

SAN DIEGO COUNTY

Audit Report

CUSTODY OF MINORS – CHILD ABDUCTION AND RECOVERY PROGRAM

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

July 1, 2017, through June 30, 2021



MALIA M. COHEN
California State Controller

July 2023



MALIA M. COHEN
California State Controller

July 14, 2023

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Tracy Drager, Auditor and Controller
San Diego County
5530 Overland Avenue, Suite 410
San Diego, CA 92123

Dear Ms. Drager:

The State Controller's Office audited the costs claimed by San Diego County for the legislatively mandated Custody of Minors – Child Abduction and Recovery Program for the period of July 1, 2017, through June 30, 2021.

The county claimed and was paid \$3,433,637 for the costs of the mandated program. Our audit found that \$43,026 is allowable and \$3,390,611 is unallowable. The costs are unallowable primarily because the county did not provide contemporaneous supporting documentation and did not claim actual costs.

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 claim via a system-generated letter for each fiscal year in the audit period.

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than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended.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

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

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/ac

cc: Luis Mallett, Chief Administrative Officer
San Diego County District Attorney's Office
Julie Sexauer, Financial Policy and Planning Officer
San Diego County District Attorney's Office
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by San Diego County for the legislatively mandated Custody of Minors – Child Abduction and Recovery (CAR) Program for the period of July 1, 2017, through June 30, 2021.

The county claimed and was paid \$3,433,637 for costs of the mandated program. Our audit found that \$43,026 is allowable and \$3,390,611 is unallowable. The costs are unallowable primarily because the county did not provide contemporaneous supporting documentation and did not claim actual costs.

Background

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

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

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

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

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

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

Audit Authority

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

Objective, Scope, and Methodology

The objective of our audit was to determine whether claimed costs represent increased costs resulting from the legislatively mandated CAR Program. Specifically, we conducted this audit to determine whether claimed costs were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive. Unreasonable and/or excessive costs include ineligible costs that are not identified in the program's parameters and guidelines as reimbursable costs.

The audit period was July 1, 2017, through June 30, 2021.

To achieve our objective, we completed the following tasks:

- We reviewed the annual mandated cost claims filed by the county for the audit period and identified the significant cost components of each claim as salaries and benefits, materials and supplies, travel and training, and indirect costs. We determined whether there were any errors or unusual or unexpected variances from year to year. We reviewed the claimed activities to determine whether they adhered to the SCO's *Mandated Cost Manual* and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key county staff. We discussed the claim preparation process with county staff to determine what information was obtained, who obtained it, and how it was used.
- We reviewed time records, which the county called *time studies*, provided by the county for the audit period. We also reviewed payroll records for claimed employees. We noted various issues with the time studies that we reviewed. The records provided as support for the claimed costs did not meet the requirements of the program's parameters and guidelines (see Finding 1).
- We reviewed claimed materials and supplies costs, and found that the county claimed costs that were not supported by source documentation. We were unable to verify that costs claimed under materials and supplies were for mandated activities. We also found that the county claimed allocated costs as direct costs. Per the program's parameters and guidelines, only actual costs are allowable (see Finding 2).
- We reviewed the county's Single Audit and revenue reports to identify potential sources of offsetting revenues and reimbursements from federal or pass-through programs applicable to this mandated program. The county did not claim offsetting revenues for the audit period, and we found no instances of unreported offsetting revenue. We noted no exceptions.

We did not audit the county’s financial statements.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Conclusion

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

For the audit period, San Diego County claimed and was paid \$3,433,637 for costs of the legislatively mandated CAR Program. Our audit found that \$43,026 is allowable and \$3,390,611 is unallowable.

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

**Follow-up on
Prior Audit
Findings**

The county has satisfactorily resolved the findings noted in our prior audit report for the period of July 1, 1999, through June 30, 2002, issued on January 10, 2005. The prior audit report was conducted under the program’s previous parameters and guidelines, adopted on August 26, 1999.

**Views of
Responsible
Officials**

We issued a draft audit report on April 17, 2023. The county’s representative responded by letter dated May 3, 2023. The county disagreed with the audit results, except for Finding 2. This final audit report includes the county’s response.

