

RIVERSIDE COUNTY

Audit Report

INTERAGENCY CHILD ABUSE AND NEGLECT INVESTIGATION REPORTS PROGRAM

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

July 1, 2013, through June 30, 2015



BETTY T. YEE
California State Controller

October 2021



BETTY T. YEE
California State Controller

October 27, 2021

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Paul Angulo, CPA, M.A., Auditor-Controller
Riverside County
4080 Lemon Street, 11th Floor
Riverside, CA 92502

Dear Mr. Angulo:

The State Controller's Office audited the costs claimed by Riverside County for the legislatively mandated Interagency Child Abuse and Neglect Investigation Reports Program for the period of July 1, 2013, through June 30, 2015.

The county claimed \$2,110,577 for costs of the mandated program. Our audit found that \$1,005,723 is allowable and \$1,104,854 is unallowable because the county claimed estimated and misstated costs, claimed non-mandate-related activities, claimed ineligible costs for classifications that did not perform the mandate-related activities, misstated the number of referrals claimed for each cost component, overstated the average time increments used to perform the mandate-related activities, misstated the productive hourly rates and benefit rates, overstated related indirect costs, and overstated offsetting revenues. The State made no payments to the county. The State will pay \$1,005,723, contingent upon available appropriations.

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

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

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/as

cc: Tanya Harris, DPA, CPA, Assistant Auditor-Controller
Auditor-Controller's Office, Riverside County
René Casillas, CPA, CRMA, Chief Internal Auditor
Internal Audit/Specialized Accounting Division
Riverside County Auditor-Controller
The Honorable Karen Spiegel, Chair
Riverside County Board of Supervisors
Gergis Kirnalious, Fiscal Manager
Finance and Forecasting Division
Riverside County Department of Public Social Services
Chris Hill, Principal Program Budget Analyst
Local Government Unit
California Department of Finance
Steven Pavlov, Finance Budget Manager
Local Government Unit
California Department of Finance
Darryl Mar, Manager
Reimbursement Section
State Controller's Office

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Riverside County for the legislatively mandated Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program for the period of July 1, 2013, through June 30, 2015.

The county claimed \$2,110,577 for costs of the mandated program. Our audit found that \$1,005,723 is allowable and \$1,104,854 is unallowable because the county claimed estimated and misstated costs, claimed non-mandate-related activities, claimed ineligible costs for classifications that did not perform the mandate-related activities, misstated the number of referrals claimed for each cost component, overstated the average time increments (ATIs) used to perform the mandate-related activities, misstated the productive hourly rates (PHRs) and benefit rates, overstated related indirect costs, and overstated offsetting revenues. The State made no payments to the county. The State will pay \$1,005,723, contingent upon available appropriations.

Background

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

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

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

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

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

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

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

- Distributing the Suspected Child Abuse Report form;
- Reporting between local departments;
- Reporting to the DOJ;
- Providing notifications following reports to the CACI;

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

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on December 6, 2013. In compliance with GC section 17558, the SCO issues claiming instructions to assist local agencies in claiming mandated program reimbursable costs.¹

Audit Authority

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

Objective, Scope, and Methodology

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

The audit period was July 1, 2013, through June 30, 2015.

To achieve our objective, we:

- Reviewed the annual mandated cost claims filed by the county for the audit period and identified the significant cost components of each claim as salaries, benefits, and indirect costs. Determined whether there were any errors or unusual or unexpected variances from year to year. Reviewed the activities claimed to determine whether they adhered to the SCO's claiming instructions and the program's parameters and guidelines;
- Completed an internal control questionnaire by interviewing key county staff. Discussed the claim preparation process with county staff to determine what information was obtained, who obtained it, and how it was used;
- Accessed the reliability of data generated from the county's management information system (payroll, revenue, and expenditure records) and the statewide child welfare system (Child Welfare Services [CWS]/Case Management System [CMS]) by interviewing county staff and examining supporting records. Determined that the data is sufficiently reliable to address the audit objectives;

¹ The SCO publishes claiming instructions in the *Mandated Cost Manual for Local Agencies*.

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

- Reviewed the results of the prior SCO audit for the county's ICAN Investigation Reports program for the period of July 1, 1999, through June 30, 2013. We also conducted interviews with Department of Public Social Services (DPSS) management to assess whether there were any significant changes in the department's processes for performing the mandated activities since the prior SCO audit. DPSS management confirmed that the processes remained the same and that the ATIs and classifications determined allowable in the prior SCO audit were relevant to the current audit period.
- Reviewed and analyzed the detailed case listing reports provided by the county and generated from the CWS/CMS to determine the total eligible number of referrals for the Cross-reporting from County Welfare to Law Enforcement and the District Attorney's Office cost component. We identified and excluded the non-mandate-related referrals that were cross-reported to the DOJ that are ineligible for reimbursement (see Finding 1);
- Reviewed and analyzed the detailed case listing reports provided by the county and generated from the CWS/CMS to determine the total eligible number of referrals for the Complete an Investigation for Purposes of Preparing the SS 8583 Report Form cost component. We identified and excluded duplicate referrals, referrals initiated by DPSS staff as the mandated reporter and subsequently investigated by CWS staff, and general neglect referrals from the population as they are ineligible and unallowable for reimbursement. We judgmentally selected a non-statistical sample of the 150 referrals for testing to determine the number of allowable referrals investigated. Based on our review of these referrals, we determined that DPSS staff members performed investigation activities on these referrals. We recalculated the costs based on the allowable number of referrals (see Finding 2);
- Reviewed and analyzed the detailed case listing reports provided by the county and generated from the CWS/CMS to determine the total eligible number of substantiated referrals for the Forwarding the SS 8583 Report Forms to the Department of Justice cost component. We identified and excluded duplicate referrals and general neglect referrals from the population, as they are ineligible and unallowable for reimbursement. We relied on the results of the 150 referrals that were judgmentally selected as a non-statistical sample. Based on our review, we found that 110 out of the 150 referrals were substantiated. Based on our testing results, we found that an SS 8583 Report Form was prepared and submitted to the DOJ for 70 referrals (33 out of 55 in fiscal year [FY] 2013-14 and 37 out of 55 in FY 2014-15) out of 110 referrals that we determined to be allowable. Consistent with the American Institute of Certified Public Accountants' Clarified Statement on Auditing Standards (AU-C) section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 64% to the total number of substantiated referrals to determine the total allowable number of substantiated referrals for which DPSS staff members prepared and submitted an SS 8583 Report Form to the DOJ for the audit period. We recalculated the costs based on the allowable number of referrals (see Finding 3);

- Reviewed and analyzed the detailed case listing reports provided by the county and generated by the CWS/CMS to determine the total eligible number of referrals for which CACI notifications were sent to known or suspected child abusers, notifying them that they had been reported to CACI. We identified and excluded duplicate referrals and general neglect referrals from the population, as they are ineligible and unallowable for reimbursement. We relied on the results of the 150 referrals that were judgmentally selected as a non-statistical sample. Based on our review, we found that 110 out of the 150 referrals were substantiated. Based on our test results, we determined that CACI notifications were sent to 58 (28 out of 55 in FY 2013-14 and 30 out of 55 in FY 2014-15) out of 110 referrals which we determined to be allowable. Consistent with AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 53% to the total number of substantiated referrals to determine the total allowable number of substantiated referrals for which a CACI notification was sent to suspected child abusers by DPSS staff members during the audit period. We recalculated the costs based on the allowable number of referrals (see Finding 4);
- Reviewed written documentation provided by DPSS management explaining the county's relative assessment/criminal exemptions process. The county did not maintain documentation to support the number of referrals claimed for which investigative reports were obtained and reviewed by DPSS staff members while performing existing duties for placement of a child. Using professional auditor judgment and consistent with the results of the prior SCO audit, we allowed 96 referrals for this activity (see Finding 4);
- Reviewed Grievance Request Reports provided by the county to determine the number of allowable hearings held for the Due Process Procedures Offered to Persons Listed in Child Abuse Centralized Index cost component. We identified and excluded hearing requests that were denied, withdrawn, or required an allegation conclusion review, as these types of grievance requests are ineligible for reimbursement. Grievance requests resulting in an approved hearing are allowable. We recalculated allowable costs based on the number of approved hearings (see Finding 5);
- Traced PHRs and benefit rate calculations for all of the DPSS classifications responsible for performing the mandated activities to payroll reports provided by the county (see Findings 1 through 7);
- Verified the county's calculations of indirect costs using the Office of Management and Budget Circular A-87 approved rate of 10% of direct labor costs. Performed recalculations of indirect costs based on the audit adjustments made to claimed salaries for each cost component (see Findings 1 through 6); and
- Traced offsetting revenues to supporting documentation. Determined that the county's ratios used to calculate offsetting revenues were reasonable. Performed recalculations of offsetting revenues based on the audit adjustments made to total direct and indirect costs (see Finding 8).

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.

We did not audit the county's financial statements.

Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. We found that the county claimed unsupported and ineligible costs, and overstated costs that were funded by other sources, as quantified in the Schedule and described in the Findings and Recommendations section of this audit report.

For the audit period, Riverside County claimed \$2,110,577 for costs of the legislatively mandated ICAN Investigation Reports Program. Our audit found that \$1,005,723 is allowable and \$1,104,854 is unallowable. The State made no payments to the county. The State will pay \$1,005,723, contingent upon available appropriations.

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

Follow-up on Prior Audit Findings

The county has not resolved the findings noted in our prior audit report for the period of July 1, 1999, through June 30, 2013, issued on June 29, 2015, as described in Findings 1 through 6 and in Finding 8. All of the findings in this report, with the exception of Finding 7, are repeat findings of the prior audit report. For FY 2013-14, the county was not able to implement the SCO's recommendations because the prior audit report was issued after the statutory deadline to submit FY 2013-14 claims.

Views of Responsible Officials

We issued a draft audit report on September 23, 2021. René Casillas, CPA, CRMA, Chief Internal Auditor, responded by letter dated October 13, 2021 (Attachment), concurring with the audit findings.

Restricted Use

This audit report is solely for the information and use of Riverside 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 audit report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

October 27, 2021

Schedule—

Summary of Program Costs

July 1, 2013, through June 30, 2015

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2013, through June 30, 2014</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from county welfare to law enforcement and the DA's Office	\$ 157,992	\$ 35,119	\$ (122,873)	Finding 1, 6, 7
Receipt of cross-reports by the DA's Office	26,497	26,497	-	
Reporting to DOJ				
Complete an investigation for purposes of preparing the SS 8583 Report Form	1,984,922	1,080,096	(904,826)	Finding 2, 6, 7
Forwarding the SS 8583 Report Forms to DOJ	12,363	4,111	(8,252)	Finding 3, 6, 7
Notifications following reports to the CACI	62,962	9,121	(53,841)	Finding 4, 6, 7
Due process procedures offered to persons listed in CACI	863,031	4,959	(858,072)	Finding 5, 6, 7
Total direct costs	3,107,767	1,159,903	(1,947,864)	
Indirect costs	225,698	88,341	(137,357)	Finding 1-6
Total direct and indirect costs	3,333,465	1,248,244	(2,085,221)	
Less offsetting revenues and reimbursements	(1,549,932)	(569,565)	980,367	Finding 8
Total program costs	<u>\$ 1,783,533</u>	678,679	<u>\$(1,104,854)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 678,679</u>		
<u>July 1, 2014, through June 30, 2015</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from county welfare to law enforcement and the DA's Office	\$ 18,573	\$ 36,592	\$ 18,019	Finding 1, 6, 7
Receipt of cross-reports by the DA's Office	27,936	27,936	-	
Reporting to DOJ				
Complete an investigation for purposes of preparing the SS 8583 Report Form	-	1,246,589	1,246,589	Finding 2, 6, 7
Forwarding the SS 8583 Report Forms to DOJ	417,748	4,326	(413,422)	Finding 3, 6, 7
Notifications following reports to the CACI	1,851	2,022	171	Finding 4, 6, 7
Due process procedures offered to persons listed in CACI	18,079	13,465	(4,614)	Finding 5, 6, 7
Total direct costs	484,187	1,330,930	846,743	
Indirect costs	39,160	97,003	57,843	Finding 1-6
Total direct and indirect costs	523,347	1,427,933	904,586	
Less offsetting revenues and reimbursements	(196,303)	(559,494)	(363,191)	Finding 8
Subtotal	327,044	868,439	541,395	
Less allowable costs that exceed costs claimed ²	-	(541,395)	(541,395)	
Total program costs	<u>\$ 327,044</u>	327,044	\$ -	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 327,044</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2013, through June 30, 2015</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting from county welfare to law enforcement and the DA's Office	\$ 176,565	\$ 71,711	\$ (104,854)	Finding 1, 6, 7
Receipt of cross-reports by the DA's Office	54,433	54,433	-	
Reporting to DOJ				
Complete an investigation for purposes of preparing the SS 8583 Report Form	1,984,922	2,326,685	341,763	Finding 2, 6, 7
Forwarding the SS 8583 Report Forms to DOJ	430,111	8,437	(421,674)	Finding 3, 6, 7
Notifications following reports to the CACI	64,813	11,143	(53,670)	Finding 4, 6, 7
Due process procedures offered to persons listed in CACI	<u>881,110</u>	<u>18,424</u>	<u>(862,686)</u>	Finding 5, 6, 7
Total direct costs	3,591,954	2,490,833	(1,101,121)	
Indirect costs	<u>264,858</u>	<u>185,344</u>	<u>(79,514)</u>	Finding 1-6
Total direct and indirect costs	3,856,812	2,676,177	(1,180,635)	
Less offsetting revenues and reimbursements	<u>(1,746,235)</u>	<u>(1,129,059)</u>	<u>617,176</u>	Finding 8
Subtotal	2,110,577	1,547,118	(563,459)	
Less allowable costs that exceed costs claimed ²	<u>-</u>	<u>(541,395)</u>	<u>(541,395)</u>	
Total program costs	<u>\$ 2,110,577</u>	1,005,723	<u>\$(1,104,854)</u>	
Less amount paid by the State ³		<u>-</u>		
Allowable costs claimed in excess of amount paid		<u>\$1,005,723</u>		

¹ See the Findings and Recommendations section.

² Payment amount current as of October 11, 2021.

³ GC section 17568 stipulate that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2014-15.

Findings and Recommendations

**FINDING 1—
Unallowable salaries
and benefits – Cross-
reporting from
County Welfare to
Law Enforcement and
the District
Attorney’s Office cost
component (Repeat
Finding)**

The county claimed \$176,565 in salaries and benefits for the Cross-reporting from County Welfare to Law Enforcement and the District Attorney’s Office cost component during the audit period. We found that \$71,711 is allowable and \$104,854 is unallowable. Unallowable related indirect costs total \$7,599, for a total finding of \$112,453.

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

To calculate the claimed salaries and benefits in FY 2013-14, the county multiplied the ATI by the number of referrals cross-reported, then multiplied the resulting hours by a PHR and related benefit rate. For FY 2014-15, the county adjusted its claiming methodology to comply with the results of the prior SCO audit. The DPSS computed the total hours claimed by multiplying the ATI of 0.38 hours by the total hours captured in its time study for this cost component. The resulting hours were multiplied by a PHR and related benefit rate.

During testing, we found that the county misstated the number of referrals cross-reported, overstated the ATI and claimed ineligible costs for a classification that did not perform the mandate-related activities, misstated the PHRs and benefit rates, and overstated related indirect costs. The county overstated these costs because it did not claim costs in accordance with the program’s parameters and guidelines or the SCO’s *Mandated Cost Manual for Local Agencies (Mandated Cost Manual)*.

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

Fiscal Year	DPSS Salaries and Benefits				
	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
2013-14	\$ 157,992	\$ 35,119	\$ (122,873)	\$ (8,790)	\$ (131,663)
2014-15	18,573	36,592	18,019	1,191	19,210
Total	<u>\$ 176,565</u>	<u>\$ 71,711</u>	<u>\$ (104,854)</u>	<u>\$ (7,599)</u>	<u>\$ (112,453)</u>

Number of Referrals Cross-reported

For FY 2013-14, the DPSS obtained the claimed number of referrals cross-reported from the CWS/CMS. However, in FY 2014-15, the DPSS changed its claiming methodology and claimed the total number of hours it took DPSS staff members to perform the cross-reporting activities rather than by the number of referrals cross-reported from the CWS/CMS.

The county provided detailed referral listings generated from the CWS/CMS. During our review, we found that the detailed referral listings generated from the CWS/CMS included referrals cross-reported to LE, the

DA's Office, Community Care Licensing (CCL), and the DOJ. Based on discussions with DPSS staff members, cross-reporting activities to the CCLs are performed simultaneously with cross-reporting to LE and the DA's office. Therefore, we included the referrals cross-reported to the CCLs under this cost component. Cross-reporting referrals to the DOJ is not a mandate-related activity; therefore, we determined that the costs claimed for referrals cross-reported to the DOJ are ineligible for reimbursement. We recalculated the allowable costs using the supported number of referrals cross-reported to LE, the DA's office, and the CCLs. The county overstated salary and benefit costs as a result of misstating the number of referrals cross-reported.

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

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
2013-14	3,163	2,931	(232)
2014-15	-	3,053	3,053
Total	3,163	5,984	2,821

Average Time Increments

For FY 2013-14, the DPSS estimated that it took the Intake Staff classification one hour to cross-report referrals to LE, the DA's Office, the CCLs, and the DOJ. However, the county did not maintain documentation to support the claimed time increment or classifications.

