were consistent with practices historically used by the County in preparing mandated cost reimbursement claims. The County has submitted time studies in substantially the same format for years without prior objection, disallowance, or direction from the State indicating that the methodology was noncompliant. In the absence of prior notice or guidance requiring a different level of detail or alternative documentation procedures, the County reasonably relied on the State's historical acceptance of these records and continued operating in the same manner in good faith. The draft report itself acknowledges that the employees and expenditures were assigned to [the Child Abduction Unit.]

The County further disagrees with the assertion that the use of [the Child Abduction Unit] invalidates the claimed costs. Employees assigned to the Child Abduction Unit performed CAR Program activities as part of their regular and ongoing responsibilities. SCO's position appears to improperly disregard the operational realities of small and

mid-sized counties where mandated program activities are performed through dedicated assigned units rather than isolated task-by-task billing systems.

The County also objects to the complete disallowance of all salaries and benefits based solely on the SCO's interpretation of documentation sufficiency, particularly where there has been no finding that the employees failed to perform reimbursable CAR Program activities. The draft audit identifies no evidence that the claimed activities were unrelated to the mandate, duplicative, or funded by another source. Instead, the disallowance is based almost entirely on a retroactive interpretation of documentation standards that were never previously communicated to the County.

The County additionally notes that the audit applies an unreasonably rigid interpretation of "contemporaneous documentation" without acknowledging the practical administrative processes historically utilized by counties in preparing mandated cost claims. The County prepared its claims in good faith using methodologies and documentation practices reasonably believed to comply with the Parameters and Guidelines and consistent with historical claiming practices.

SCO Comment

Our finding and recommendation remain unchanged.

The county states:

With respect to Finding 1, the County disagrees with the SCO's conclusion that all salary and benefit costs are entirely unsupported and therefore wholly unallowable. The County acknowledges that the time studies were signed at year-end rather than periodically throughout the fiscal year; however, the underlying information was derived from contemporaneous operational records, payroll records, assigned budget unit activity, and the actual duties performed by employees assigned to the Child Abduction Unit.

As noted in the audit report, time studies are not used for the county's payroll purposes but are completed to budget for positions in the Child Abduction Unit. The county did not claim costs based on hours worked, productive hourly rate, and benefit rate, as required by the CAR Program's parameters and guidelines; instead, it claimed all costs charged to the unit. Furthermore, deriving "underlying information" from various sources does not substitute the CAR Program's parameters and guidelines requirement that the supporting documentation be kept contemporaneously.

The county states:

The County further disagrees with the assertion that the use of [the Child Abduction Unit] invalidates the claimed costs. Employees assigned to the Child Abduction Unit performed CAR Program activities as part of their regular and ongoing responsibilities. SCO's position appears to improperly disregard the operational realities of small and mid-sized counties where mandated program activities are performed through dedicated assigned units rather than isolated task-by-task billing systems.

We disagree. The SCO made no assertion that the use of the Child Abduction Unit invalidates the claimed costs. As noted in our draft report, the CAR Program's parameters and guidelines define reimbursement criteria. Section VII.A.1, "Salaries and Employees' Benefits," of the CAR Program's 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. . . ." Claiming all costs posted to a budget unit does not meet the requirements of the CAR Program's parameters and guidelines.

Finding 2—Overstated Materials and Supplies Costs

The county claimed a total of \$52,963 in materials and supplies costs for the audit period. We determined that \$15,496 is allowable and \$37,467 is unallowable. The costs are unallowable because the county did not provide supporting source documentation showing that costs

claimed as materials and supplies were a direct cost to the CAR Program. The county also claimed costs that were allocated to the Child Abduction Unit instead of actual costs supported by source documentation, as required by the CAR 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:

Fiscal Year	Amount Claimed	Total Allowable	Audit Adjustment
2020-21	\$17,835	\$3,943	-\$13,892
2021-22	13,605	1,756	-11,849
2022-23	21,523	9,797	-11,726
Total	\$52,963	\$15,496	-\$37,467

