

# YOLO COUNTY

Audit Report

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

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

*July 1, 2018, through June 30, 2022*



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

November 2024



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

November 8, 2024

**CERTIFIED MAIL—RETURN RECEIPT REQUESTED**

Mr. Tom Haynes, Chief Financial Officer  
Yolo County  
625 Court Street  
Woodland, CA 95776

Dear Mr. Haynes:

The State Controller's Office audited the costs claimed by Yolo County (the county) for the legislatively mandated Custody of Minors – Child Abduction and Recovery Program for the period of July 1, 2018, through June 30, 2022.

The county claimed and was paid \$2,509,673 for costs of the mandated program. Our audit found that \$16,805 is allowable and \$2,492,868 is unallowable. The costs are unallowable because the county did not provide contemporaneous supporting documentation, did not support the amount claimed, did not claim actual costs, and did not show that claimed costs are a direct cost to the program.

Following issuance of this audit report, the State Controller's Office'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.

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than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended.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

Mr. Tom Haynes  
November 8, 2024  
Page 2 of 2

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

Sincerely,

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

KAT/rs

Copy: Nikki Abaurrea, Chief Fiscal Administrative Officer  
Yolo County District Attorney's Office  
Chris Hill, Principal Program Budget Analyst  
Local Government Unit  
California Department of Finance  
Ted Doan, Finance Budget Analyst  
Local Government Unit  
California Department of Finance  
Darryl Mar, Manager  
Local Reimbursements Section  
State Controller's Office  
Everett Luc, Supervisor  
Local Reimbursements Section  
State Controller's Office

# Contents

## **Audit Report**

<b>Summary .....</b>	<b>1</b>
<b>Background .....</b>	<b>1</b>
<b>Audit Authority.....</b>	<b>2</b>
<b>Objective, Scope, and Methodology .....</b>	<b>2</b>
<b>Conclusion .....</b>	<b>3</b>
<b>Follow-up on Prior Audit Findings.....</b>	<b>3</b>
<b>Views of Responsible Officials.....</b>	<b>3</b>
<b>Restricted Use .....</b>	<b>3</b>
<b>Schedule—Summary of Program Costs .....</b>	<b>4</b>
<b>Findings and Recommendations.....</b>	<b>6</b>
<b>Attachment—County’s Response to Draft Audit Report</b>	

# Audit Report

## Summary

The State Controller’s Office (SCO) audited the costs claimed by Yolo County (the county) for the legislatively mandated Custody of Minors – Child Abduction and Recovery (CAR) Program for the period of July 1, 2018, through June 30, 2022.

The county claimed and was paid \$2,509,673 for costs of the mandated program. Our audit found that \$16,805 is allowable and \$2,492,868 is unallowable. The costs are unallowable because the county did not provide contemporaneous supporting documentation, did not support the amount claimed, did not claim actual costs, and did not show that the claimed costs are a direct cost to the program.

## Background

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

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

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

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

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

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

## Audit Authority

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

## Objective, Scope, and Methodology

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

Unreasonable and/or excessive costs include ineligible costs that are not identified in the program's parameters and guidelines as reimbursable costs.

The audit period was July 1, 2018, through June 30, 2022.

To achieve our objective, we performed the following procedures:

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

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

## **Conclusion**

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

For the audit period, the county claimed and was paid \$2,509,673 for costs of the legislatively mandated CAR Program. Our audit found that \$16,805 is allowable and \$2,492,868 is unallowable.

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

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

Our prior audit report for the period of July 1, 2000, through June 30, 2004, issued on December 30, 2005, disclosed no findings. The prior audit report was conducted under the program's previous parameters and guidelines, adopted on August 26, 1999.

## **Views of Responsible Officials**

We issued a draft audit report on August 9, 2024. The county's representative responded by letter dated August 19, 2024, disagreeing with the audit results. This final audit report includes the county's response as an attachment.

## **Restricted Use**

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

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

November 8, 2024

**Schedule—**  
**Summary of Program Costs**  
**July 1, 2018, through June 30, 2022**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2018, through June 30, 2019</u>				
Direct Costs:				
Salaries and benefits	\$ 528,128	-	\$ (528,128)	Finding 1
Materials and supplies	38,643	3,957	(34,686)	Finding 2
Total direct costs	566,771	3,957	(562,814)	
Indirect costs	75,926	-	(75,926)	Finding 1
Total indirect and direct costs	642,697	3,957	(638,740)	
Less: offsetting revenue	-	-	-	
Total program costs	<u>\$ 642,697</u>	3,957	<u>\$ (638,740)</u>	
Less amount paid by the State <sup>3</sup>		(642,697)		
Amount paid in excess of allowable costs claimed		<u>\$ (638,740)</u>		
<u>July 1, 2019, through June 30, 2020</u>				
Direct Costs:				
Salaries and benefits	\$ 523,721	-	\$ (523,721)	Finding 1
Materials and supplies	33,721	2,940	(30,781)	Finding 2
Total direct costs	557,442	2,940	(554,502)	
Indirect costs	50,152	-	(50,152)	Finding 1
Total indirect and direct costs	607,594	2,940	(604,654)	
Less: offsetting revenue	-	-	-	
Total program costs	<u>\$ 607,594</u>	2,940	<u>\$ (604,654)</u>	
Less amount paid by the State <sup>3</sup>		(607,594)		
Amount paid in excess of allowable costs claimed		<u>\$ (604,654)</u>		
<u>July 1, 2020, through June 30, 2021</u>				
Direct Costs:				
Salaries and benefits	\$ 495,676	-	\$ (495,676)	Finding 1
Materials and supplies	85,178	4,718	(80,460)	Finding 2
Total direct costs	580,854	4,718	(576,136)	
Indirect costs	57,974	-	(57,974)	Finding 1
Total indirect and direct costs	638,828	4,718	(634,110)	
Less: offsetting revenue	-	-	-	
Total program costs	<u>\$ 638,828</u>	4,718	<u>\$ (634,110)</u>	
Less amount paid by the State <sup>3</sup>		(638,828)		
Amount paid in excess of allowable costs claimed		<u>\$ (634,110)</u>		



## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2021, through June 30, 2022</u>				
Direct Costs:				
Salaries and benefits <sup>2</sup>	\$ 475,903	-	\$ (475,903)	Finding 1
Materials and supplies	46,448	5,190	(41,258)	Finding 2
Total direct costs	522,351	5,190	(517,161)	
Indirect costs	98,203	-	(98,203)	Finding 1
Total indirect and direct costs	620,554	5,190	(615,364)	
Less: offsetting revenue	-	-	-	
Total program costs	<u>\$ 620,554</u>	5,190	<u>\$ (615,364)</u>	
Less amount paid by the State <sup>3</sup>		(620,554)		
Amount paid in excess of allowable costs claimed		<u>\$ (615,364)</u>		
<u>Summary: July 1, 2018, through June 30, 2022</u>				
Direct Costs:				
Salaries and benefits	\$ 2,023,428	-	\$ (2,023,428)	Finding 1
Materials and supplies	203,990	16,805	(187,185)	Finding 2
Total direct costs	2,227,418	16,805	(2,210,613)	
Indirect costs	282,255	-	(282,255)	Finding 1
Total indirect and direct costs	2,509,673	16,805	(2,492,868)	
Less: offsetting revenue	-	-	-	
Total program costs	<u>\$ 2,509,673</u>	16,805	<u>\$ (2,492,868)</u>	
Less amount paid by the State <sup>3</sup>		(2,509,673)		
Amount paid in excess of allowable costs claimed		<u>\$ (2,492,868)</u>		

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

<sup>2</sup> Immaterial differences due to rounding.

<sup>3</sup> Payment amount current as of July 9, 2024.

# Findings and Recommendations

**FINDING 1—  
Unallowable and  
unsupported salaries,  
benefits, and related  
indirect costs**

The county claimed \$2,023,428 in salaries and benefits for the audit period. We determined that the entire amount is unallowable. The related unallowable indirect costs total \$282,255, for total unallowable costs of \$2,305,683. The costs are unallowable because the county did not support the amount claimed and did not provide contemporaneous source documentation to support the mandated functions performed or the actual number of hours devoted to each function.

The following is a summary of the audit adjustment:

	Fiscal Year				Total
	2018-19	2019-20	2020-21	2021-22	
Total unallowable salaries and benefits	<b>A</b> \$ (510,978)	\$ (523,721)	\$ (495,676)	\$ (446,227)	\$ (1,976,602)
Total unsupported salaries and benefits	<b>B</b> (17,150)	-	-	(29,676)	(46,826)
Total audit adjustment (A + B)	<b>C</b> (528,128)	(523,721)	(495,676)	(475,903)	(2,023,428)
Claimed indirect costs	<b>D</b> (75,926)	(50,152)	(57,974)	(98,203)	(282,255)
Audit Adjustment (C + D)	<u>\$ (604,054)</u>	<u>\$ (573,873)</u>	<u>\$ (553,650)</u>	<u>\$ (574,106)</u>	<u>\$ (2,305,683)</u>

The county provided income statements and labor and overhead reports for the Child Abduction accounting unit to support the salaries and benefits costs claimed. We inquired why the fiscal year (FY) 2018-19 and FY 2021-22 income statements disclosed a different amount than what was claimed, and the county’s representative stated that the county’s Department of Financial Services could not justify the difference between the claimed amounts and the source documentation. The county was unable to support \$46,826 (\$17,150 for FY 2018-19 and \$29,676 for FY 2021-22) in salaries and benefits.

For each fiscal year in the audit period, the county claimed employee classifications including Deputy DA, DA Enforcement Officer, and DA Investigator.

The county claimed all salaries and benefits that were posted to the child abduction accounting unit, including allocated or adjusted salaries and benefits in addition to direct salaries and benefits. The county provided income statements and labor and overhead reports to support the claimed costs. The county did not claim costs based on hours worked, productive hourly rate, and benefit rate, but instead claimed all costs charged to the unit.

The time spent by any employee on activities outside of their 100% assignment—including employees in the Child Abduction Unit (CAU) — is tracked using a functional time sheet. Employees’ related salaries and benefits are transferred in/out of the child abduction accounting unit using adjusted journal entries. The functional time sheets show the daily hours worked inside and outside the CAU, but do not provide a description of time spent on mandated activities.

During audit fieldwork, the DA's Office provided additional documentation, including a calendar of dates, activity logs, work-up notes on cases from the digital case system management "LawSuite," and "CAU Case Numbers Log" printouts of cases for two DA Investigators and a DA Enforcement Officer. The DA's Office also provided a sample Telecommuting Covid Time Card and Functional Timesheet for the Deputy DA. The additional documentation provided does not describe the mandated functions performed or specify the actual number of hours devoted to each function as required by the parameters and guidelines. In addition, the activity logs were created for the purpose of the audit, using estimated time increments and not actual time increments, and were not created at or near the same time the actual cost was incurred. Therefore, the activity logs are not considered contemporaneous source documents.