For FY 2014-15, the DPSS claimed that it took the Office Assistant II/III classifications an ATI of 0.38 hours to perform the cross-reporting mandated activities to comply with the results of the prior SCO audit. The DPSS computed the total hours claimed for the Office Assistant II/III classifications by multiplying the ATI of 0.38 hours by the total hours captured in the department's time study for this cost component. Based on our review, we found that the time study hours the county used to compute the claimed costs captured hours only for a four-month time period (August 2014, November 2014, February 2015, and May 2015). Therefore, the total hours claimed for this fiscal year reflects only time spent by the Office Assistant II/III classifications performing the cross-reporting mandated activities for four months rather than for the entire year.

During testing, we conducted interviews with DPSS management to determine whether there were any significant changes in the department's processes for performing the cross-reporting mandated activities. DPSS management confirmed that the processes remained the same and that the classifications and time increments used in the prior SCO audit were relevant to the current audit period. As a result of our discussions with DPSS management, we determined that it took the Office Assistant II/III classifications an ATI of 0.38 hours to perform the cross-reporting activities during the audit period. We recalculated the allowable costs

based on the allowable ATI and classifications. The county claimed overstated salary and benefit costs as a result of overstating the ATI and claiming an ineligible classification.

The following table summarizes the claimed, allowable, and the adjusted hours based on the adjustments made to the number of referrals cross-reported and the adjusted ATI for the Cross-reporting from County Welfare to Law Enforcement and the District Attorney’s Office cost component by fiscal year:

Fiscal Year	Claimed Hours	Allowable Hours	Audit Adjustment
2013-14	3,163.00	1,113.78	(2,049.22)
2014-15	647.74	1,160.14	512.40
Total	<u>3,810.74</u>	<u>2,273.92</u>	<u>(1,536.82)</u>

Productive Hourly Rate

The DPSS provided payroll reports identifying actual salaries and benefits for the DPSS staff members responsible for performing the mandate-related activities who were included in the department’s time study. In addition, the payroll reports included only the job classifications of the DPSS staff members that were determined to be allowable per the results of the prior SCO audit. We used the actual salaries from the county’s payroll reports to calculate the average annual salary amount for the Office Assistant II/III classifications and divided the amount by 1,760 productive hours to calculate the PHR. As explained in Finding 6—Misstated productive hourly rates, we found that the county misstated the claimed PHRs for the audit period.

Benefit Rate

We used the actual benefits from the county’s payroll reports to calculate an average annual benefit amount for the Office Assistant II/III classifications. We divided the total average annual benefit amount for the Office Assistant II/III classifications by the total average annual salary amount to calculate the benefit rate. As explained in Finding 7—Misstated benefit rates, we found that the county misstated the benefit rates claimed for the audit period.

Criteria

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

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

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

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

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

b. Cross-Reporting of Suspected Child Abuse or Neglect from County Welfare and Probation Departments to the Law Enforcement Agency with Jurisdiction and the District Attorney's Office....

2) County welfare departments shall:

- i. Report by telephone immediately, or as soon as practically possible, to the agency given the responsibility for investigation of cases under Section 300 of the Welfare and Institutions Code, and to the district attorney's office every known or suspected instance of child abuse, as defined in Penal Code section 11165.6, except acts or omissions coming within subdivision (b) of section 11165.2, or reports made pursuant to section 11165.13 based on risk to a child which relates solely to the inability of the parent to provide the child with regular care due to the parent's substance abuse, which shall be reported only to the county welfare department.

Reimbursement is not required for making an initial report of child abuse and neglect from a county welfare department to the law enforcement agency having jurisdiction over the case, which was required under prior law to be made "without delay."

- ii. Send a written report thereof within 36 hours of receiving the information concerning the incident to any agency, including the law enforcement agency having jurisdiction over the case, to which it is required to make a telephone report under Penal Code section 11166.

As of January 1, 2001, initial reports may be made by fax or electronic transmission, instead of by telephone, and will satisfy the requirement for a written report within 36 hours.

Section IV, subsection (B.2.e), "Reporting to Licensing Agencies," states:

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

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

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

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

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

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2020-21 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the mandated program claiming instructions 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

The county concurs with the audit finding.

**FINDING 2—
Understated salaries
and benefits –
Reporting to the State
Department of
Justice: Complete an
Investigation for
Purposes of Preparing
the SS 8583 Report
Form cost component
(Repeat Finding)**

The county claimed \$1,984,922 in salaries and benefits for the Complete an Investigation for Purposes of Preparing the SS 8583 Report Form cost component during the audit period. We found that \$2,326,685 is allowable. The county understated salaries and benefits totaling \$341,763 and \$22,528 in related indirect costs for a total adjustment of \$364,291.

The DPSS misclassified the investigation activities under the Forwarding the SS 8583 Report Forms to the Department of Justice cost component. We moved the investigation activities costs to the Complete an Investigation for Purposes of Preparing the SS 8583 Report Form cost component.

This component provides reimbursement for costs associated with completing an initial investigation of Suspected Child Abuse Report (SS 8572 Report Form) for purposes of preparing and submitting the SS 8583 Report Form to the DOJ. Reimbursable activities are limited to reviewing the SS 8572 Report Form, conducting initial interviews with involved parties, and writing a report of the interviews that may be reviewed by a supervisor. Additionally, per the program’s parameters and guidelines, time spent performing an initial investigation of a SS 8572 Report Form is reimbursable only for those SS 8572 Report Forms generated by other agencies. Investigations of SS 8572 Report Forms generated by the department that is also the mandated reporter are not eligible for reimbursement.

To calculate the claimed salaries and benefits in FY 2013-14, the county multiplied the ATI by the number of referrals investigated, then multiplied the resulting hours by a PHR and related benefit rate. For FY 2014-15, the county adjusted its claiming methodology to comply with the results of the prior SCO audit. The DPSS used the total hours captured in the department's time study for this cost component and adjusted the hours based on a percentage equivalent to the time increment of 4.79 hours. The adjusted hours were multiplied by a PHR and related benefit rate.

During testing, we found that the county misstated the number of referrals investigated, overstated the ATI, and claimed ineligible costs for a classification that did not perform the complete an investigation for purposes of preparing the SS 8583 Report Form mandate-related activities, misstated the PHRs, benefit rates, and related indirect costs. The county understated these costs because it did not claim costs in accordance with the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the claimed, allowable, and the adjusted costs for the Complete an Investigation for Purposes of Preparing the SS 8583 Report Form cost component by fiscal year:

Fiscal Year	DPSS Salaries and Benefits				
	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
2013-14	\$ 1,984,922	\$ 1,080,096	\$ (904,826)	\$ (64,191)	\$ (969,017)
2014-15	-	1,246,589	1,246,589	86,719	1,333,308
Total	\$ 1,984,922	\$ 2,326,685	\$ 341,763	\$ 22,528	\$ 364,291

Number of Referrals Investigated

For FY 2013-14, the DPSS obtained the claimed number of referrals investigated from the CWS/CMS. However, in FY 2014-15, the DPSS changed its claiming methodology and claimed the total number of hours it took DPSS staff members to perform the investigation activities rather than by the number of referrals investigated from the CWS/CMS.

The county provided detailed referral listings generated from the CWS/CMS. During our review, we found that the detailed referral listings generated from the CWS/CMS included duplicate referrals, referrals initiated by DPSS staff members as the mandated reporter and then investigated by CWS staff, and general neglect referrals. Referrals that were initiated by DPSS staff members as the mandated reporter and then investigated by CWS staff and general neglect referrals are not mandate-related activities. Therefore, we determined the costs claimed for referrals that were initiated by DPSS staff members as the mandated reporters and then investigated by CWS staff and general neglect referrals are ineligible for reimbursement. Duplicate referrals are also unallowable. We recalculated the supported number of referrals investigated for the audit period.

For testing purposes, we judgmentally selected a non-statistical sample from the supported number of referrals investigated totaling 150 referrals (75 out of 4,633 in FY 2013-14 and 75 out of 5,183 in FY 2014-15) out

of 9,816 to review. Based on our review, we determined that DPSS staff members performed the investigation activities on these referrals. Therefore, the allowable number of referrals investigated for the audit period totals 9,816. We recalculated the allowable costs based on the allowable referrals investigated. The county claimed understated salary and benefit costs as a result of misstating the number of referrals investigated for the audit period.

The following table summarizes the claimed, allowable, and the adjusted number of referrals for the Complete an Investigation for Purposes of Preparing the SS 8583 Report Form cost component by fiscal year:

<u>Fiscal Year</u>	<u>Claimed Referrals</u>	<u>Allowable Referrals</u>	<u>Audit Adjustment</u>
2013-14	6,623	4,633	(1,990)
2014-15	-	5,183	5,183
Total	<u>6,623</u>	<u>9,816</u>	<u>3,193</u>

Average Time Increments

For FY 2013-14, the DPSS estimated that it took the Social Service Worker classification six hours to investigate referrals. However, the county did not maintain documentation to support the time increment claimed for the DPSS staff members performing the mandate-related activities.