The following table shows the materials and supplies costs claimed by the county by account number and the audit adjustment

Account Number	Account Name	Total Claimed	Total Allowable	Audit Adjustment
92005	Uniform Allowance	\$1,822	\$1,822	\$0
92006	Communications	4,329	0	-4,329
92018	Office Equipment and Supplies	75	75	0
92068	Purchasing Charges	227	227	0
92089	Motor Pool Services	11,543	0	-11,543
92090	Travel	11,120	11,120	0
92094	Utilities	1,378	1,378	0
93041	Liability Claim	2,414	0	-2,414
93048	Info Tech Services	7,695	0	-7,695
96001	Cost Applied – Energy Project	874	874	0
	Cost Allocation Plan	11,486	0	-11,486
	Total material and supplies costs	\$52,963	\$15,496	-\$37,467

We judgmentally selected a total of five accounts and the cost allocation plan for review, as the county claimed a material amount over the three-year audit period. The selected accounts included the following:

- 92006 – Communications
- 92089 – Motor Pool Services

- 92090 – Travel
- 93041 – Liability Claim
- 93048 – Info Tech Services
- Cost Allocation Plan

Account Number 92006 – Communications

The county claimed a total of \$4,329 in Communications costs for the audit period. Claimed costs included those for two cell phones and internal charges from the county's Information Technology Department for two phone extensions.

We reviewed monthly cell phone invoices with handwritten notes of costs charged to various budget units. The county explained that two employees had been assigned to the Child Abduction Unit, and the cell phone bills were charged to each of the employees' corresponding budget units.

The county also provided a monthly statement of services from the county's Information Technology Department. The statement provides support for allocated costs for two phone extensions.

Based on the documentation provided, we determined that the entire amount of \$4,329 in Communications costs is unallowable. The county did not provide source documentation to support that the claimed Communications costs are a direct cost to the CAR Program or to validate their relationship to reimbursable activities.

Account Number 92089 – Motor Pool Services

The county claimed a total of \$11,543 in Motor Pool Services costs for the audit period.

The county provided a journal entry worksheet detailing monthly Motor Pool Services costs charged to various budget units, including the Child Abduction Unit. The county explained that motor pool costs are provided by the county's Public Works Department. The Public Works

Department has a fleet of vehicles that can be reserved for county use. When a fleet vehicle is reserved by an assigned Child Abduction Unit employee, the Child Abduction Unit is charged for the use of the vehicle. The charges are based on mileage and fuel charges.

The county did not provide source documentation to support that the claimed Motor Pool Services costs are a direct cost to the CAR Program or to validate their relationship to reimbursable activities. Therefore, we determined that the entire amount of \$11,543 in Motor Pool Services costs is unallowable.

Account Number 93041 – Liability Claim

The county claimed a total of \$2,414 in Liability Claim costs for the audit period.

The county provided quarterly journal entry worksheets listing Liability Claim costs charged to various budget units, including the Child Abduction Unit. Based on the documentation provided, we determined that a total of \$2,414 in allocated liability costs is unallowable. The costs are unallowable because they were allocated to the Child Abduction Unit instead of actual costs supported by source documentation, as required by the CAR Program's parameters and guidelines.

Account Number 93048 – Info Tech Services

The county claimed a total of \$7,695 in Info Tech Services expenses for the audit period.

The county provided a monthly statement of services from the county's Information Technology Department. The statement provides support for allocated costs for two network connections from the county network, two supported devices from the service desk system, two networked personal computers from the web system, and two supported devices from the data infrastructure.

Based on the documentation provided, we determined that a total of \$7,695 in allocated Info Tech Services is unallowable. The costs are unallowable because the county claimed costs that were allocated to the Child Abduction Unit instead of actual costs supported by source documentation, as required by the CAR Program's parameters and guidelines.

Cost Allocation Plan

The county claimed a total of \$11,486 in Cost Allocation Plan costs for the audit period. The county claimed costs of central government services allocated to the Child Abduction Unit through the countywide cost allocation plan.