Restricted Use

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

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

July 14, 2023

Schedule—
Summary of Program Costs
July 1, 2017, through June 30, 2021

Cost Elements	Amount Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2017, through June 30, 2018</u>				
Direct costs:				
Salaries and benefits ²	\$ 762,864	\$ -	\$ (762,864)	Finding 1
Materials and supplies	33,386	972	(32,414)	Finding 2
Travel and training	11,843	11,843	-	
Total direct costs	808,093	12,815	(795,278)	
Indirect costs	44,559	-	(44,559)	Finding 1
Total direct and indirect costs	852,652	12,815	(839,837)	
Less: offsetting revenue	-	-	-	
Total program costs	<u>\$ 852,652</u>	12,815	<u>\$ (839,837)</u>	
Less amount paid by the State ³		(852,652)		
Amount paid in excess of allowable costs claimed		<u>\$ (839,837)</u>		
<u>July 1, 2018, through June 30, 2019</u>				
Direct costs:				
Salaries and benefits	\$ 924,121	\$ -	\$ (924,121)	Finding 1
Materials and supplies	47,607	1,481	(46,126)	Finding 2
Travel and training	9,904	9,904	-	
Total direct costs	981,632	11,385	(970,247)	
Indirect costs	55,694	-	(55,694)	Finding 1
Total direct and indirect costs	1,037,326	11,385	(1,025,941)	
Less: offsetting revenue	-	-	-	
Total program costs	<u>\$ 1,037,326</u>	11,385	<u>\$ (1,025,941)</u>	
Less amount paid by the State ³		(1,037,326)		
Amount paid in excess of allowable costs claimed		<u>\$ (1,025,941)</u>		
<u>July 1, 2019, through June 30, 2020</u>				
Direct costs:				
Salaries and benefits	\$ 651,605	-	\$ (651,605)	Finding 1
Materials and supplies ²	34,584	200	(34,384)	Finding 2
Travel and training	16,118	16,118	-	
Total direct costs	702,307	16,318	(685,989)	
Indirect costs	38,462	-	(38,462)	Finding 1
Total direct and indirect costs	740,769	16,318	(724,451)	
Less: offsetting revenue	-	-	-	
Total program costs	<u>\$ 740,769</u>	16,318	<u>\$ (724,451)</u>	
Less amount paid by the State ³		(740,769)		
Amount paid in excess of allowable costs claimed		<u>\$ (724,451)</u>		

Schedule (continued)

Cost Elements	Amount Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2020, through June 30, 2021</u>				
Direct costs:				
Salaries and benefits	\$ 717,549	-	\$ (717,549)	Finding 1
Materials and supplies	41,520	283	(41,237)	Finding 2
Travel and training	<u>2,225</u>	<u>2,225</u>	<u>-</u>	
Total direct costs	761,294	2,508	(758,786)	
Indirect costs	<u>41,596</u>	<u>-</u>	<u>(41,596)</u>	Finding 1
Total program costs	<u>\$ 802,890</u>	2,508	<u>\$ (800,382)</u>	
Total direct and indirect costs	802,890	2,508	(800,382)	
Less: offsetting revenue	<u>-</u>	<u>-</u>	<u>-</u>	
Total program costs	<u>\$ 802,890</u>	2,508	<u>\$ (800,382)</u>	
Less amount paid by the State ³		<u>(802,890)</u>		
Amount paid in excess of allowable costs claimed		<u>\$ (800,382)</u>		
<u>Summary: July 1, 2017, through June 30, 2021</u>				
Direct costs:				
Salaries and benefits	\$3,056,139	-	\$ (3,056,139)	
Materials and supplies	157,097	2,936	(154,161)	
Travel and training	<u>40,090</u>	<u>40,090</u>	<u>-</u>	
Total direct costs	3,253,326	43,026	(3,210,300)	
Indirect costs	<u>180,311</u>	<u>-</u>	<u>(180,311)</u>	
Total direct and indirect costs	3,433,637	43,026	(3,390,611)	
Less: offsetting revenue	<u>-</u>	<u>-</u>	<u>-</u>	
Total program costs	<u>\$3,433,637</u>	43,026	<u>\$ (3,390,611)</u>	
Less amount paid by the State ³		<u>(3,433,637)</u>		
Amount paid in excess of allowable costs claimed		<u>\$ (3,390,611)</u>		

¹ See the Findings and Recommendations section.

² Immaterial differences due to rounding.

³ Payment amount current as of June 1, 2023.