Based on our walkthrough of claiming procedures, interviews with DA's Office personnel, and documentation provided, the county has not supported the actual number of hours that its employees worked on mandated activities. We were unable to determine the mandated functions performed, the actual number of hours devoted to each function, and the validity of such costs. Without a description of the mandated functions, we were unable to determine whether the county claimed unallowable costs associated with criminal prosecution, commencing with the defendant's first appearance in a California court, or claimed costs associated with non-mandate related activities.

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

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

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

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

### Recommendation

We recommend that the county:

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

## County Response

I write on behalf of the County of Yolo (“County”) in response to the State Controller’s Office’s (“SCO”) draft audit report for the County’s claims for reimbursements for the state- mandated Custody of Minors-Child Abduction and Recovery Program (“Draft Report”). The Draft Report concludes that 99.3% of the County’s claims for a four-year period should be disallowed. The last time the SCO audited the same program in 2011 -- using the same Parameters and Guidelines adopted in 2009 -- the SCO auditors disallowed 0% of the County’s claims based on much of the same documentation. The SCO’s complete reversal of the documentation needed to substantiate the County’s claims is arbitrary and capricious. We respectfully request that the SCO reconsider its approach.

The District Attorney’s Child Abduction Unit is dedicated to fulfilling the state-mandated child abduction and recovery functions (“Mandate”). Yolo County annually spends hundreds of thousands of dollars to fulfill the Mandate every year. During the four-year audit period, the Unit had 1,716 new cases (including 152 interstate cases and 4 international cases), resulting in 69 recoveries and 66 enforcements of visitation. Based on this work, the County submitted claims for payment of \$642,697, \$607,594, \$638,828, and \$620,554 for the 2018/2019 through 2021/2022 fiscal years, respectively.

The County tracks the costs associated with the Mandate in the accounting unit for the Child Abduction Unit. The Child Abduction Unit has staff who dedicate nearly 100% of their time to fulfilling the Mandate, including one Deputy District Attorney and an Enforcement Officer. The dedicated staff occasionally spend time on tasks associated with other units in the D.A.’s Office, which is tracked through functional time sheets (provided to the auditors). The costs associated with these other activities are deducted from the Child Abduction Unit’s accounting unit. The Child Abduction Unit also is assisted by other staff in the D.A.’s Office, who track their time spent assisting the Unit on functional time sheets (also provided to the auditors). The costs associated with the non-dedicated staff’s time spent in support of the Unit is then added to the Unit’s accounting unit.

The SCO auditors began working on their audit of Yolo County’s Child Abduction Unit in summer 2023 and concluded in May 2024. The auditors’ Draft Report did not find that the County’s costs were unreasonable or excessive. Nor did the auditors find that the mandated activities were paid for from other revenue. Rather, the Draft Report asserts simply that the County is not entitled to be reimbursed for over 99% of the costs associated with the Mandate simply because the documentation kept by the County no longer meets SCO’s interpretation of the applicable Parameters and Guidelines. When the auditors rejected the County’s accounting ledgers, functional time sheets, and hours logs as insufficient, the County offered samples of other contemporaneous documentation to show the work performed by the Child Abduction Unit. The auditors rejected these as well. When asked what documentation might satisfy the SCO auditors’ needs, the auditors merely quoted back the vague language from the Parameters and Guidelines.

The auditors claim that they are merely following the Parameters and Guidelines applicable to the Child Abduction and Recovery Program. However, those have been in place since 2009 and were effective

beginning with the 2005-2006 fiscal year, and this is the first time the County has had any disallowances for the program. When the SCO audited the County in 2011 -- applying the same Parameters and Guidelines and relying on much of the same documentation -- the SCO auditors “conclude[d] that the county’s claims are reasonably supported.” The SCO auditors went so far as to cancel the audit because it would be “inefficient for us to complete the audit and process the audit report.” The cancellation was not some mistake by low-level staff; the decision was supported by the Mandated Cost Audits Bureau Chief.

The SCO’s new interpretation of the Parameters and Guidelines, coupled with its failure to notify counties of SCO’s changed interpretation and its refusal to provide guidance of what contemporaneous documentation might be sufficient, makes it impossible for the County to be reimbursed for the work the County undisputedly performed. Even though the Parameters and Guidelines allow auditors to consider corroborating evidence, the County cannot, in SCO’s view, provide anything useful created after the fact, such as time studies or declarations sworn under penalty of perjury that attest the costs related to the program. The fact that this unannounced change in the documentation requirements resulted in the County going from a 0% disallowance rate in one audit to a 99.3% disallowance rate in the next audit shows the arbitrary nature of the SCO’s approach.

In applying the new standard, the Draft Report states that “the county did not provide contemporaneous supporting documentation.” See Draft Report at pp. 1 & 6. This blanket assertion is false. In addition to the payroll information, accounting ledgers, and functional timesheets provided to the auditors, the County offered to provide contemporaneous case notes and hours logs to document the work performed by the Child Abduction Unit. The auditors rejected this information and were unable to identify documentation that would meet their requirements. We ask that the auditors reconsider this information, or, at a minimum, ensure the Report accurately reflects the information that was provided to the auditors.

During the audit, the auditors cited the Commission on State Mandates’ decision for an Incorrect Reduction Claim filed by Santa Clara County as providing “guidance” as to “employees that claim 100% of their time as being program specific (but provide no other documentation).” The details of the audit at issue in the Santa Clara County proceedings show why the SCO’s new approach is so arbitrary and unreasonable. In the Santa Clara County audit, the SCO auditors reduced the County’s claimed costs for salaries and benefits due to a lack of documentation in support of claimed mandate-related hours and an inconsistent time study. However, the SCO made reasonable assumptions to “estimate” the hours spent on the program. The Commission noted, “[s]ince the claimant did not provide time logs or other adequate documentation supporting the time spent on the mandate in fiscal year 2003-2004, the Controller extrapolated employee hours identified on timesheets for January 2005 through June 2005 to approximate the actual hours spent on the program for the 2003-2004 fiscal year, instead of reducing costs to \$0.” In other words, the SCO made reasonable assumptions to approximate the hours based on the available evidence, rather than arbitrarily reducing the claim to \$0, even when full contemporaneous source documentation was not available.