Based on the documentation provided, we determined that a total of \$11,486 in central government services allocated to the Child Abduction Unit through the countywide cost allocation plan is unallowable. The costs are unallowable because the county claimed costs that were allocated to the Child Abduction Unit instead of actual costs supported by source documentation, as required by the CAR Program's parameters and guidelines.

Criteria

Section V., "Reimbursable Costs," of the CAR Program's 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.3., "Materials and Supplies," of the CAR Program's 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. . . .

Recommendation

We recommend that the county:

- Follow the SCO's *Mandated Cost Manual* and the CAR Program's parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs include only costs that can be identified as a direct cost of the mandate, are based on actual costs, and are properly supported.

County's Response

The County disagrees with the conclusion that the identified materials and supplies costs were not direct costs of the CAR Program. The challenged expenditures—including communications costs, motor pool charges, information technology services, liability allocations, and countywide cost allocation plan charges—were operational costs directly associated with supporting Child Abduction Unit personnel and activities.

The SCO acknowledges that the County provided supporting invoices, departmental statements, journal entry worksheets, and internal service documentation for these expenditures. The County disagrees with the SCO's position that these costs are categorically unallowable merely because they were internally allocated or processed through countywide cost allocation systems. These are standard governmental accounting practices routinely utilized by counties to distribute actual operational costs to benefiting departments and units.

Further, the Parameters and Guidelines expressly identify reimbursable expenditures to include communication devices, vehicles, office equipment, and related operational support costs necessary to perform mandated activities. The costs claimed by the County directly supported employees assigned to the Child Abduction Unit and were reasonably necessary for performance of mandated CAR Program functions.

SCO Comment

Our finding and recommendation remain unchanged.

The county states that the “costs are categorically unallowable merely because they were internally allocated or processed through countywide cost allocation systems.” We disagree. Per the CAR Program’s parameters and guidelines, only actual costs may be claimed; these costs are defined as “those costs actually incurred to implement the mandated activities.” Costs based on an allocation are not considered actual costs.

Finding 3—Unsupported and Unreported Offsetting Revenue

The county identified \$9,529 in offsetting revenues on its claim forms for the audit period. We found that the county should have offset \$117 in restitution payments related to a child abduction case.

The following table summarizes the audit adjustment by fiscal year:

Fiscal Year	Claimed Offsetting Revenue	Supported Restitution Payments	Audit Adjustment: Unreported Offsetting Revenue	Audit Adjustment: Unsupported Offsetting Revenue	Total Audit Adjustment
2020-21	\$0	-\$62	-\$62	\$0	-\$62
2021-22	-9,519	-45	-45	9,519	9,474
2022-23	-10	-10	0	0	0
Total	-\$9,529	-\$117	-\$107	\$9,519	\$9,412

The county identified \$9,519 in offsetting revenue on its claim form for FY 2021-22 and \$10 in offsetting revenue on its claim form for FY 2022-23. The county provided and we reviewed the revenue reports for FY 2020-21 through FY 2022-23. We identified revenues posted to the Child Abduction Unit for all fiscal years.

The county’s FY 2021-22 claim included a worksheet that calculates the total hours spent on the Child Advocacy Center Grant. The county identified a percentage of the total salaries and

benefits as an offset; however, we were unable to recalculate the claimed offsetting revenue amount. We questioned the county about this cost, and it was unable to provide information on how the amount was identified. Based on the documentation provided by the county for the Child Advocacy Center Grant, we were unable to determine whether the \$9,519 related to the grant was used to fund mandated activities. There is no indication in the documentation that the grant was related to the CAR Program. Furthermore, it appears from the offsetting revenue calculation worksheet provided that the offset amounts were related to claimed salaries and benefits for two investigative assistants. Because there are no allowable salary and benefit costs, a related offset would not be applicable.

We identified revenue totaling \$117 for the remaining fiscal years (FY 2020-21 and FY 2021-22) that was not identified on the county's claims. We confirmed that the remaining revenues were for restitution payments.