Findings and Recommendations

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

The county claimed \$3,056,139 in salaries and benefits for the audit period. We determined that the entire amount is unallowable. The related unallowable indirect costs total \$180,311, for total unallowable costs of \$3,236,450. 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 is a summary of the audit adjustment:

Cost Elements	2017-18	2018-19	2019-20	2020-21	Total
Unallowable salaries ¹	A \$ (445,587)	\$ (556,941)	\$ (384,620)	\$ (415,959)	\$ (1,803,107)
Unallowable benefits	B (317,277)	(367,180)	(266,985)	(301,590)	(1,253,032)
Sub-total: Unallowable salaries and benefits	C (762,864)	(924,121)	(651,605)	(717,549)	(3,056,139)
Claimed indirect cost rate	D 10.00%	10.00%	10.00%	10.00%	
Related indirect costs [A x D]	E (44,559)	(55,694)	(38,462)	(41,596)	(180,311)
Audit adjustment [C + E]	\$ (807,423)	\$ (612,635)	\$ (423,082)	\$ (457,555)	\$ (3,236,450)

¹ Immaterial differences due to rounding

The county provided bi-weekly time studies that record “Allocable Regular Hours” charged to the following activity titles:

- Compliance with Court Orders (CA/Other Duties)
- Court Costs for Out-of-State Jurisdiction Cases (Out-of-State/Hague)
- Securing Appearance of Offender
- Return of Children to Custodian

The bi-weekly time studies also record “Nonallocable Hours,” which include time associated with vacation, sick leave, compensatory time, and hours spent on non-child abduction unit activities. No further description of activities was provided. Without a description of the mandated functions performed, we were unable to verify that the hours claimed under the description of “Allocable Regular Hours” or “Nonallocable Hours” were for reimbursable activities.

We noted that many time studies were signed months after the last day of the pay period. The county acknowledged that staff members often submit their time studies late, and stated “The San Diego District Attorney’s Office is implementing a process where staff submit their time studies each pay period.” We also noted that several employees’ time studies claimed both “Compliance with Court Orders” and “Court Costs for Out-of-State Jurisdiction Cases”; however, none of the claims submitted to the SCO included “Court Costs for Out-of-State Jurisdiction Cases.”

Based on the documentation provided, we were unable to determine the mandated functions performed, the actual number of hours devoted to each function, or the validity of the claimed costs. Without a description of the

mandated functions performed, we were unable to determine whether the county claimed unallowable costs associated with criminal prosecution, commencing with the defendant’s first appearance in a California court; or claimed costs associated with activities that are non-mandate related.

Criteria

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

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

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

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

Recommendation

We recommend that the county:

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

County Response

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

The San Diego County District Attorney’s Office (DAO) supported the salaries and benefits costs with reports from the County’s timekeeping software – Kronos, time studies, and PeopleSoft Budget Unit Labor Cost reports (BULC). Kronos entries are made by DAO Custody of Minors – Child Abduction and Recovery Program (CARP) funded employees and approved by their supervisors each bi-weekly pay period, contemporaneous to the time worked. To corroborate the Kronos reports, DAO provided bi-weekly time studies to reflect the reimbursable/non-reimbursable activities and BULC reports to reflect employees, classifications, and other salary/benefit information. DAO staff members additionally provided case notes and redacted records.

As the audit noted, the corroborating time studies were not always submitted on time. DAO plans to implement changes to further substantiate costs using available County systems and resources.

SCO Comment

The Kronos entries for employees' actual hours worked consist of hours charged to a code for "Child Abduction – General Fund" or "General Prosecution – General Fund". Hours charged to a code do not show the hours worked on reimbursable mandated activities. The Kronos and BULC reports are payroll documentation that do not show the actual number of hours the employees worked on mandated activities, as required by the parameters and guidelines.

The county states, "To corroborate the Kronos reports, DAO provided bi-weekly time studies to reflect the reimbursable/non-reimbursable activities. . . ." The activity titles used in the time studies are generally vague; they do not describe the mandated functions performed or specify the actual number of hours devoted to each function. Furthermore, the county acknowledges that "the corroborating time studies were also not always submitted on time."

Section VII.A.1., "Salaries 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.

FINDING 2— Overstated materials and supplies costs

The county claimed a total of \$157,097 in materials and supplies costs for the audit period. We determined that \$2,936 is allowable and \$154,161 is unallowable. These costs are unallowable because the county did not provide supporting documentation; and it claimed costs that were allocated to the CAR Program, rather than 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 by the DA’s Office, the allowable costs, and the audit adjustment:

Materials and Supplies		Total	Amount	Audit
Account	Description	Claimed	Allowable	Adjustment
Cell phone expenses				
52068	Cellular Phone Use	\$ 10,351	-	\$ (10,351)
Total cell phone expenses		10,351	-	(10,351)
Vehicle-related expenses				
52178	Auto Maintenance – Vehicle Charge	33,217	-	(33,217)
52182	Automotive Fuel	21,906	-	(21,906)
52616	Transportation & Travel (Parking)	14,939	-	(14,939)
52758	Vehicle Lease – ISF [Internal Service Fund]	11,116	-	(11,116)
Total vehicle-related expenses		81,178	-	(81,178)
Allocated expenses				
52670	Utility Charges – ISF	16,525	-	(16,525)
52708	Fac Management – ISF	46,107	-	(46,107)
Total allocated expenses		62,632	-	(62,632)
Other Expenses				
52156	Interpreters	215	215	-
52270	Memberships	115	115	-
52332	Postage	285	285	-
52550	Misc. Dept. Expense	2,321	2,321	-
Total other expenses		2,936	2,936	
Total materials and supplies costs		\$ 157,097	\$ 2,936	\$ (154,161)

Cell phone expenses

The county claimed a total of \$10,351 for “Cellular Phone Use” for the audit period. These costs include the monthly cell phone charges for the DA’s Office investigators.

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

Cell phone expenses		Fiscal Year				Total	Total
Account	Description	2017-18	2018-19	2019-20	2020-21	Claimed	Allowable
52068	Cellular Phone Use	\$ 3,641	\$ 4,287	\$ 984	\$ 1,439	\$ 10,351	\$ -
Total cell phone expenses		\$ 3,641	\$ 4,287	\$ 984	\$ 1,439	\$ 10,351	\$ -

We reviewed cell phone bills for DA’s Office investigators for the audit period. The investigators’ timesheets included time charged to “General Prosecution” activities, which are not mandate-related. Based on the documentation provided, we were unable to determine how much of the claimed cell phone expenses were related to the reimbursable activities. The county did not support the claimed cell phone expenses with source documents that show the validity of such costs and their relationship to the reimbursable activities. Therefore, we determined that \$10,351 in cell phone expenses is unallowable.

Vehicle-related expenses

The county claimed a total of \$81,178 in vehicle-related expenses for the audit period. Costs included maintenance, fuel, parking, and lease expenses for vehicles assigned to DA’s Office investigators.

The following table shows the vehicle-related expenses claimed by the DA’s Office, the allowable costs, and the audit adjustment by fiscal year:

Vehicle-related expenses		Fiscal Year				Total	Total	Audit
Account	Description	2017-18	2018-19	2019-20	2020-21	Claimed	Allowable	Adjustment
52178	Auto Maintenance – Vehicle Charge	\$ 6,655	\$ 8,845	\$ 11,505	\$ 6,212	\$ 33,217	-	\$ (33,217)
52182	Automotive Fuel	4,304	7,216	6,647	3,739	21,906	-	(21,906)
52616	Transportation & Travel (Parking)	2,807	6,631	2,213	3,288	14,939	-	(14,939)
52758	Vehicle Lease – ISF	-	-	-	11,116	11,116	-	(11,116)
Total vehicle-related expenses		\$ 13,766	\$ 22,692	\$ 20,365	\$ 24,355	\$ 81,178	-	\$ (81,178)

We requested a vehicle use log to determine the reimbursable activities for the audit period; however, the county does not keep this type of record. We were informed that investigators are assigned vehicles, but daily vehicle usage is not tracked. Investigators can use vehicles for business-related purposes and for transportation from their personal homes to the DA’s Office location. The county was not able to provide source documents showing that “Automotive Fuel” and “Transportation & Travel (Parking)” charges were direct costs of the mandate.

Based on the documentation provided, we were unable to determine how much of the claimed vehicle-related expenses was related to the reimbursable activities. The county did not support the claimed vehicle-related expenses with source documents that show the validity of such costs and their relationship to the reimbursable activities. Therefore, we determined that a total of \$81,178 in vehicle-related expenses is unallowable.

Allocated expenses

The county claimed a total of \$62,632 for costs allocated to the CAR Program. Costs included utility costs and facility management costs charged to the Internal Service Fund. The county developed a methodology to allocate a percentage of utility costs and facility management costs (i.e., fire safety, custodial, and building upkeep costs) as direct costs applicable to the mandated program. For each quarter, the county calculated the percentage of the CAR Program full-time equivalents to the total full-time equivalents at the DA’s Office Hall of Justice location. To determine program-related utility and facility management costs, the county applied the percentage to the total costs incurred by the DA’s Office Hall of Justice location.

