

SHASTA COUNTY

Audit Report

CUSTODY OF MINORS – CHILD ABDUCTION AND RECOVERY PROGRAM

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

July 1, 2017, through June 30, 2021



MALIA M. COHEN
California State Controller

August 2023



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

August 23, 2023

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Nolda Short, Auditor-Controller
Shasta County
1450 Court Street, Suite 238
Redding, CA 96001

Dear Ms. Short:

The State Controller's Office audited the costs claimed by Shasta 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 \$1,204,994 for costs of the mandated program. Our audit found that \$12,410 is allowable and \$1,192,584 is unallowable. The costs are unallowable primarily because the county's time records do not show the actual hours devoted to each mandated function or the validity of such costs. In addition, the county claimed costs that were allocated to the program instead of actual direct costs incurred to implement the mandated activities. The State paid the county \$1,203,448.

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

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

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/rs

Ms. Nolda Short
August 23, 2023
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Audit Report

Summary

The State Controller’s Office (SCO) audited the costs claimed by Shasta 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 \$1,204,994 for costs of the mandated program. Our audit found that \$12,410 is allowable and \$1,192,584 is unallowable. The costs are unallowable primarily because the county’s time records do not show the actual hours devoted to each mandated function or the validity of such costs. In addition, the county claimed costs that were allocated to the program instead of actual direct costs incurred to implement the mandated activities. The State paid the county \$1,203,448.

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 defines 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.

Objective, Scope, and Methodology

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

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

To achieve our objective, we performed the following procedures:

- We reviewed the annual mandated cost claims filed by the county for the audit period and identified the significant cost components of each claim as salaries and benefits, materials and supplies, travel and training, and indirect costs. We determined whether there were any errors or unusual or unexpected variances from year to year. We reviewed the activities claimed to determine whether they adhered to the SCO's *Mandated Cost Manual* and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key county staff members. We discussed the claim preparation process with county staff to determine what information was obtained, who obtained it, and how it was used.
- We reviewed payroll records for claimed employees. We noted that 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 allocated to the CAR Program (Project Code DA 0006) as direct costs applicable to the mandated program, although the costs were not actual costs supported by source documentation. Per the program's parameters and guidelines, only actual costs are allowed. We found \$70,655 in materials and supplies costs to be unallowable (see Finding 2).
- We reviewed claimed travel and training costs, and found that the county claimed costs that were allocated to the CAR Program (Project Code DA 0006) as direct costs applicable to the mandated program, although the costs were not actual costs supported by source documentation. Per the program's parameters and guidelines, only actual costs are allowed. We found \$11,484 in travel and training costs to be unallowable (see Finding 3).

- We reviewed the claimed indirect cost rates, including supporting documentation provided by the county. We found that the indirect cost rates were properly supported.
- 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 this mandated program. We found that the county did not receive offsetting revenue for this mandate during the audit period.

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 Shasta 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, the county claimed \$1,204,994 for costs of the legislatively mandated CAR Program. Our audit found that \$12,410 is allowable and \$1,192,584 is unallowable. The State paid the county \$1,203,448.

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

Shasta County has satisfactorily resolved the findings noted in our prior audit report for the period of July 1, 2003, through June 30, 2006, issued on November 26, 2008.

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 June 8, 2023. Shasta County’s representative responded by letter dated June 19, 2023, agreeing 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 Shasta 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