For FY 2014-15, the DPSS claimed that it took the Children's Social Service (C.S.S.) Worker III-V classifications an ATI of 4.79 hours to perform the complete an investigation for purposes of preparing the SS 8583 Report Form activities to comply with the results of the prior SCO audit. The DPSS computed the total hours claimed for the C.S.S. Worker III-V classifications by multiplying a percentage equivalent to the time increment of 4.79 hours by the total hours captured in the department's time study for this cost component. Based on our review, we found that the time study hours the county used to compute the claimed costs captured only hours for a four-month time period (August 2014, November 2014, February 2015, and May 2015). Therefore, the total hours claimed for this fiscal year reflects only time spent by the C.S.S. Worker III-V classifications performing the complete an investigation for purposes of preparing the SS 8583 Report Form mandate-related activities for four months rather than the entire year.

During testing, we conducted interviews with DPSS management to determine whether there were any significant changes in the department's processes for performing the complete an investigation for purposes of preparing the SS 8583 Report Form mandated-related activities. DPSS management confirmed that the processes remained the same and that the classifications and time increments used in the prior SCO audit were relevant to the current audit period.

As a result of our discussions with DPSS management, we determined that it took the C.S.S. Worker III-V classifications an ATI of 4.79 hours to perform the complete an investigation for purposes of preparing the

SS 8583 Report Form mandate-related activities during the audit period. We recalculated the allowable costs based on the allowable ATI and classifications. The county misstated salary and benefit costs as a result of overstating the ATI and claiming an ineligible classification.

The following table summarizes the claimed, allowable, and the adjusted hours based on the adjustments made to the number of referrals investigated and the adjusted ATI for the Complete an Investigation for Purposes of Preparing the SS 8583 Report Form cost component by fiscal year:

Fiscal Year	Claimed Hours	Allowable Hours	Audit Adjustment
2013-14	39,738.00	22,192.07	(17,545.93)
2014-15	-	24,826.57	24,826.57
Total	39,738.00	47,018.64	7,280.64

Productive Hourly Rate

The DPSS provided payroll reports identifying the actual salaries and benefits for the DPSS staff members responsible for performing the mandate-related activities who were included in the department's time study. In addition, the payroll reports included only the job classifications of DPSS staff members that were determined to be allowable per the results of the prior SCO audit. We used the actual salaries from the county's payroll reports to calculate the average annual salary amount for the C.S.S. Worker III-V classifications and divided the amount by 1,760 productive hours to calculate the PHR. As explained in Finding 6—Misstated productive hourly rates, we found that the county misstated the claimed PHRs for the audit period.

Benefit Rate

We used the actual benefits from the county's payroll reports to calculate an average annual benefit amount for the C.S.S. Worker III-V classifications. We divided the total average annual benefit amount for the C.S.S. Worker III-V classifications by the total average annual salary amount to calculate the benefit rate. As explained in Finding 7—Misstated benefit rates, we found that the county misstated the benefit rates claimed for the audit period.

Criteria

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

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

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may

include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts....

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

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

b. **Beginning January 1, 2012**, county welfare departments, or county probation departments where designated by the county to receive mandated reports shall:

1) Complete an investigation

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

Reimbursement is not required in the following circumstances:

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

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

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

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2020-21 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the mandated program claiming instructions 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

The county concurs with the audit finding.

**FINDING 3—
Unallowable salaries
and benefits –
Reporting to the State
Department of
Justice: Forwarding
the SS 8583 Report
Forms to the
Department of Justice
cost component
(Repeat Finding)**

The county claimed \$430,111 in salaries and benefits for the Forwarding the SS 8583 Report Forms to the Department of Justice cost component during the audit period. We found that \$8,437 is allowable and \$421,674 is unallowable. Unallowable related indirect costs total \$30,337, for a total finding of \$452,011.

The DPSS misclassified the investigation activities under the Forwarding the SS 8583 Report Forms to the Department of Justice cost component. We moved the investigation activity costs to the Complete an Investigation for Purposes of Preparing the SS 8583 Report Form cost component.

This component provides reimbursement for costs associated with preparing and submitting the SS 8583 Report Form to the DOJ for every referral in which the DPSS investigated known or suspected child abuse or severe neglect that was determined to be substantiated.

To calculate the claimed salaries and benefits in FY 2013-14, the county multiplied the ATI by the number of SS 8583 Report Forms forwarded to the DOJ, then multiplied the resulting hours by a PHR and related benefit rate. For FY 2014-15, the county adjusted its claiming methodology to comply with the results of the prior SCO audit. The DPSS computed the claimed hours by multiplying the ATI of 0.34 hours by the total hours captured in the department's time study for this cost component. The resulting hours were multiplied by a PHR and related benefit rate.

During testing, we found that the county misstated the number of SS 8583 Report Forms forwarded to the DOJ, overstated the ATI and claimed ineligible costs for a classification that did not perform the mandate-related activities, misstated the PHRs and benefit rates, and overstated related indirect costs. The county overstated these costs because it did not claim costs in accordance with the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the claimed, allowable, and the adjusted costs for the Forwarding the SS 8583 Report Forms to the Department of Justice cost component by fiscal year:

Fiscal Year	DPSS Salaries and Benefits			Unallowable Indirect Costs	Total Audit Adjustment
	Amount Claimed	Amount Allowable	Audit Adjustment		
2013-14	\$ 12,363	\$ 4,111	\$ (8,252)	\$ (583)	\$ (8,835)
2014-15	417,748	4,326	(413,422)	(29,754)	(443,176)
Total	<u>\$ 430,111</u>	<u>\$ 8,437</u>	<u>\$ (421,674)</u>	<u>\$ (30,337)</u>	<u>\$ (452,011)</u>

Number of SS 8583 Report Forms Forwarded to the DOJ

For FY 2013-14, the DPSS obtained the claimed number of substantiated referrals in which an SS 8583 Report Form was prepared and forwarded to the DOJ from the CWS/CMS. However, in FY 2014-15, the DPSS changed its claiming methodology and claimed the total number of hours it took DPSS staff members to perform the forwarding the SS 8583 Report Forms to the DOJ mandate-related activities rather than by the number of substantiated referrals for which an SS 8583 Report Form was prepared and forwarded to the DOJ from the CWS/CMS.

The county provided detailed referral listings generated from the CWS/CMS. During our review, we found that the detailed referral listings generated from the CWS/CMS included duplicate and general neglect referrals. General neglect referrals are not mandate-related; therefore, the costs claimed for these referrals are not eligible for reimbursement. Duplicate referrals are also unallowable. We recalculated the number of substantiated referrals for the audit period.

For testing purposes, we relied on the results of the 150 referrals (75 in FY 2013-14 and 75 in FY 2014-15) that were judgmentally selected as a non-statistical sample from the supported number of referrals investigated that we reviewed. Based on our review, we found that 110 referrals (55 out of 75 in FY 2013-14 and 55 out of 75 in FY 2014-15) out of the 150 referrals were substantiated. We also determined that an SS 8583 Report Form was prepared and sent to the DOJ for 70 referrals (33 out of 55 in FY 2013-14, and 37 out of 55 in FY 2014-15) out of 110 referrals that we determined to be allowable. Consistent with AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 64% to the total number of substantiated referrals to determine the total allowable number of substantiated referrals for which DPSS staff members prepared and submitted an SS 8583 Report Form to the DOJ for the audit period. Therefore, we determined that the allowable number of substantiated referrals totals 530 (262 in FY 2013-14 and 268 in FY 2014-15) for the Forwarding the SS 8583 Report Forms to the Department of Justice cost component. We recalculated the costs based on the allowable number of substantiated referrals.

The following table summarizes the claimed, allowable, and the adjusted number of referrals for the Forwarding the SS 8583 Report Forms to the Department of Justice cost component by fiscal year:

Fiscal Year	Claimed Referrals	Allowable Referrals	Audit Adjustment
2013-14	495	262	(233)
2014-15	-	268	268
Total	495	530	35

Average Time Increments

For FY 2013-14, the DPSS estimated that it took the Social Service Worker classification 0.50 hours per referral to prepare and submit SS 8583 Report Forms to the DOJ. However, the county did not maintain documentation to support the time increment claimed for the DPSS staff members performing the mandate-related activities.

For FY 2014-15, the DPSS claimed that it took the C.S.S. Worker III-V an ATI of 0.29 hours to prepare and the Office Assistant II/III classifications an ATI of 0.05 hours to forward the SS 8583 Report Forms to the DOJ mandated activities to comply with the results of the prior SCO audit. The DPSS computed the total hours claimed by multiplying the ATI of 0.29 hours and 0.05 hours (0.34 hours) by the total hours captured in the time study implemented by the department in August 2014. Based on our review, we found that the time study hours the county used to compute the claimed costs captured hours only for a four month time period (August 2014, November 2014, February 2015, and May 2015). Therefore, the total hours claimed for this fiscal year reflects only time spent by the C.S.S. Worker III-V and Office Assistant II/III classifications performing the forwarding the SS 8583 Report Forms to DOJ mandate-related activities for four months rather than for the entire year.