The SCO’s auditors are refusing similarly to use a reasonable approach for Yolo County in this audit. The contemporaneous time sheets and

functional time logs provided by the County shows the costs incurred for the Child Abduction Unit, and contemporaneously case notes made available to the auditors for review, but rejected, show the connection of the Unit's work to the Mandate. The contemporaneous documentation can be supplemented by corroborating documentation to fill in any perceived gaps, as authorized in Section V of the Parameters and Guidelines. The County also could perform a time study to show "the average number of hours devoted to each function," as provided in section VII.A.1 in the Parameters and Guidelines, to supplement the contemporaneous documentation the D.A.'s Office maintains showing the tasks performed for each case. Despite the availability of additional evidence, the auditors made clear that no such corroborating evidence would not suffice.

We understand that the State is under financial pressure to cut costs wherever it can. But it should not do so on the backs of counties that are performing tasks mandated by the State. We respectfully request that the SCO revisit the County's audit to review the contemporaneous and corroborating evidence the County can make available. After a full review of these materials, the auditors should make reasonable adjustments to determine the actual hours worked, consistent with their prior practice and the legal requirements.

### SCO Response

Our finding and recommendation remain unchanged. We will address the county's comments in the order in which they appear in the county's response.

On page 1 of its response, the county states:

The last time the SCO audited the same program in 2011 -- using the same Parameters and Guidelines adopted in 2009 -- the SCO auditors disallowed 0% of the County's claims based on much of the same documentation. The SCO's complete reversal of the documentation needed to substantiate the County's claims is arbitrary and capricious. We respectfully request that the SCO reconsider its approach.

The aforementioned engagement was cancelled, and no audit report was issued. We did not make the determination that the costs were allowable or unallowable; rather, we concluded and stated in our email that the county's claims were reasonably supported, and determined that it was an inefficient use of resources for the SCO to complete the audit and process the audit report. Furthermore, as was explained to the county during audit fieldwork, the Commission often issues Incorrect Reduction Claim (IRC) decisions that provide guidance to SCO, auditees, and the public on audit-related matters. Since 2011, several IRC decisions have guided our audit procedures related to documentation requirements, including the claimant's burden to establish actual costs, and the requirement that the claimant's documentation must clearly establish a relationship to the reimbursable activities listed in the parameters and guidelines.

Our finding, and our basis for it, were neither arbitrary nor capricious. The Commissions' IRC decisions inform and guide our findings and conclusions. An agency filing a claim for reimbursement must comply

with the parameters and guidelines for that mandated program, regardless of the result of any prior audit engagement.

On page 2 of its response, the county states:

Rather, the Draft Report asserts simply that the County is not entitled to be reimbursed for over 99% of the costs associated with the Mandate simply because the documentation kept by the County no longer meets SCO's interpretation of the applicable Parameters and Guidelines. When the auditors rejected the County's accounting ledgers, functional time sheets, and hours logs as insufficient, the County offered samples of other contemporaneous documentation to show the work performed by the Child Abduction Unit. The auditors rejected these as well. When asked what documentation might satisfy the SCO auditors' needs, the auditors merely quoted back the vague language from the Parameters and Guidelines.

As noted in our draft report, the parameters and guidelines for the CAR Program establish the state mandate and define reimbursement criteria. We do not "interpret" the parameters and guidelines. Providing other contemporaneous documentation to "show the work performed by the Child Abduction Unit" does not meet the requirements of the parameters and guidelines. The county did not claim costs based on hours worked, productive hourly rate, and benefit rate, as required by the parameters and guidelines; instead, it claimed all costs charged to the unit. County documentation also lacked descriptions of any mandated activities performed. The income statements, labor and overhead reports, and additional documentation that we reviewed did not describe the mandated functions performed or specify the actual number of hours devoted to each function, as required by the parameters and guidelines.

The county states that the parameters and guidelines are "vague" regarding documentation requirements. We disagree. Section VII.A.1., "Salary and Employees' Benefits," of the parameters and guidelines clearly states, in part:

Identify the employee(s), show the classification of the employee(s) involved, **describe the mandated functions performed and specify the actual number of hours devoted to each function...**[emphasis added].

On page 3 of its response, the county states:

The details of the audit at issue in the Santa Clara County proceedings show why the SCO's new approach is so arbitrary and unreasonable. In the Santa Clara County audit, the SCO auditors reduced the County's claimed costs for salaries and benefits due to a lack of documentation in support of claimed mandate-related hours and an inconsistent time study. However, the SCO made reasonable assumptions to "estimate" the hours spent on the program. The Commission noted, "[s]ince the claimant did not provide time logs or other adequate documentation supporting the time spent on the mandate in fiscal year 2003-2004, the Controller extrapolated employee hours identified on timesheets for January 2005 through June 2005 to approximate the actual hours spent on the program for the 2003-2004 fiscal year, instead of reducing costs to \$0." In other words, the SCO made reasonable assumptions to approximate the hours based on the available evidence, rather than arbitrarily reducing the claim

to \$0, even when full contemporaneous source documentation was not available. [emphasis in original]

The issue discussed in the Santa Clara County IRC referenced was for FY 1999-00 through FY 2001-02, and FY 2003-04. The audit report was conducted under the program's previous parameters and guidelines, adopted August 26, 1999.