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

Allocated expenses		Fiscal Year				Total	Total	Audit
Account	Description	2017-18	2018-19	2019-20	2020-21	Claimed	Allowable	Adjustment
52670	Utility Charges – ISF	\$ 4,016	\$ 5,798	\$ 3,283	\$ 3,428	\$ 16,525	-	\$ (16,525)
52708	Fac Management – ISF	10,991	13,349	9,754	12,013	46,107	-	(46,107)
Total allocated expenses		<u>\$ 15,007</u>	<u>\$ 19,147</u>	<u>\$ 13,037</u>	<u>\$ 15,441</u>	<u>\$ 62,632</u>	<u>-</u>	<u>\$ (62,632)</u>

Based on the documentation provided, we determined that a total of \$62,632 in allocated expenses is unallowable. The costs are unallowable because the county did not claim actual costs that were supported by source documentation.

Criteria

Section V., “Reimbursable Costs,” of the parameters and begins:

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

Recommendation

We recommend that the county:

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

County Response

The County concurs with this finding and disallowance of costs.

The mandated program’s parameters and guidelines provide: “The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate” (Amendment to Parameters and Guidelines 05-PGA-26 (CSM 4237), page 3). The DAO interpreted this to apply the commonly accepted practice among cost sharing programs that the proportional share of usage is applied to the appropriate program. The DAO will implement changes to ensure that only expenditures which can be identified as a direct cost of the mandate and are supported by source documentation are claimed.

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



County of San Diego

TRACY DRAGER
AUDITOR AND CONTROLLER
(658) 694-2176
FAX: (658) 694-2296

AUDITOR AND CONTROLLER
5530 OVERLAND AVE, SUITE 410, SAN DIEGO, CA 92123-1261

May 3, 2023

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

Dear Ms. Kurokawa:

COUNTY OF SAN DIEGO RESPONSE TO DRAFT AUDIT REPORT FOR THE CHILD ABDUCTION RECOVERY PROGRAM: FISCAL YEARS 2017/18 THROUGH 2020/2021.

Thank you for giving the County the opportunity to review the draft audit report. As reported, the County claimed costs of \$3,433,637 during the audit period. Of this amount, the audit found \$43,026 allowable and \$3,390,611 unallowable. The primary grounds stated in the audit for the costs being unallowable were that the County did not provide contemporaneous supporting documentation and did not claim actual costs. 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 unallowable salaries and benefits costs of \$3,056,139 and related unallowable indirect costs of \$180,311 totaling \$3,236,450 for the audit period.

Response:

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

The San Diego County District Attorney's Office (DAO) supported the salaries and benefits costs with reports from the County's timekeeping software - Kronos, time studies, and PeopleSoft Budget Unit Labor Cost reports (BULC). Kronos entries are made by DAO Custody of Minors - Child Abduction and Recovery Program (CARP) funded employees and approved by their supervisors each bi-weekly pay period, contemporaneous to the time worked. To corroborate the Kronos reports, DAO provided bi-weekly time studies to reflect the reimbursable/non-reimbursable activities and BULC reports to reflect employees, classifications, and other salary/benefit information. DAO staff members additionally provided case notes and redacted records.

As the audit noted, the corroborating time studies were not always submitted on time. DAO plans to implement changes to further substantiate costs using available County systems and resources.

Finding 2 – Overstated Materials and Supplies Costs

The County claimed unallowable materials and supplies costs totaling \$154,161 for the audit period.

Response:

The County concurs with this finding and disallowance of costs.

The mandated program's parameters and guidelines provide: "The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate" (Amendment to Parameters and Guidelines 05-PGA-26 (CSM 4237), page 3). The DAO interpreted this to apply the commonly accepted practice among cost sharing programs that the proportional share of usage is applied to the appropriate program. The DAO will implement changes to ensure that only expenditures which can be identified as a direct cost of the mandate and are supported by source documentation are claimed.

The DAO 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 DAO reunited 182 children with their custodial parents and guardians, demonstrating the reunification services were successfully performed as required by the CARP 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 \$2,936 in materials and supplies 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 \$43,026) for a multimillion-dollar program is patently unreasonable. Accordingly, the County disagrees with the findings and disallowance of costs and reserves the right to file an "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 Karl Halbritter of the District Attorney's Office at (619) 515-8710.

Sincerely,



TRACY DRAGER
Auditor and Controller

PRGA:MHW:tw

Attachment

- c: Luis Mallett, Chief District Attorney Administrative Officer, District Attorney's Office
- Karl Halbritter, Legal Operations Administrator, District Attorney's Office
- Julie Sexauer, Financial Policy and Planning Officer, District Attorney's Office
- Jacob Breillatt, Administrative Analyst, District Attorney's Office
- Rosemarie Degracia, Group Finance Director, Public Safety
- Babette Baltazar, Manager, Auditor & Controller
- Michele Wilroy, Principal Accountant, Auditor & Controller

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