August 23, 2023

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

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2017, through June 30, 2018</u>				
Direct Costs:				
Salaries and benefits	\$ 227,764	-	\$ (227,764)	Finding 1
Materials and supplies	18,042	2,545	(15,497)	Finding 2
Travel and training	6,332	1,677	(4,655)	Finding 3
Total direct costs	252,138	4,222	(247,916)	
Indirect costs	75,709	-	(75,709)	Finding 1
Total program costs ^{2, 4}	<u>\$ 327,846</u>	4,222	<u>\$ (323,624)</u>	
Less amount paid by the State ³		(326,300)		
Amount paid in excess of allowable costs claimed		<u>\$ (322,078)</u>		
<u>July 1, 2018, through June 30, 2019</u>				
Direct Costs:				
Salaries and benefits	\$ 188,670	-	\$ (188,670)	Finding 1
Materials and supplies	21,285	1,538	(19,747)	Finding 2
Travel and training	3,599	1,204	(2,395)	Finding 3
Total direct costs	213,553	2,741	(210,812)	
Indirect costs	67,978	-	(67,978)	Finding 1
Total program costs ⁴	<u>\$ 281,530</u>	2,741	<u>\$ (278,789)</u>	
Less amount paid by the State ³		(281,530)		
Amount paid in excess of allowable costs claimed		<u>\$ (278,789)</u>		
<u>July 1, 2019, through June 30, 2020</u>				
Direct Costs:				
Salaries and benefits	\$ 202,778	-	\$ (202,778)	Finding 1
Materials and supplies	21,729	2,096	(19,633)	Finding 2
Travel and training	4,753	2,279	(2,474)	Finding 3
Total direct costs	229,260	4,375	(224,885)	
Indirect costs	58,664	-	(58,664)	Finding 1
Total program costs ⁴	<u>\$ 287,923</u>	4,375	<u>\$ (283,548)</u>	
Less amount paid by the State ³		(287,923)		
Amount paid in excess of allowable costs claimed		<u>\$ (283,548)</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2020, through June 30, 2021</u>				
Direct Costs:				
Salaries and benefits	\$ 221,301	-	\$ (221,301)	Finding 1
Materials and supplies	16,850	1,072	(15,778)	Finding 2
Travel and training	1,960	-	(1,960)	Finding 3
Total direct costs ⁴	240,110	1,072	(239,038)	
Indirect costs	67,585	-	(67,585)	Finding 1
Total program costs	<u>\$ 307,695</u>	1,072	<u>\$ (306,623)</u>	
Less amount paid by the State ³		(307,695)		
Amount paid in excess of allowable costs claimed		<u>\$ (306,623)</u>		
<u>Summary: July 1, 2017, through June 30, 2021</u>				
Direct Costs:				
Salaries and benefits ⁴	\$ 840,511	-	\$ (840,511)	Finding 1
Materials and supplies	77,905	7,250	(70,655)	Finding 2
Travel and training	16,644	5,160	(11,484)	Finding 3
Total direct costs	935,060	12,410	(922,650)	
Indirect costs ⁴	269,935	-	(269,935)	Finding 1
Total program costs ⁴	<u>\$ 1,204,994</u>	12,410	<u>\$ (1,192,584)</u>	
Less amount paid by the State ³		(1,203,448)		
Amount paid in excess of allowable costs claimed		<u>\$ (1,191,038)</u>		

¹ See the Findings and Recommendations section.

² The county's original claim for fiscal year (FY) 2017-18 totaled \$312,390 and was filed on time. The county submitted an amended claim on February 11, 2020, totaling \$327,846. As the amended claim was filed after the filing deadline specified in the SCO's *Mandated Cost Manual*, the increased claimed costs, totaling \$15,456, was subject to the late penalty specified by GC section 17568, equal to 10% of claimed costs, not to exceed \$10,000. However, the allowable audited costs for the county's FY 2017-18 claim total \$4,222, which is less than the amount originally claimed. Therefore, a late penalty is no longer applicable to the county's claim.

³ Payment amount current as of July 5, 2023.

⁴ Adjusted for immaterial rounding error.

Findings and Recommendations

FINDING 1— Unsupported salaries and benefit costs and related indirect costs

Shasta County claimed \$840,511 in salaries and benefits for the audit period. We determined that the entire amount is unallowable. The related unallowable indirect costs total \$269,935, for total unallowable costs of \$1,110,446. 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, and the county claimed time for activities performed on “good cause” cases.

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

	Fiscal Year				
	2017-18	2018-19	2019-20	2020-21	Total**
Unallowable salaries	\$ (137,463)	\$ (119,145)	\$ (117,457)	\$ (126,599)	\$ (500,663)
Unallowable benefits	(90,301)	(69,525)	(85,321)	(94,702)	(339,848)
Total unallowable salaries and benefits	A \$ (227,764)	\$ (188,670)	\$ (202,778)	\$ (221,301)	(840,511)
Claimed indirect cost rate*	B 33.24%	36.03%	28.93%	30.54%	
Related indirect costs (A x B)	C (75,709)	(67,978)	(58,664)	(67,585)	(269,935)
Audit Adjustment (A + C)	D \$ (303,473)	\$ (256,648)	\$ (261,442)	\$ (288,886)	\$ (1,110,446)

*The indirect costs base includes salaries and benefits

**Slight differences due to rounding

The county claimed various employee classifications, including Chief of Investigations, Investigator, Investigative Assistant, Investigative Technician, and Deputy District Attorney, performed activities for the Complying with Court Orders cost component. During our fieldwork, the county explained that when preparing claims, the DA’s Office uses data (i.e., hourly rate and benefits) from the payroll system, in combination with bi-weekly employee timesheets, to claim salaries and benefits costs. Both the payroll data and the bi-weekly timesheets are generated by the integrated system. Employees electronically sign and submit their timesheets on a bi-weekly basis.