For the Yolo County engagement, we audited claims filed under the amended parameters and guidelines, adopted October 30, 2009. These parameters and guidelines became effective for CAR Program claims beginning in FY 2005-06, and include the language regarding contemporaneous source documentation. Claims applicable to this audit engagement were filed between July 1, 2018, and June 30, 2022.

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

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.

On page 3 of its response, the county states:

The SCO's new interpretation of the Parameters and Guidelines, coupled with its failure to notify counties of SCO's changed interpretation and its refusal to provide guidance of what contemporaneous documentation might be sufficient, makes it impossible for the County to be reimbursed for the work the County undisputedly performed.

The county asserts that the SCO failed to notify counties of the changes to the parameters and guidelines and refused to provide guidance on what contemporaneous documentation might be sufficient. However, page 1 of "Program No. 13" of the SCO's *Mandated Cost Manual* states: "On October 30, 2009, CSM [the Commission] approved amendments to the Ps & Gs [parameters and guidelines] to clarify source documentation requirements."

The SCO's updated *Mandated Cost Manual* is provided annually to all claimants. Furthermore, the Commission issued a "Notice of Draft Staff Analysis, Comment Period and Hearing Date" to all state agencies and interested parties on September 23, 2009. This notification was publicly available and allowed any interested parties to comment regarding the proposed changes to the CAR Program's parameters and guidelines.

On page 4 of its response, the county states:

The contemporaneous documentation can be supplemented by corroborating documentation to fill in any perceived gaps, as authorized in Section V of the Parameters and Guidelines.



We disagree. The parameters and guidelines do not allow auditees the ability “to fill in any perceived gaps” with corroborating documentation. As stated previously, the income statements, labor and overhead reports, and additional documentation provided by the county did not describe the mandated functions performed or specify the actual number of hours devoted to each function, as required by the parameters and guidelines.

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

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. . . . Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. **However, corroborating documents cannot be substituted for source documents** [emphasis added].

**FINDING 2—  
Unallowable and  
unsupported  
materials and supplies  
costs**

The county claimed a total of \$203,990 in materials and supplies costs for the audit period. We determined that \$16,805 is allowable and \$187,185 is unallowable. These costs are unallowable because the county did not support the costs with source documents showing that costs were a direct cost to the program or support the amount claimed; and claimed costs that were allocated to the CAR Program instead of actual costs supported by source documentation, as required by the program’s parameters and guidelines.

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

Fiscal Year	Amount Claimed	Total Allowable	Audit Adjustment
2018-19	\$ 38,643	\$ 3,957	\$ (34,686)
2019-20	33,721	2,940	(30,781)
2020-21	85,178	4,718	(80,460)
2021-22	46,448	5,190	(41,258)
Total	<u>\$ 203,990</u>	<u>\$ 16,805</u>	<u>\$(187,185)</u>

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

Account Number	Account Name	Total Claimed	Audit Adjustment		
			Unsupported	Unallowable	Total
501020	Communications	\$ 13,566	\$ (203)	\$ (13,363)	\$ (13,566)
501021	Communications - Internal Charge	1,372	-	-	-
501051	Insurance - Public Liability	21,283	(2,615)	(18,668)	(21,283)
501070	Maintenance - Equipment	2,824	-	-	-
501110	Office Expense	697	-	-	-
501111	Office Exp - Postage	9	-	-	-
501112	Office Exp - Printing	58	-	-	-
501190	Rents and Leases - Equipment	7,217	-	-	-
501191	Rents & Leases - Build & Improvement	109,671	-	(109,671)	(109,671)
501205	Training	250	-	-	-
501210	Minor Equipment	12,283	-	(12,283)	(12,283)
501249	SpecDpt Exp - Other	100	-	-	-
501250	Transportation and Travel	1,706	-	-	-
501252	Vhe Fuel & Maint - Fleet	2,572	-	-	-
503071	Equipment - Vehicle	30,382	-	(30,382)	(30,382)
Total materials and supplies costs		\$ 203,990	\$ (2,818)	\$ (184,367)	\$ (187,185)

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

- 501020, Communications
- 501051, Insurance – Public Liability
- 501191, Rents & Leases – Building & Improvement
- 501210, Minor Equipment
- 503071, Equipment – Vehicle

#### **Communications (Account 501020)**

The county claimed a total of \$13,566 in Communications costs for the audit period. Costs included quarterly landline and monthly cellphone charges.

For FY 2018-19, the county claimed a total of \$4,411 in communication costs. The county provided an income statement that supported \$4,208 in communication costs. We questioned the difference in amount claimed versus amount supported, the county’s representative explained that the Department of Financial Services had provided the income statement to the county’s consultant and that the Department of Financial Services was unable to determine the reason for the \$203 difference in costs.

The CAU was charged monthly for three cell phone lines by a third-party contractor. We reviewed monthly cell phone bills and determined that lines charged were for a Deputy DA, a DA Enforcement Officer, and a DA Investigator. The CAU was also charged quarterly for four to six landlines by the county’s Telecommunications Department. We reviewed invoices and journal entries for the claimed communication costs.

The county did not support the claimed costs with source documents showing that the costs are a direct cost to the program or the validity of such costs and their relationship to the reimbursable activities. Therefore, we determined that a total of \$13,566 in communication charges is unallowable.

#### **Insurance – Public Liability (Account 501051)**

The county claimed a total of \$21,283 in Insurance – Public Liability costs for the audit period.

For FY 2018-19, the county claimed a total of \$4,061 in Insurance – Public Liability costs. The county provided an income statement that supported \$1,446 in Insurance – Public Liability costs. We questioned the difference in amount claimed versus amount supported; the county's representatives explained that the Department of Financial Services provided the income statement to the county's consultant and that the Department of Financial Services was unable to determine the reason for the \$2,615 difference in costs.