During testing, we conducted interviews with DPSS management to determine whether there were any significant changes in the department's processes for performing the forwarding the SS 8583 Report Forms to the DOJ mandate-related activities. DPSS management confirmed that the processes remained the same and that the classifications and time increments used in the prior SCO audit were relevant to the current audit period.

As a result of our discussions with DPSS management, we determined that it took the C.S.S. Worker III-V classifications 0.29 hours to prepare and 0.05 hours for the Office Assistant II/III classifications to submit the SS 8583 Report Forms to the DOJ during the audit period. We recalculated the allowable costs based on the allowable ATIs and classifications. The county claimed overstated salary and benefit costs as a result of overstating the ATI and claiming an ineligible classification.

The following table summarizes the claimed, allowable, and the adjusted hours based on the adjustments made to the number of substantiated referrals and the adjusted ATI for the Forwarding the SS 8583 Report Forms to the Department of Justice cost component by fiscal year:

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Audit Adjustment</u>
2013-14	247.50	89.08	(158.42)
2014-15	8,584.38	91.12	(8,493.26)
Total	<u>8,831.88</u>	<u>180.20</u>	<u>(8,651.68)</u>

Productive Hourly Rate

The DPSS provided payroll reports identifying the actual salaries and benefits for DPSS staff members responsible for performing the mandate-related activities who were included in the department's time study. In addition, the payroll reports included only the job classifications of DPSS staff members who were determined to be allowable per the results of the prior SCO audit. We used the actual salaries from the county's payroll reports to calculate the average annual salary amounts for the C.S.S. Worker III-V and the Office Assistant II/ III classifications. We calculated the average annual salary amounts for these classifications and divided the amounts by 1,760 productive hours to calculate the PHRs. As explained in Finding 6—Misstated productive hourly rates, we found that the county misstated the PHRs claimed for the audit period.

Benefit Rate

We used the actual benefits from the county's payroll reports to calculate the average annual benefit amounts for the C.S.S. Worker III-V and the Office Assistant II/ III classifications. We divided the total average annual benefit amounts for these classifications by the total average annual salary amounts to calculate the benefit rates. As explained in Finding 7—Misstated benefit rates, we found that the county misstated the benefit rates claimed for the audit period.

Criteria

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

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

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

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

Section IV, subsection B.3., “Reporting to the State Department of Justice,” of the parameters and guidelines states, in part:

- b. **Beginning January 1, 2012**, county welfare departments, or county probation departments where designated by the county to receive mandated reports shall...

2) Forward reports to the Department of Justice

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

This activity includes costs of preparing and submitting an amended report to DOJ, when the submitting agency changes a prior finding of substantiated to a finding of inconclusive or unfounded, or from inconclusive or unfounded to substantiated, or when other information is necessary to maintain accuracy of the CACI.

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

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

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

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2020-21 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the mandated program claiming instructions 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

The county concurs with the audit finding.

**FINDING 4—
Unallowable salaries
and benefits –
Notifications
Following Reports to
the Child Abuse
Central Index cost
component
(Repeat Finding)**

The county claimed \$64,813 in salaries and benefits for the Notifications Following Reports to the Child Abuse Central Index cost component during the audit period. We found that \$11,143 is allowable and \$53,670 is unallowable. Unallowable related indirect costs total \$3,775, for a total finding of \$57,445.

The reimbursable activities for this cost component consist of notifying, in writing, the known or suspected child abuser that he or she has been reported to the CACI, obtaining the original investigative report from the agency that submitted the information to CACI pursuant to PC section 11169(a), and objectively reviewing the report when information regarding an individual suspected of child abuse or neglect, or an instance of suspected child abuse or neglect, is received from the CACI while performing existing duties pertaining to placement of a child.

To calculate the claimed salaries and benefits for FY 2013-14, the county multiplied the ATIs by the number of referrals in which a CACI notification was sent to the suspected child abuser and the number of referrals for which investigative reports were obtained and reviewed, then multiplied the resulting hours by the PHR and related benefit rates. For FY 2014-15, the county adjusted its claiming methodology to comply with the results of the prior SCO audit. The DPSS computed the claimed hours by multiplying the ATIs of 0.15 hours to prepare and 0.05 hours to send a CACI notification to the suspected child abuser by the total hours captured in the department's time study for this cost component. The adjusted hours were multiplied by a PHR and related benefit rate.

During testing, we found that the county misstated the number of referrals for which a CACI notification was sent to the suspected child abuser and the number of referrals for which investigative reports were obtained and reviewed, misstated the ATIs and claimed ineligible costs for a classification that did not perform the notifications following reports to the CACI mandate-related activities, misstated the PHRs and benefit rates, and overstated related indirect costs. The county overstated these costs because it did not claim costs in accordance with the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

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

Fiscal Year	DPSS Salaries and Benefits			Unallowable Indirect Costs	Total Audit Adjustment
	Amount Claimed	Amount Allowable	Audit Adjustment		
2013-14	\$ 62,962	\$ 9,121	\$ (53,841)	\$ (3,775)	\$ (57,616)
2014-15	1,851	2,022	171	-	171
Total	\$ 64,813	\$ 11,143	\$ (53,670)	\$ (3,775)	\$ (57,445)

Number of CACI Notifications

For FY 2013-14, the DPSS obtained the claimed number of substantiated referrals for which a CACI notification was sent from the CWS/CMS. However, in FY 2014-15, the DPSS changed its claiming methodology and claimed the total number of hours it took DPSS staff members to

perform the notifications following reports to the CACI activities rather than by the number of substantiated referrals in which a CACI notification was sent from the CWS/CMS.

The county provided detailed referral listings generated from its CWS/CMS. During our review, we found that the detailed referral listings generated from the CWS/CMS included duplicate and general neglect referrals. General neglect referrals are not mandate-related; therefore, the costs claimed for these referrals are not eligible for reimbursement. Duplicate referrals are also unallowable. We recalculated the number of substantiated referrals for the audit period.

For testing purposes, we relied on the results of the 150 referrals (75 in FY 2013-14 and 75 in FY 2014-15) that we judgmentally selected as a non-statistical sample from the supported number of referrals investigated that were reviewed. Based on our review, we found that 110 referrals (55 out of 75 in FY 2013-14 and 55 out of 75 in FY 2014-15) out of 150 referrals were substantiated. We also determined that a CACI notification was sent to 58 (28 out of 55 in FY 2013-14, and 30 out of 55 in FY 2014-15) out of 110 referrals that we determined to be allowable. Consistent with AU-C section 530, we calculated a weighted average based on the results of our testing. We projected the results by applying the weighted average of 53% to the total number of substantiated referrals to determine the total allowable number of substantiated referrals for which a CACI notification was sent to suspected child abusers by the DPSS staff members during the audit period. Therefore, we determined the allowable number of substantiated referrals totals 439 (217 in FY 2013-14 and 222 in FY 2014-15) for which a CACI notification was sent to suspected child abusers. We recalculated the costs based on the allowable number of substantiated referrals.

The following table summarizes the claimed, allowable, and the adjusted number of CACI notifications sent to suspected child abusers by fiscal year:

<u>Fiscal Year</u>	<u>Claimed Referrals</u>	<u>Allowable Referrals</u>	<u>Audit Adjustment</u>
2013-14	495	217	(278)
2014-15	-	222	222
Total	495	439	(56)

Number of Investigative Reports

For FY 2013-14, the DPSS claimed number of referrals for which investigative reports were obtained and reviewed, from the Relative Assessment Unit's Criminal Exemption Tracking Log. However, the county did not maintain documentation to support the number of referrals claimed for this activity. For FY 2014-15, the county did not claim any costs for this activity.

During testing, DPSS management provided a written explanation of the relative assessment/criminal exemptions process that included an estimated number of 770 relative assessments that DPSS staff worked on

for each fiscal year of the audit period and an estimated ATI of 0.50 hours per assessment. Based on our review, we determined that the written explanation included activities that were non-mandate-related. In addition, the DPSS did not provide any additional documentation to support the written explanation or the costs claimed. Therefore, based on auditor professional judgement, we determined that it is reasonable to allow 96 referrals for FY 2013-14, which is consistent with prior audit results. The county did not claim costs for this activity in FY 2014-15; therefore, no adjustments were made. The county overstated salary and benefit costs as a result of misstating the number of referrals for which a CACI notification was sent to the suspected child abuser and the number of referrals for which investigative reports were obtained and reviewed.

The following table summarizes the claimed, allowable, and the adjusted number of referrals with CACI history for which investigative reports were obtained and reviewed during existing child placement activities by fiscal year:

Fiscal Year	Claimed Referrals	Allowable Referrals	Audit Adjustment
2013-14	518	96	(422)
2014-15	-	-	-
Total	518	96	(422)

Average Time Increments

For FY 2013-14, the DPSS estimated that it took the Social Service Worker classification 1.50 hours to prepare and send a CACI notification to suspected child abusers and one hour to obtain and review the investigative report relating to a CACI listing while performing existing duties of child placement. However, the county did not maintain documentation to support the time increments claimed for the DPSS staff members performing the mandated activities.