The timesheets do not show the mandated functions performed for the program or the number of hours devoted to each function. The timesheets show how many hours an employee works per day within a two-week time period, as well as compensatory time and various types of paid time off. The timesheets indicate an “activity” code and various “project” codes. The main activity code “1100” indicates regular salaries. Following are some of the project codes used in the timesheets:

- DA 1000 – District Attorney Main
- DA 0006 – Child Abduction
- DA 0008 – Auto Insurance Fraud
- DA 0014 – Welfare Fraud
- DA 0015 – Consumer Fraud
- DA 0027 – OTS DUI Grant

Time recorded as Project Code DA 0006 indicates time spent on the CAR Program. Recorded time was also spent on other programs within the DA's Office, such as those noted in the list above. As evidenced in the timesheets, there is no breakdown within Project Code DA 0006 that shows how much time was spent on specific mandated activities. We noted that Investigative Technicians typically charge most of their time to the CAR Program, while employees in other classifications charge their time to various projects. For each fiscal year, payroll data is queried from the system, where time spent on Project Code DA 0006 can be grouped and summarized for each employee. The data for each employee is then further summarized and labeled as "child abduction hours" and the total hours for the fiscal year are then transferred to the mandated cost claims.

We reviewed the county's list of child abduction cases by fiscal year and noted that many of the cases were "good cause" cases. During a meeting with DA's Office staff, we confirmed that cases under PC section 278.7 (commonly referred to as "good cause" cases) are commonly worked on by Investigative Technicians; however, Investigators may also work on such cases, depending on staffing availability. Time spent on activities related to "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.

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

Section VII., "Claim Preparation and Submission," 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.

Section V., "Reimbursable Costs," of the parameters and guidelines states, in part:

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 parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County’s Response

We understand that our program must comply with state regulations. We want to reassure you that we are willing to cooperate with your team to ensure that our program meets all the necessary standards. We have established a plan of action to address all the concerns outlined in your report. Our team has taken immediate steps to implement corrective actions, which will ensure that our program remains in compliance with state regulations.

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

The county claimed a total of \$77,905 in materials and supplies costs for the audit period. We determined that \$7,250 is allowable and \$70,655 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:

Fiscal Year	Amount Claimed	Total Allowable	Audit Adjustment
2017-18	\$ 18,042	\$ 2,545	\$ (15,497)
2018-19	21,285	1,538	(19,747)
2019-20	21,729	2,096	(19,633)
2020-21	16,850	1,072	(15,778)
Total	<u>\$ 77,905</u>	<u>\$ 7,250</u>	<u>\$ (70,655)</u>

The county claimed materials and supplies costs for the following object codes:

Obj/Revenue	Description	FY	FY	FY	FY	Total
		2017-18	2018-19	2019-20	2020-21	
32500	Communications	\$ 826	\$ 1,234	\$ 1,288	\$ 1,062	\$ 4,410
32591	IT Communications	392	604	631	-	1,627
35500	Small Tools & Equip. (cell phone)	437	-	-	-	437
32992	FM Household Expense	1,930	2,690	3,159	-	7,780
33791	FM Maintenance of Structures	1,514	1,911	1,580	-	5,005
34537	Books			1,095		1,095
34890	FM Professional Services	193	-	-	-	193
35100	Rents & Leases of Equip. (copier)	152	352	-	-	504
36100	Utilities	1,765	1,666	1,650	-	5,081
32300	Clothing/Personal Supplies	554	296	220	332	1,402
34500	Office Expense	19	-	150	740	909
34527	Office Expense - Printing IKON	128	135	-	-	262
34835	Prof. Photo - Cert. Records	354	-	-	-	354
33592	IT Maintenance of Equip.	281	-	-	-	281
34860	Prof Benefits Admin Services (JALAN)	4,326	4,182	3,175	3,840	15,524
34892	IT Professional Service	5,136	8,064	8,780	10,876	32,856
34100	Memberships	36	151	-	-	187
		<u>\$ 18,042</u>	<u>\$ 21,285</u>	<u>\$ 21,729</u>	<u>\$ 16,850</u>	<u>\$ 77,905</u>