Criteria

Section IX., “Offsetting Savings and Other Reimbursement,” of the CAR Program’s parameters and guidelines states:

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandated received from any source e.g., federal, state, etc., shall be identified and deducted from the claim.

Recommendation

We recommend that the county:

- Follow the SCO’s *Mandated Cost Manual* and the CAR Program’s parameters and guidelines when preparing its reimbursement claims; and
- Ensure that reimbursement received from any source is identified and deducted from the claim.

County's Response

The County acknowledges the SCO's identification of \$117 in restitution revenue that should have been offset and will work to correct that issue moving forward. However, the County disagrees with the characterization that the previously identified \$9,519 offset was unsupported. The offset was identified in good faith based on information available during claim preparation and represented the County's effort to appropriately account for potential overlapping funding sources.

SCO Comment

Our finding and recommendation remain unchanged.

The County "disagrees with the characterization that the previously identified \$9,519 offset was unsupported." During audit fieldwork, the auditor questioned the offsetting revenue cost claimed with the county; the county was unable to support how the \$9,519 was calculated. A county representative stated, "As discussed, I tried to locate documentation for the \$9,519.42 but was unable to find anything. Would it be possible to remove this amount from the claim?" Therefore, it was determined that the amount was unsupported.

ATTACHMENT—KINGS COUNTY’S RESPONSE TO DRAFT AUDIT REPORT



COUNTY OF KINGS
OFFICE OF THE DISTRICT ATTORNEY
SARAH M. HACKER

1400 West Lacey Boulevard Hanford, California 93230 | 559.852.2392

June 2, 2026

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

RE: KINGS COUNTY’S RESPONSE TO THE DRAFT AUDIT REPORT: CUSTODY OF MINORS – CHILD ABDUCTION AND RECOVERY PROGRAM

Dear Ms. Kurokawa:

The Kings County District Attorney’s Office has received your draft audit report for the State Controller’s Office’s (SCO) of costs claimed by Kings County (County) for the legislatively-mandated Custody of Minors – Child Abduction and Recovery (CAR) Program for the period of July 1, 2020, through June 30, 2023.

The County respectfully disagrees with the draft audit findings and proposed disallowances contained in Draft Audit Report S24-MCC-0016 regarding the CAR Program for Fiscal Years 2020-21 through 2022-23. The County further disagrees with the conclusion that only \$15,379 of the \$638,504 claimed is allowable.

The draft report asserts that the County “did not provide contemporaneous supporting documentation,” “did not claim actual costs,” and “did not show that claimed costs are a direct cost to the CAR Program.” The County disagrees with these conclusions and maintains that the documentation provided substantially complied with the CAR Program Parameters and Guidelines and the SCO Mandated Cost Manual.

The County provided payroll records, budget unit records, time studies, internal accounting documentation, journal entries, invoices, and departmental billing records supporting the claimed expenditures. The costs claimed were directly associated with the Child Abduction Unit and reflected actual operational expenses incurred in carrying out mandated CAR Program activities, including child recovery efforts, enforcement of custody orders, investigative work, court coordination, and related prosecutorial support functions.

With respect to Finding 1, the County disagrees with the SCO’s conclusion that all salary and benefit costs are entirely unsupported and therefore wholly unallowable. The County acknowledges that the

time studies were signed at year-end rather than periodically throughout the fiscal year; however, the underlying information was derived from contemporaneous operational records, payroll records, assigned budget unit activity, and the actual duties performed by employees assigned to the Child Abduction Unit. The County further notes that the time study format and documentation methodology utilized during the audit period were consistent with practices historically used by the County in preparing mandated cost reimbursement claims. The County has submitted time studies in substantially the same format for years without prior objection, disallowance, or direction from the State indicating that the methodology was noncompliant. In the absence of prior notice or guidance requiring a different level of detail or alternative documentation procedures, the County reasonably relied on the State's historical acceptance of these records and continued operating in the same manner in good faith. The draft report itself acknowledges that the employees and expenditures were assigned to Budget Unit 216900, the Child Abduction Unit.