For FY 2014-15, the DPSS claimed that it took the C.S.S. Worker III-V classifications 0.15 hours to prepare and the Office Assistant II/ III classifications 0.05 hours to send CACI notifications to suspected child abusers to comply with the results of the prior SCO audit. The DPSS computed the total hours claimed for these classifications by multiplying the ATIs of 0.15 hours and 0.05 hours by the total hours captured in its time study for this cost component. Based on our review, we found that the time study hours the county used to compute the claimed costs captured only hours for a four-month time period (August 2014, November 2014, February 2015, and May 2015). Therefore, the total hours claimed for these classifications for this fiscal year reflects only time spent performing the preparing and sending the CACI notifications to suspected child abusers for four months rather than the entire year. During testing, we conducted interviews with DPSS management to determine whether there were any significant changes in the department's process for performing the notifications following reports to the CACI mandated activities. DPSS management confirmed that the processes remained the same and that the classifications and time

increments used in the prior SCO audit were relevant to the current audit period.

As a result of our discussions with DPSS management, we determined that it took the C.S.S. Worker III-V classifications 0.15 hours to prepare and the Office Assistant II/III classifications 0.05 hours to send CACI notifications to suspected child abusers for the audit period. For FY 2013-14, we also found that it took the C.S.S. Worker III-V classifications 1.54 hours to obtain and review the investigative reports relating to a CACI listing while performing existing duties of child placement. We recalculated the allowable costs based on the allowable ATIs and classifications. The county overstated salary and benefit costs as a result of misstating the ATIs and claiming an ineligible classification.

The following table summarizes the claimed, allowable, and the adjusted hours based on the adjustments made to the number of CACI notifications sent to suspected child abusers, the number of referrals in which investigative reports were obtained and reviewed during child placements, and the adjusted ATIs for the Notifications Following Reports to the Child Abuse Central Index cost component by fiscal year:

Fiscal Year	Claimed Hours	Allowable Hours	Audit Adjustment
2013-14	1,260.50	191.24	(1,069.26)
2014-15	35.34	44.40	9.06
Total	1,295.84	235.64	(1,060.20)

Productive Hourly Rate

The DPSS provided payroll reports identifying the actual salaries and benefits for the DPSS staff members responsible for performing the mandate-related activities who were included in the time study. In addition, the payroll reports included only the job classifications of the DPSS staff members who were determined to be allowable per the results of the prior SCO audit. We used the actual salaries from the county's payroll reports to calculate the average annual salary amounts for the C.S.S. Worker III-V and the Office Assistant II/III classifications and divided the amounts by 1,760 productive hours to calculate the PHRs. As explained in Finding 6—Misstated productive hourly rates, we found that the county misstated the claimed PHRs for the audit period.

Benefit Rate

We used the actual benefits from the county's payroll reports to calculate the average annual benefit amounts for the C.S.S. Worker III-V and the Office Assistant II/III classifications. We divided the total average annual benefit amounts for these classifications by the total average annual salary amounts to calculate the benefit rates. As explained in Finding 7—Misstated benefit rates, we found that the county misstated the benefit rates claimed for the audit period.

Criteria

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

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

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

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

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

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

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

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

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

- 2) Make relevant information available, when received from the Department of Justice, to the child custodian, guardian ad litem appointed under section 326, or counsel appointed under section 317 or 318 of the Welfare and Institutions Code, or the appropriate licensing agency, if he or she is treating or investigating a case of known or suspected child abuse or severe neglect.
- 3) Inform the mandated reporter of the results of the investigation and of any action the agency is taking with regard to the child or family, upon completion of the child abuse investigation or after there has been a final disposition in the matter.
- 4) Notify, in writing, the person listed in the Child Abuse Central Index that he or she is in the index, upon receipt of relevant information concerning child abuse or neglect investigation reports contained in the index from the Department of Justice when investigating a home for the placement of dependent

children. The notification shall include the name of the reporting agency and the date of the report.

- b. City and county police or sheriff's departments, county probation departments if designated by the county to receive mandated reports, county welfare departments, county licensing agencies, and district attorney offices shall:

Obtain the original investigative report from the agency that submitted the information to the CACI pursuant to Penal Code section 11169(a), and objectively review the report, when information regarding an individual suspected of child abuse or neglect, or an instance of suspected child abuse or neglect, is received from the CACI while performing existing duties pertaining to criminal investigation or prosecution, or licensing, or placement of a child.

Reimbursement for this activity does not include investigative activities conducted by the agency, either prior to or subsequent to receipt of the information that necessitates obtaining and reviewing the investigative report.

- c. City and county police or sheriff's departments, county probation departments, and county welfare departments shall:

Notify, in writing, the person listed in the Child Abuse Central Index that he or she is in the index, upon receipt of relevant information concerning child abuse or neglect reports contained in the index from the Department of Justice regarding placement with a responsible relative pursuant to Welfare and Institutions Code sections 281.5, 305, and 361.3. The notification shall include the location of the original investigative report and the submitting agency. The notification shall be submitted to the person listed at the same time that all other parties are notified of the information, and no later than the actual judicial proceeding that determines placement.

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

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

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2020-21 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the mandated program claiming instructions 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

The county concurs with the audit finding.

**FINDING 5—
Unallowable salaries
and benefits - Due
Process Procedures
Offered to Person
Listed in CACI cost
component
(Repeat Finding)**

The county claimed \$881,110 in salaries and benefits for the Due Process Procedures Offered to Person Listed in Child Abuse Centralized Index cost component during the audit period. We found that \$18,424 is allowable and \$862,686 is unallowable. Unallowable related indirect costs total \$60,331, for a totaling finding of \$923,017.

The reimbursable activities for this cost component consist of sending a notice, attending the evidence meeting, attending the hearing, and notifying persons of the hearing results.

To calculate the claimed salaries and benefits in FY 2013-14, the county multiplied the ATIs by the number referrals for the due process procedures offered to person listed in CACI mandate-related activities, then multiplied the resulting hours by a PHR and related benefit rate. In FY 2014-15, the county adjusted its claiming methodology to comply with the results of the prior SCO audit. The DPSS used the total hours captured in its time study and adjusted the hours based on a percentage equivalent to the time increments of 3.08 hours to send a hearing notice, attend the evidence meeting, and attend the hearing; 9.50 hours to prepare and attend the hearing; and 1.50 hours to notify the person of the hearing results for this cost component. The adjusted hours were multiplied by a PHR and related benefit rate.

During testing, we found that the county misstated the number of hearings held for providing due process procedures offered to person listed in CACI, misstated the ATIs, claimed ineligible costs for classifications that did not perform the mandated activities, misstated the PHRs and benefit rates, and overstated the related indirect costs. The county overstated these costs because it did not claim costs in accordance with the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the claimed, allowable, and the adjusted costs for the Due Process Procedures Offered to Person Listed in Child Abuse Centralized Index cost component by fiscal year:

Fiscal Year	DPSS Salaries and Benefits				
	Amount Claimed	Amount Allowable	Audit Adjustment	Unallowable Indirect Costs	Total Audit Adjustment
2013-14	\$ 863,031	\$ 4,959	\$ (858,072)	\$ (60,018)	\$ (918,090)
2014-15	18,079	13,465	(4,614)	(313)	(4,927)
Total	\$ 881,110	\$ 18,424	\$ (862,686)	\$ (60,331)	\$ (923,017)

Number of Hearings/Relative Assessment and Criminal Exemption Referrals

For FY 2013-14, the DPSS obtained the claimed number of hearings requested, denied, and approved from the Gomez Hearing database. Also, the DPSS claimed activities for relative assessment referrals from the Relative Assessment Unit's Criminal Exemption Tracking Log. However, in FY 2014-15, the DPSS changed its methodology and claimed the total number of hours it took DPSS staff members to perform the due process procedures offered to person listed in CACI activities rather than by the number of hearings from the county's Gomez Hearing database.

During testing, DPSS staff provided the Grievance Request Reports generated from the Gomez Hearing database. Based on our review, we found that the reports included hearing requests that were denied, approved, and withdrawn, and those that required an allegation conclusion review. Hearing requests that were denied, withdrawn, or required an allegation conclusion review are not mandate-related; therefore, the costs claimed for these types of grievance requests are ineligible for reimbursement. Grievance requests that resulted in an actual hearing that was held are eligible for reimbursement. Therefore, we determined that the grievance requests identified on the Grievance Request Reports that were approved and had a corresponding hearing date are mandate-related and eligible for reimbursement. Also, consistent with the prior SCO audit, we found that all relative assessment referrals and criminal exemption reviews claimed under this cost component are ineligible for reimbursement because they are not mandate-related activities. We recalculated the allowable costs using the number of approved hearings for the audit period.