We judgmentally selected a total of six object codes for review, as the county claimed a material amount over the four-year audit period. The selected object codes included the following:

- 32500 – Communications
- 32992 – FM Household Expense
- 33791 – FM Maintenance of Structures
- 36100 – Utilities
- 34860 – Professional Benefits Admin Services (JALAN)
- 34892 – IT Professional Service

We inquired with the DA’s Office how the claimed materials and supplies costs were calculated. DA’s Office staff explained that each program within the DA’s Office is assigned an allocation percentage, which is applied to the total expenses of all programs. Therefore, for the CAR Program (Project Code DA 0006), the direct costs claimed were allocated from a larger pool of DA’s Office costs. Per DA’s Office representatives, the CAR Program is about 3.24% of the DA’s Office total expenses. In addition to the CAR Program, the DA’s Office participates in approximately 18 other programs, each of which is assigned an allocation percentage. The DA’s Office refers to the percentages as “splits” or “spreads.”

For the selected object codes, the DA’s Office calculates the “splits” on a monthly basis and then totals them at year-end to arrive at a dollar amount to include on the mandated cost claims. We performed a rough calculation for FY 2017-18, and the monthly splits did not equate to 3.24%; there were some variances.

In order to gain a basic understanding of the DA Office’s methodology, we inquired how the 3.24% is derived. The DA’s Office explained that it totals the number of people working on the program and the total dollar amount assigned to the program and divides this number by the total of all programs. However, we noted that regardless of the exact “split” percentage used for the CAR Program for each fiscal year, the county claimed costs based on an allocation method and did not claim actual direct costs to the program that were supported by source documentation.

The following table shows the total costs claimed for each of the six object codes reviewed, and the related audit adjustments by fiscal year:

<u>Obj/Revenue</u>	<u>Description</u>	<u>Total Claimed</u>	<u>Total Allowable</u>	<u>Audit Adjustment</u>
32500	Communications	\$ 4,410	\$ -	\$ (4,410)
32992	FM Household Expense	7,780	-	(7,780)
33791	FM Maintenance of Structures	5,005	-	(5,005)
36100	Utilities	5,081	-	(5,081)
34860	Prof Benefits Admin Services (JALAN)	15,524	-	(15,524)
34892	IT Professional Service	32,856	-	(32,856)
		<u>\$ 70,655</u>	<u>\$ -</u>	<u>\$ (70,655)</u>

Section V., “Reimbursable Costs,” of the parameters and guidelines states, in part:

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 parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County’s Response

We understand that our program must comply with state regulations. We want to reassure you that we are willing to cooperate with your team to ensure that our program meets all the necessary standards. We have established a plan of action to address all the concerns outlined in your report. Our team has taken immediate steps to implement corrective actions, which will ensure that our program remains in compliance with state regulations.

**FINDING 3—
Overstated travel and
training costs**

The county claimed a total of \$16,644 in travel and training costs for the audit period. We determined that \$5,160 is allowable and \$11,484 is unallowable. The costs are unallowable because the county claimed costs that were allocated to the CAR Program instead of actual costs to implement the mandated activities supported by source documentation, as required by the program’s parameters and guidelines.

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

Fiscal Year	Amount Claimed	Total Allowable	Audit Adjustment
2017-18	\$ 6,332	\$ 1,677	\$ (4,655)
2018-19	3,599	1,204	(2,395)
2019-20	4,753	2,279	(2,474)
2020-21	1,960	-	(1,960)
Total	\$ 16,644	\$ 5,160	\$ (11,484)

The county did not claim training costs within the category of travel and training. The county claimed costs for the following three object codes:

Obj/Revenue	Description	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	Total
35900	Transportation & Travel	\$ 177	\$ 150	\$ 2,279	\$ -	\$ 2,606
35940	Fuel	1,500	1,053	-	-	2,554
35990	Vehicle Maintenance Services	4,655	2,395	2,474	1,960	11,484
		<u>\$ 6,332</u>	<u>\$ 3,599</u>	<u>\$ 4,753</u>	<u>\$ 1,960</u>	<u>\$ 16,644</u>

Through our discussions with DA’s Office staff, we found that the Transportation and Travel code is used for case-related travel expenses such as flights and hotels; the Fuel code is used for fuel charges (actual fuel fill-ups) by employees assigned to the CAR Program; and the Vehicle Maintenance Services code is used for maintenance of vehicles used by DA’s Office staff. We judgmentally selected object code 35990 (Vehicle Maintenance Services) for review, as the county claimed a material amount over the four-year audit period.