The total Insurance – Public Liability cost is allocated to the DA's Office by the county's Department of Financial Services. A journal entry correction is performed to reallocate the cost to each accounting unit, including the CAU, based on the number of employees in the accounting unit.

Based on the documentation provided, we determined that a total of \$21,283 in allocated Insurance – Public Liability costs is unallowable. The costs are unallowable because the county claimed costs that were allocated to the CAR Program instead of actual costs supported by source documentation, as required by the program's parameters and guidelines.

#### **Rents & Leases – Building & Improvement (Account 501191)**

The county claimed a total of \$109,671 in Rents & Leases – Building & Improvement costs for the audit period.

The CAU is billed yearly based on an amortization schedule for utilization of space within the DA's Office building, and the amount increases by 3% annually. The CAU is allocated 7% of the obligation of the loan.

Based on the documentation provided, we determined that a total of \$109,671 in allocated Rents & Leases – Building & Improvement costs is unallowable. The costs are unallowable because the county claimed costs that were allocated to the CAR Program instead of actual costs supported by source documentation, as required by the program's parameters and guidelines.

#### **Minor Equipment (Account 501210)**

The county claimed a total of \$12,283 in Minor Equipment costs for the audit period.

The county claimed \$105 in FY 2019-20 for the purchase of cell phone accessories and equipment; \$10,397 in FY 2020-21 for the purchase and installation of equipment on a 2020 Toyota Sienna minivan; and \$1,781 in FY 2021-22 for the purchase of a Dell laptop, case, and docking station. We reviewed invoices for all costs claimed.

The county did not support the claimed Minor Equipment costs with source documents showing that the costs are a direct cost to the program or show the validity of such costs and their relationship to the reimbursable activities. Therefore, we determined that a total of \$12,283 in Minor Equipment costs is unallowable.

### **Equipment – Vehicle (Account 503071)**

The county claimed a total of \$30,382 in Equipment – Vehicle costs for the audit period. The claimed costs are for the purchase of a 2020 Toyota Sienna minivan in FY 2020-21. We reviewed an invoice for the claimed cost.

The county did not support the claimed Equipment – Vehicle costs with source documents showing that the costs are a direct cost to the program or showing the validity of such costs and their relationship to the reimbursable activities. Therefore, we determined that a total of \$30,382 in Equipment – Vehicle costs is unallowable.

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

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

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

Only expenditures which can be identified as a direct cost of the mandate such as, but not limited to, vehicles, office equipment, communication devices, memberships, subscriptions, publications, may be claimed. . . .

### **Recommendation**

We recommend that the county:

- Follow the SCO’s *Mandated Cost Manual* and the mandated program’s parameters and guidelines when preparing its reimbursement claims; and

- Ensure that claimed costs include only costs which can be identified as a direct cost of the mandate, are based on actual costs, and are properly supported.

County Response

The county did not directly address this finding in its response to the draft report.

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

---



# COUNTY OF YOLO

## Office of the County Counsel

625 Court Street, Room 201 • Woodland, CA 95695  
Main: (530) 666-8172 • Fax: (530) 666-8279  
www.yolocounty.gov

*Philip J. Pogledich*  
County Counsel

*Eric May*, Senior Deputy  
Direct: (530) 666-8278  
eric.may@yolocounty.gov

August 19, 2024

### VIA U.S. MAIL AND ELECTRONIC MAIL

[REDACTED]  
Chief, Compliance Audits Bureau  
State Controller's Office  
P.O. Box 942850  
Sacramento, CA 94250  
[REDACTED]

**RE: Draft Audit Report for Yolo County's Child Abduction and Recovery Program  
(July 1, 2018 - June 30, 2022)**

Dear [REDACTED],

I write on behalf of the County of Yolo ("County") in response to the State Controller's Office's ("SCO") draft audit report for the County's claims for reimbursements for the state-mandated Custody of Minors-Child Abduction and Recovery Program ("Draft Report"). The Draft Report concludes that 99.3% of the County's claims for a four-year period should be disallowed. The last time the SCO audited the same program in 2011 -- using the same Parameters and Guidelines adopted in 2009 -- the SCO auditors disallowed 0% of the County's claims based on much of the same documentation. The SCO's complete reversal of the documentation needed to substantiate the County's claims is arbitrary and capricious. We respectfully request that the SCO reconsider its approach.

The District Attorney's Child Abduction Unit is dedicated to fulfilling the state-mandated child abduction and recovery functions ("Mandate"). Yolo County annually spends hundreds of thousands of dollars to fulfill the Mandate every year. During the four-year audit period, the Unit had 1,716 new cases (including 152 interstate cases and 4 international cases), resulting in 69 recoveries and 66 enforcements of visitation. Based on this work, the County submitted claims for payment of \$642,697, \$607,594, \$638,828, and \$620,554 for the 2018/2019 through 2021/2022 fiscal years, respectively.