The County further disagrees with the assertion that the use of Budget Unit 216900 invalidates the claimed costs. Employees assigned to the Child Abduction Unit performed CAR Program activities as part of their regular and ongoing responsibilities. SCO's position appears to improperly disregard the operational realities of small and mid-sized counties where mandated program activities are performed through dedicated assigned units rather than isolated task-by-task billing systems.

The County also objects to the complete disallowance of all salaries and benefits based solely on the SCO's interpretation of documentation sufficiency, particularly where there has been no finding that the employees failed to perform reimbursable CAR Program activities. The draft audit identifies no evidence that the claimed activities were unrelated to the mandate, duplicative, or funded by another source. Instead, the disallowance is based almost entirely on a retroactive interpretation of documentation standards that were never previously communicated to the County.

The County additionally notes that the audit applies an unreasonably rigid interpretation of "contemporaneous documentation" without acknowledging the practical administrative processes historically utilized by counties in preparing mandated cost claims. The County prepared its claims in good faith using methodologies and documentation practices reasonably believed to comply with the Parameters and Guidelines and consistent with historical claiming practices.

Regarding Finding 2, the County disagrees with the conclusion that the identified materials and supplies costs were not direct costs of the CAR Program. The challenged expenditures — including communications costs, motor pool charges, information technology services, liability allocations, and countywide cost allocation plan charges — were operational costs directly associated with supporting Child Abduction Unit personnel and activities.

The SCO acknowledges that the County provided supporting invoices, departmental statements, journal entry worksheets, and internal service documentation for these expenditures. The County disagrees with the SCO's position that these costs are categorically unallowable merely because they were internally allocated or processed through countywide cost allocation systems. These are standard governmental accounting practices routinely utilized by counties to distribute actual operational costs to benefiting departments and units.

Further, the Parameters and Guidelines expressly identify reimbursable expenditures to include communication devices, vehicles, office equipment, and related operational support costs necessary to perform mandated activities. The costs claimed by the County directly supported employees assigned to the Child Abduction Unit and were reasonably necessary for performance of mandated CAR Program functions.

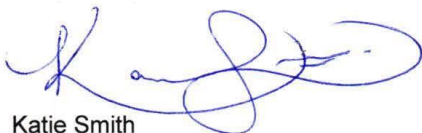
With respect to Finding 3, the County acknowledges the SCO's identification of \$117 in restitution revenue that should have been offset and will work to correct that issue moving forward. However, the County disagrees with the characterization that the previously identified \$9,519 offset was unsupported. The offset was identified in good faith based on information available during claim preparation and represented the County's effort to appropriately account for potential overlapping funding sources.

Overall, the County believes the draft audit applies an overly restrictive and retroactive interpretation of the CAR Program Parameters and Guidelines that exceeds what is expressly required by the governing authorities. The County further believes the complete disallowance of nearly all claimed costs is disproportionate to the documentation concerns identified and fails to adequately consider the substantial evidence demonstrating that mandated CAR Program activities were in fact performed.

Accordingly, the Kings County District Attorney's Office respectfully requests that the SCO reconsider the proposed disallowances and revise the draft audit findings to allow the County's claimed costs in full. The County maintains that the claimed salaries, benefits, operational expenses, and associated support costs were actually incurred in the performance of mandated CAR Program activities and were necessary for the operation of the Child Abduction Unit. The documentation provided demonstrates a direct relationship between the claimed expenditures and the County's fulfillment of state-mandated child abduction and recovery responsibilities. Absent evidence establishing that the claimed activities were non-mandated, duplicative, or funded by another source, the County maintains that the claimed costs are properly reimbursable and should not be categorically disallowed based solely on differing interpretations of documentation methodology.

If you have any questions, please contact either Katie Smith at katie.smith@co.kings.ca.us or Morgan Elias at morgan.elias@co.kings.ca.us. Our office phone number is (559) 852-2392.

Respectfully,



Katie Smith
Assistant District Attorney



Morgan Elias
Fiscal Analyst