The following table summarizes the claimed, allowable, and the adjusted number of hearings for the Due Process Procedures Offered to Person Listed in Child Abuse Centralized Index cost component by fiscal year:

Fiscal Year	Claimed Hearings	Allowable Hearings	Audit Adjustment
2013-14	43	6	(37)
2014-15	-	15	15
Total	43	21	(22)

Average Time Increments

For FY 2013-14, the DPSS estimated that it took the following classifications and ATIs to perform the due process procedures offered to person listed in CACI activities:

- Program Specialist C.S.S. II – 1.5 hours
- C.S.S. Supervisor – 5 hours (2.5 hours for hearings and 2.5 hours for Allegation Conclusion Review)
- Hearing Officer – 9.50 hours
- Office Assistant – 2 hours

For relative assessment and criminal exemption review activities, the DPSS estimated the following ATIs for each classification:

- Social Service Worker – 24.50 hours
- C.S.S. Supervisor – 6 hours

However, the county did not maintain documentation to support the time increments claimed for DPSS staff members performing these activities.

For FY 2014-15, the DPSS claimed that it took the Program Specialist C.S.S. II classification an ATI of 3.08 hours to perform the activities of

sending the hearing notices, attending the evidence meetings, and attending the hearings; the Hearing Officer classification an ATI of 9.50 hours to prepare and attend hearings; and a C.S.S. Supervisor II classification an ATI of 1.50 hours to notify persons of the hearing results to comply with the results of our prior SCO audit. The DPSS computed the total hours claimed by multiplying a percentage equivalent of the time increments claimed by the total hours captured in a time study implemented by DPSS in August 2014. Based on our review, we found that the time study hours the county used to compute the claimed costs captured only hours for a four-month time period (August 2014, November 2014, February 2015, and May 2015). Therefore, the total hours claimed for this fiscal year reflects only time spent by these classifications performing the due process procedures offered to person listed in CACI for four months rather than for the entire year. Also, the county claimed a total of 8.5 hours for an Administrative Services Analyst II to perform due process activities for the year.

During testing, we conducted interviews with DPSS management to determine whether there were any significant changes in the department's processes for performing the due process procedures offered to person listed in CACI mandate-related activities. DPSS management confirmed that the processes remained the same and that the classifications and time increments used in the prior SCO audit were relevant to the current audit period.

As a result of our discussions with DPSS management, we determined that it took the Program Specialist C.S.S. II classification 3.08 hours to send the hearing notice, attend the evidence meeting, and attend the hearing; and the C.S.S. Supervisor classification 9.50 hours to attend the hearing and 1.50 hours to notify persons of the hearing results during the audit period. We recalculated the allowable costs based on the allowable ATIs and classifications. In addition, for FY 2014-15 we determined that 8.5 hours for the Administrative Services Analyst II to perform due process activities are allowable. The county overstated salary and benefit costs as a result of misstating the ATIs and claiming ineligible classifications.

The table on the next page summarizes the claimed, allowable, and the adjusted hours based on the adjustments made to the number of hearings held and the adjusted ATIs for providing Due Process Procedures Offered to Person Listed in Child Abuse Centralized Index cost component by fiscal year.

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Audit Adjustment</u>
2013-14	17,276.00	84.48	(17,191.52)
2014-15	317.98	219.70	(98.28)
Total	<u>17,593.98</u>	<u>304.18</u>	<u>(17,289.80)</u>

Productive Hourly Rate

The DPSS provided payroll reports identifying the actual salaries and benefits for the DPSS staff members responsible for performing the

mandate-related activities who were included in the department's time study. In addition, the payroll reports include only the job classifications of the DPSS staff members were determined to be allowable per the results of the prior SCO audit. We used the actual salaries from the county's payroll reports to calculate the average annual salary amounts for the C.S.S. Supervisor II, Program Specialist C.S.S. II, and Administrative Services Analyst II classifications. We calculated the average annual salary amounts for these classifications and divided the amounts by 1,760 productive hours to calculate the PHRs. As explained in Finding 6—Misstated productive hourly rates, we found that the county misstated the PHRs claimed for the audit period.

Benefit Rate

We used the actual benefits from the county's payroll reports to calculate the average actual annual benefit amounts for the C.S.S. Supervisor II, Program Specialist C.S.S. II, and Administrative Services Analyst II classifications. We divided the total average actual annual benefit amounts for these classifications by the total average actual annual salary amounts to calculate the benefit rates. As explained in Finding 7—Misstated benefit rates, we found that the county misstated the benefit rates claimed for the audit period.

Criteria

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

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

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

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

Section IV, subsection B.6, "Due Process Procedures Offered to Person Listed in CACI," of the parameters and guidelines states:

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

Provide due process reasonably necessary to comply with federal due process procedural protections under the 14th Amendment that must be afforded to individuals reported to the DOJ's Child Abuse Central Index. This activity includes a hearing before the agency that submitted the individual's name to CACI. This activity includes any due process procedures available to persons listed in the CACI prior to the enactment of Statutes 2011, chapter 468.

Reimbursement is not required for a hearing meeting the requirements of due process if a court of competent jurisdiction has determined that child abuse has occurred, or while the allegation is pending before a court.

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

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

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2020-21 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the mandated program claiming instructions 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

The county concurs with the audit finding.

FINDING 6— Misstated productive hourly rates (Repeat Finding)

For FY 2013-14, the DPSS claimed salaries for the Intake Staff, Office Assistant, Social Services Worker, Social Service Supervisor also referred to as the Hearing Officer, and Program Specialist II classifications. These classifications were assigned to specific work groups. The Intake Staff, Social Service Worker, Social Service Supervisor I/II/Hearing Officer classifications were assigned to the Social Service work group, the Program Specialist II classification was assigned to the Administrative Program work group, and the Office Assistant classification was assigned to the Clerical work group. The salaries for these classifications were calculated using the total cumulative budgeted annual salary costs for the work group that each classification was assigned to. The total cumulative budgeted annual salaries of each work group was divided by the total number of DPSS staff members that were assigned to each work group based on their classification to determine the average budgeted annual salary. The DPSS divided the average budgeted annual salary costs for each work group by 1,743 productive hours to compute the PHRs.

For FY 2014-15, the DPSS claimed salaries for the Office Assistant II/III, C.S.S. Worker III-V, C.S.S. Supervisor I/II/Hearing Officer, Program Specialist C.S.S. II, and the Administrative Services Analyst II classifications. The salaries for these classifications were calculated using the total cumulative actual annual salary costs for each classification then divided by the total number of DPSS staff members assigned to that classification to determine the average annual salary costs. The DPSS

divided the average annual salary costs for each classification by 1,743 productive hours to compute the PHRs.

For the audit period, we found that the county used 1,743 productive hours to compute the claimed PHRs. The county calculated the productive hours by subtracting sick leave, vacation, holiday, and training hours from the total annual work hours. Training time that benefits specific departments or training common to all departments should not be excluded when computing the countywide productive hours. Therefore, we recomputed the productive hours without excluding the training hours. We determined that 1,760 productive hours are allowable and were used to compute the PHRs for the audit period.

During testing, the DPSS provided payroll reports identifying the actual salaries for the DPSS staff members responsible for performing the mandate-related activities and who were included in the department's time study. In addition, the payroll reports included only the job classifications of the DPSS staff members who were determined to be allowable per the results of the prior SCO audit. We used the actual salaries from the county's payroll reports to calculate the average annual salary amounts for the classifications that were responsible for performing the mandate-related activities for the audit period. The total cumulative actual annual salary costs for each classification was divided by the total number of staff members assigned to that classification to determine the average annual salary costs. Also, we calculated an average annual salary amount for classifications with multiple levels (Office Assistant II/III, C.S.S. Worker III-V, and the C.S.S. Supervisor I/II) by combining the total cumulative actual annual salary costs for these multi-level classifications then divided the total number of staff members assigned to these multi-level classifications to determine the average annual salary costs. We divided the average annual salary costs for each classification and classifications with multiple levels by 1,760 productive hours. We applied the PHRs and classifications for the audit period. The county claimed overstated salaries as a result of misstating the PHRs and claiming ineligible classifications. We calculated allowable costs based on allowable PHRs and classifications.