The County tracks the costs associated with the Mandate in the accounting unit for the Child Abduction Unit. The Child Abduction Unit has staff who dedicate nearly 100% of their

██████████  
August 19, 2024

Page 2

time to fulfilling the Mandate, including one Deputy District Attorney and an Enforcement Officer. The dedicated staff occasionally spend time on tasks associated with other units in the D.A.'s Office, which is tracked through functional time sheets (provided to the auditors). The costs associated with these other activities are deducted from the Child Abduction Unit's accounting unit. The Child Abduction Unit also is assisted by other staff in the D.A.'s Office, who track their time spent assisting the Unit on functional time sheets (also provided to the auditors). The costs associated with the non-dedicated staff's time spent in support of the Unit is then added to the Unit's accounting unit.<sup>1</sup>

The SCO auditors began working on their audit of Yolo County's Child Abduction Unit in summer 2023 and concluded in May 2024. The auditors' Draft Report did not find that the County's costs were unreasonable or excessive. Nor did the auditors find that the mandated activities were paid for from other revenue. Rather, the Draft Report asserts simply that the County is not entitled to be reimbursed for over 99% of the costs associated with the Mandate simply because the documentation kept by the County no longer meets SCO's interpretation of the applicable Parameters and Guidelines. When the auditors rejected the County's accounting ledgers, functional time sheets, and hours logs as insufficient, the County offered samples of other contemporaneous documentation to show the work performed by the Child Abduction Unit. The auditors rejected these as well. When asked what documentation might satisfy the SCO auditors' needs, the auditors merely quoted back the vague language from the Parameters and Guidelines.

The auditors claim that they are merely following the Parameters and Guidelines applicable to the Child Abduction and Recovery Program. However, those have been in place since 2009 and were effective beginning with the 2005-2006 fiscal year, and this is the first time the County has had any disallowances for the program. When the SCO audited the County in 2011 -- applying the same Parameters and Guidelines and relying on much of the same documentation -- the SCO auditors "conclude[d] that the county's claims are reasonably supported."<sup>2</sup> The SCO auditors went so far as to cancel the audit because it would be "inefficient for us to complete the audit and process the audit report."<sup>3</sup> The cancellation was

---

<sup>1</sup> The County focuses here on the salary and benefit costs, which represent about four-fifths of the County's claims, and which have a 100% disallowance rate. Nevertheless, the same issues affect SCO's approach of the County's materials and supplies, which have a 92% disallowance rate.

<sup>2</sup> See E-mail from ██████████ to ██████████ (July 12, 2011), attached hereto as **Exhibit A**.

<sup>3</sup> *Id.*



not some mistake by low-level staff; the decision was supported by the Mandated Cost Audits Bureau Chief.<sup>4</sup>

The SCO's new interpretation of the Parameters and Guidelines, coupled with its failure to notify counties of SCO's changed interpretation and its refusal to provide guidance of what contemporaneous documentation might be sufficient, makes it impossible for the County to be reimbursed for the work the County undisputedly performed. Even though the Parameters and Guidelines allow auditors to consider corroborating evidence, the County cannot, in SCO's view, provide anything useful created after the fact, such as time studies or declarations sworn under penalty of perjury that attest the costs related to the program. The fact that this unannounced change in the documentation requirements resulted in the County going from a 0% disallowance rate in one audit to a 99.3% disallowance rate in the next audit shows the arbitrary nature of the SCO's approach.<sup>5</sup>

In applying the new standard, the Draft Report states that "the county did not provide contemporaneous supporting documentation." See Draft Report at pp. 1 & 6. This blanket assertion is false. In addition to the payroll information, accounting ledgers, and functional timesheets provided to the auditors, the County offered to provide contemporaneous case notes and hours logs to document the work performed by the Child Abduction Unit. The auditors rejected this information and were unable to identify documentation that would meet their requirements. We ask that the auditors reconsider this information, or, at a minimum, ensure the Report accurately reflects the information that was provided to the auditors.

During the audit, the auditors cited the Commission on State Mandates' decision for an Incorrect Reduction Claim filed by Santa Clara County as providing "guidance" as to "employees that claim 100% of their time as being program specific (but provide no other documentation)."<sup>6</sup> The details of the audit at issue in the Santa Clara County proceedings show why the SCO's new approach is so arbitrary and unreasonable. In the Santa Clara

---

<sup>4</sup> *Id.*

<sup>5</sup> The Draft Report references the prior audit report issued December 30, 2005, for the period July 1, 2000 through June 30, 2004, and notes the audit disclosed no findings. See Report at 3. However, the Draft Report does not reference the more recent SCO audit performed in 2011. The final Report should identify the 2011 audit and explain why it was terminated.

<sup>6</sup> See February 14, 2024 e-mail from ██████████, attached as **Exhibit B**. See also Commission on State Mandates Decision in *In re Incorrect Reduction Claim*, Case No. 08-4237-I-02 and 12-4237-I-03 (March 25, 2016, County of Santa Clara, Claimant), available at <https://csm.ca.gov/matters/08-4237-I-02/doc20.pdf> ("Santa Clara County Decision").

County audit, the SCO auditors reduced the County's claimed costs for salaries and benefits due to a lack of documentation in support of claimed mandate-related hours and an inconsistent time study.<sup>7</sup> However, the SCO made reasonable assumptions to "estimate" the hours spent on the program. The Commission noted, "[s]ince the claimant did not provide time logs or other adequate documentation supporting the time spent on the mandate in fiscal year 2003-2004, the Controller extrapolated employee hours identified on timesheets for January 2005 through June 2005 to approximate the actual hours spent on the program for the 2003-2004 fiscal year, instead of reducing costs to \$0."<sup>8</sup> In other words, the SCO made reasonable assumptions to approximate the hours based on the available evidence, rather than arbitrarily reducing the claim to \$0, even when full contemporaneous source documentation was not available.<sup>9</sup>

The SCO's auditors are refusing similarly to use a reasonable approach for Yolo County in this audit. The contemporaneous time sheets and functional time logs provided by the County shows the costs incurred for the Child Abduction Unit, and contemporaneously case notes made available to the auditors for review, but rejected, show the connection of the Unit's work to the Mandate. The contemporaneous documentation can be supplemented by corroborating documentation to fill in any perceived gaps, as authorized in Section V of the Parameters and Guidelines. The County also could perform a time study to show "the average number of hours devoted to each function," as provided in section VII.A.1 in the Parameters and Guidelines, to supplement the contemporaneous documentation the D.A.'s Office maintains showing the tasks performed for each case. Despite the availability of additional evidence, the auditors made clear that no such corroborating evidence would not suffice.