We inquired with DA’s Office staff how the claimed Vehicle Maintenance Services costs were calculated. The DA’s Office explained that each program within the DA’s Office is assigned an allocation percentage, which is applied against the total expenses of all programs. Therefore, for the CAR Program, the direct costs claimed were allocated from a larger pool of DA’s Office costs. Per the DA’s Office, the CAR Program represents approximately 3.24% of DA’s Office total expenses. In addition to the CAR Program, the DA’s Office participates in approximately 18 other programs, each of which is assigned an allocation percentage. The DA’s Office refers to the percentages as “splits” or “spreads.”

For Vehicle Maintenance Services specifically, the total monthly charges for the DA’s Offices’ are generated by Fleet Billing. The DA’s Office then spreads the total amount amongst approximately eight different programs, including the CAR Program (Project Code DA 0006). The monthly amounts are then totaled at year-end to arrive at a dollar amount to include on the mandated cost claims. We performed a rough calculation for FY 2017-18, and the monthly splits did not equate to 3.24%; there were some variances.

In order to gain a basic understanding of the DA’s Office methodology, we inquired how the 3.24% is derived. The DA’s Office explained that it totals the number of people working on the program and the total dollar amount assigned to the program and divides this number by the total of all programs. However, we noted that regardless of the exact “split” percentage used for the CAR Program for each fiscal year, the county claimed costs based on an allocation method and did not claim actual direct costs to the program that were supported by source documentation.

Section V., “Reimbursable Costs,” of the parameters and guidelines states, in part:

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 parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County’s Response

We understand that our program must comply with state regulations. We want to reassure you that we are willing to cooperate with your team to ensure that our program meets all the necessary standards. We have established a plan of action to address all the concerns outlined in your report. Our team has taken immediate steps to implement corrective actions, which will ensure that our program remains in compliance with state regulations.

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



Office of the District Attorney
Stephanie A. Bridgett

Seek truth - Do Justice

TO: California State Controller's Office

CC: Nolda Short, Auditor-Controller

FROM: Stephanie Bridgett, District Attorney

DATE: June 19, 2023

SUBJECT: SB90 Audit Response

Thank you for the opportunity to respond to the audit your agency conducted regarding our Child Abduction Unit. Below is our response to the three findings:

Finding 1 – Unsupported salaries & benefit cost and related indirect costs

- We understand that our program must comply with state regulations. We want to reassure you that we are willing to cooperate with your team to ensure that our program meets all the necessary standards. We have established a plan of action to address all the concerns outlined in your report. Our team has taken immediate steps to implement corrective actions, which will ensure that our program remains in compliance with state regulations.

Finding 2 – Overstated materials and supplies costs

- We understand that our program must comply with state regulations. We want to reassure you that we are willing to cooperate with your team to ensure that our program meets all the necessary standards. We have established a plan of action to address all the concerns outlined in your report. Our team has taken immediate steps to implement corrective actions, which will ensure that our program remains in compliance with state regulations.

Finding 3 – Overstated travel and training costs

- We understand that our program must comply with state regulations. We want to reassure you that we are willing to cooperate with your team to ensure that our program meets all the necessary standards. We have established a plan of action to address all the concerns outlined in your report. Our team has taken immediate steps to implement corrective actions, which will ensure that our program remains in compliance with state regulations.



Office of the District Attorney
Stephanie A. Bridgett

We appreciate your efforts in highlighting the areas of improvement in our program. We acknowledge the issues identified by your team during the audit. We take your report seriously, and we would like to express our commitment to resolving these issues.

Additionally, thank you for your suggestion to contact the Sacramento County District Attorney's Office to seek insight on how to operate our units tracking and reporting practices. At this time, we are researching the costs associated with the development of a very robust SB90 tracking program to mimic Sacramento County.

We appreciate your continued support as we work to incorporate the necessary change and improvements. Your feedback and input will be invaluable as we strive to provide high-quality services to our community.

Thank you again for your assistance and guidance during this process. If you have further suggestions or recommendations, please do not hesitate to reach out to us.

Sincerely,

Stephanie A. Bridgett
Shasta County District Attorney

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

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