The following table summarizes the claimed and allowable productive hours used to calculate the PHRs for the audit period:

Type	Claimed Productive Hours	Allowable Productive Hours
Productive Hours:		
Total Work Time	2,080	2,080
Less:		
Holiday	(96)	(96)
Vacation	(120)	(120)
Sick Leave	(104)	(104)
Training	(17)	-
Total Hours	1,743	1,760

The following table summarizes the claimed, allowable, and the adjusted PHRs for FY 2013-14:

Classification	Claimed PHR	Allowable PHR	Audit Adjustment
Intake Staff	\$34.94	\$ -	\$ (34.94)
Social Service Worker	34.94	-	(34.94)
Social Services Supervisor	34.94	-	(34.94)
Hearing Officer (C.S.S. Supervisor)	34.94	-	(34.94)
Program Specialist II	36.32	40.22	3.90
Office Assistants	18.97	20.31	1.34
C.S.S. Worker III-V	-	33.64	33.64
C.S.S Supervisor II	-	41.78	41.78

The following table summarizes the claimed, allowable, and the adjusted PHRs for FY 2014-15:

Classification	Claimed PHR	Allowable PHR	Audit Adjustment
Office Assistant II	\$ 17.56	\$ -	\$ (17.56)
Office Assistants III	19.78	-	(19.78)
C.S.S. Supervisor I	42.62	-	(42.62)
C.S.S. Supervisor II	47.09	-	(47.09)
C.S.S. Worker III	27.73	-	(27.73)
C.S.S. Worker IV	28.19	-	(28.19)
C.S.S. Worker V	38.07	-	(38.07)
Program Specialist C.S.S. II	40.05	41.08	1.03
Administrative Services Analyst II	33.75	28.28	(5.47)
Office Assistant II/III	-	20.73	20.73
C.S.S. Worker III-V	-	34.93	34.93
C.S.S. Supervisor I/II	-	45.16	45.16

Criteria

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

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

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

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

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

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

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

- Paid holidays;

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

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2020-21 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the mandated program claiming instructions and parameters and guidelines when preparing its reimbursement claims; and
- Calculate the PHRs based on the employee classification that perform the mandated activities, using the documentation for the corresponding fiscal year.

County's Response

The county concurs with the audit finding.

FINDING 7— Misstated benefit rates

For FY 2013-14, the DPSS claimed benefits for the Intake Staff, Office Assistant, Social Service Worker, Social Service Supervisor also referred to as the Hearing Officer, and Program Specialist II classifications. These classifications were assigned to specific work groups. The Intake Staff, Social Service Worker, Social Service Supervisor I/II/Hearing Officer classifications were assigned to the Social Service work group, the Program Specialist II classification was assigned to the Administrative Program work group, and the Office Assistant classification was assigned to the Clerical work group. The benefit costs for these classifications were calculated using the total cumulative budgeted annual benefit costs for a specific working group to which each classification was assigned. The total cumulative budgeted annual benefit costs of each work group was divided by the total number of the DPSS staff members who were assigned to each work group based on their classification to determine the average budgeted annual benefit cost. The DPSS divided the average budgeted annual benefit costs for each work group by the average budgeted annual salary costs to compute the benefit rates.

For FY 2014-15, the DPSS claimed benefits for the Office Assistant II/III, C.S.S. Worker III-V, C.S.S. Supervisor I/II/Hearing Officer, Program Specialist C.S.S. II, and the Administrative Services Analyst II classifications. The benefits for these classifications were calculated using the total cumulative actual annual benefit costs for each classification then divided by the total number of DPSS staff members assigned to that classification to determine the average annual benefit costs. The DPSS divided the average annual benefit costs for each classification by average annual salary costs to compute the benefit rates.

During testing, the DPSS provided payroll reports identifying the actual benefits for the DPSS staff members responsible for performing the

mandate-related activities and who were included in the department's time study. In addition, the payroll reports included only the job classifications of the DPSS staff members that were determined to be allowable per the results of the prior SCO audit. We used the actual benefits from the county's payroll reports to calculate the average annual benefit amounts for the classifications that were responsible for performing the mandate-related activities for the audit period. The total cumulative actual annual benefit costs for each classification was divided by the total number of staff members assigned to that classification to determine the average annual benefit costs. Also, we calculated an average annual benefit amount for classifications with multiple levels (Office Assistant II/III, C.S.S. Worker III-V, and the C.S.S. Supervisor I/II) by combining the total cumulative actual annual benefit costs for these multi-level classifications then divided the total number of staff members assigned to these multi-level classifications to determine the average annual benefit costs. We divided the average annual benefit costs by the average annual salary costs for each classification to compute the benefit rates. We applied the benefit rates and classifications for the audit period. The county claimed overstated benefits as a result of misstating the benefit rates and claiming ineligible classifications. We calculated allowable costs based on allowable benefit rates and classifications.

The following table summarizes the claimed, allowable, and the adjusted benefit rates for FY 2013-14:

Classification	Claimed Benefit Rate	Allowable Benefit Rate	Audit Adjustment
Intake Staff	42.96%	-	(42.96)%
Social Service Worker	42.96%	-	(42.96)%
Social Service Supervisor	42.96%	-	(42.96)%
Hearing Officer (C.S.S. Supervisor)	42.96%	-	(42.96)%
Program Specialist II	43.15%	40.45%	(2.70)%
Office Assistants	56.34%	55.25%	(1.09)%
C.S.S. Worker III-V	-	44.68%	44.68%
C.S.S. Supervisor II	-	41.98%	41.98%

The following table summarizes the claimed, allowable, and adjusted benefit rates for FY 2014-15:

Classification	Claimed Benefit Rate	Allowable Benefit Rate	Audit Adjustment
Office Assistant II	53.89%	-	(53.89)%
Office Assistants III	52.21%	-	(52.21)%
C.S.S. Supervisor I	38.17%	-	(38.17)%
C.S.S. Supervisor II	33.94%	-	(33.94)%
C.S.S. Worker III	43.46%	-	(43.46)%
C.S.S. Worker IV	42.86%	-	(42.86)%
C.S.S Worker V	37.71%	-	(37.71)%
Program Specialist C.S.S. II	42.29%	39.23%	(3.06)%
Administrative Services Analyst II	42.61%	45.76%	3.15%
Office Assistant II/III	-	52.15%	52.15%
C.S.S. Worker III-V	-	43.75%	43.75%
C.S.S. Supervisor I/II	-	40.54%	40.54%

Criteria

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

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

Section 2, part 7, sub-part (2)(d), “Employer’s Benefit Contribution,” of the SCO’s *Mandated Cost Manual* states, in part:

A local agency has the option of claiming actual employer’s fringe benefit contributions or computing an average fringe benefit cost for the employee’s job classification and claiming it as a percentage of direct labor. The same time base should be used for both salary and fringe benefits when computing a percentage.

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015 16 through FY 2020-21 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the mandated program claiming instructions and parameters and guidelines when preparing its reimbursement claims; and
- Calculate the benefit rates based on the employee classification that perform the mandated activities, using the documentation for the corresponding fiscal year.

County’s Response

The county concurs with the audit finding.

FINDING 8— Overstated offsetting revenues (Repeat Finding)

The county reported \$1,746,235 in offsetting revenues for the audit period. We found that the county overstated offsetting revenues by \$617,176.

The county reported the mandate-related ratio of federal funding it received based on the total annual costs claimed. As a result of the adjustments identified in Findings 1 through 7, we recalculated the offsetting revenues based on the allowable costs using the offset ratios provided by the DPSS totaling 47.01% for FY 2013-14 and 40.15% for FY 2014-15.

The following table summarizes the audit adjustment related to offsetting revenues by fiscal year:

Fiscal Year	Reported Offsetting Revenues	Actual Offsetting Revenues	Audit Adjustment
2013-14	\$ (1,549,932)	\$ (569,565)	\$ 980,367
2014-15	(196,303)	(559,494)	(363,191)
Total	\$ (1,746,235)	\$ (1,129,059)	\$ 617,176

Criteria

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

Any offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, service fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

Recommendation

The ICAN Investigation Reports Program was suspended in the FY 2015-16 through FY 2020-21 Budget Acts. If the program becomes active again, we recommend that the county:

- Follow the mandated program claiming instructions and parameters and guidelines when preparing its reimbursement claims; and
- Ensure that all offsetting revenues are identified and deducted from claimed costs.

County's Response

The county concurs with the audit finding.

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



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



Paul Angulo, CPA, MA
Riverside County Auditor-Controller

Tanya S. Harris, DPA, CPA
Assistant Auditor-Controller

October 13, 2021

Kimberly Tarvin, CPA
Chief, Division of Audits
State Controller's Office, Division of Audits
Post Office Box 942850
Sacramento, CA 924250-5874

Re: Mandated Interagency Child Abuse and Neglect Investigation Reports Program Audit

Dear Ms. Tarvin:

We received the September 2021, draft mandated cost claim audit report for the Interagency Child Abuse and Neglect Investigation Reports Program for the period of July 1, 2013, through June 30, 2015. We concur with the audit findings and recommendation contained within the report on behalf of the Riverside County Department of Public Social Services.

Thank you and your staff for all the assistance given to us during course of the audit.

If you have any questions, please feel free to contact me at 951-955-8140.

Sincerely,

René Casillas, CPA
Chief Internal Auditor
Internal Audit & Specialized Accounting
Riverside County Auditor-Controller's Office
Tel (951) 955-8140
Email: rcasillas@rivco.org
www.auditorcontroller.org

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250**

<http://www.sco.ca.gov>