We understand that the State is under financial pressure to cut costs wherever it can. But it should not do so on the backs of counties that are performing tasks mandated by the State. We respectfully request that the SCO revisit the County's audit to review the contemporaneous and corroborating evidence the County can make available. After a full

---

<sup>7</sup> Santa Clara County Decision at p. 7.

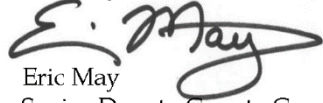
<sup>8</sup> *Id.* (emphasis added).

<sup>9</sup> As another example, please see the decision in *In re Incorrect Reduction Claim*, Case No. 14-9825-I-01 (September 23, 2016, Oceanside Unified School District, Claimant), in which the Controller offered reimbursement for 30 minutes per teacher evaluation based on an estimate of the time needed for the evaluation, even without contemporaneous source documentation showing the District spent that amount of time on the mandated program. The decision is available at <https://csm.ca.gov/matters/documents/Decisionwebfinal.pdf>.

██████████  
August 19, 2024  
Page 5

review of these materials, the auditors should make reasonable adjustments to determine the actual hours worked, consistent with their prior practice and the legal requirements.

Sincerely,

A handwritten signature in black ink that reads "Eric May". The signature is written in a cursive style with a long horizontal stroke at the end.

Eric May  
Senior Deputy County Counsel

CC: Jeff Reisig, Yolo County District Attorney  
Tom Haynes, Yolo County Chief Financial Officer

# EXHIBIT A

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** FW: Cancellation of current state-mandated Child Abduction and Recovery Program audit  
**Date:** Tuesday, July 12, 2011 11:12:31 AM

---

[REDACTED] FYI

[REDACTED]  
Chief, Finance and Administration  
Yolo County District Attorney

---

**From:** [REDACTED]  
**Sent:** Tuesday, July 12, 2011 10:48 AM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Cancellation of current state-mandated Child Abduction and Recovery Program audit

Hi [REDACTED]  
Based on our audit work performed, we concluded that the county's claims are reasonably supported. As a result, we determined that it is inefficient for us to complete the audit and process the audit report. We will cancel our current audit of the county's state-mandated claims filed for the Child Abduction and Recovery Program for the period of July 1, 2007, through June 30, 2009. For the FY 2007-08 claim, the county claimed and was paid \$333,970. For the FY 2008-09 claim, the county claimed and was paid \$403,759.

[REDACTED] Mandated Cost Audits Bureau Chief, has spoken with [REDACTED] and agreed to the audit cancellation.

Feel free to give me a call if you have any questions.

[REDACTED]  
Associate Management Auditor  
State Controller's Office  
Division of Audits / Mandates Cost Audits Bureau

[REDACTED]  
[REDACTED]

## EXHIBIT B

---

**From:** [REDACTED]  
**Sent:** Wednesday, May 8, 2024 4:32 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE: Yolo County CAR Audit - Materials and Supplies

Hi [REDACTED],

Below is our response to [REDACTED] letter. At this point, we would like to schedule an exit conference with the county to discuss our audit findings. Please let me know if the county is available to meet with us Wednesday, May 15 at 1pm or Thursday, May 16 at 10am? If these dates and times do not work, please propose alternate dates and times. Prior to the exit conference, we will provide the exit conference information handout, narrative of audit findings and schedule 1 – summary of program costs for your review.

Mr. [REDACTED],

Thank you for your letter. As mentioned in previous communications to county District

Attorney personnel, please note that we are not making a determination of the county's program work that is being performed. Our audit findings are based solely on the documentation provided to support the county's mandated cost claims per the program's Parameters and Guidelines.

On September 14, 2023, I met with [REDACTED], Chief Fiscal Administrative Officer at the Yolo County District Attorney's Office to discuss the county's claiming procedures and costs claimed. We determined that the county's reimbursement claims do not identify the actual number of hours devoted to each reimbursement function, but instead the county claimed all costs charged to the Child Abduction Unit (CAU). [REDACTED] stated salaries and benefits are claimed for the entire unit (100%) and provided income statements and labor and overhead reports to support the claimed costs, which do not show the actual number of hours the employees worked on mandated activities.

Section VII., "Claim Preparation and Submission," of the parameters and guidelines (<https://csm.ca.gov/decisions/208.pdf>) states, in part:

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

On February 3, 2024, the auditor and audit manager met with [REDACTED], Chief Fiscal Administrative Officer to discuss the status of the audit. We explained that the county had not supported the costs based on the documentation requirements stated in the parameters and guidelines, as quoted above. It was explained to us that 100% of the costs are dedicated to the CAU. It was explained that the Commission on State Mandates has issued a decision related to this issue, for an Incorrect Reduction Claim for this program for Santa Clara County. Page 13, Section IV., "Discussion," of the Decision for the Incorrect Reduction Claim for the Child Abduction and Recovery Program for Santa Clara County (<https://csm.ca.gov/matters/08-4237-I-02/doc20.pdf>) states, in part:

The Controller reduced salary and benefit costs claimed for fiscal years 1999-2000 through 2001-2002 for two full-time employees because the county did not provide adequate documentation to support mandate-related hours claimed. The claimant originally provided payroll documents to support the costs claimed for these employees, and asserts that the provision of payroll documentation for full-time employees should be sufficient to substantiate the hours claimed. However, payroll documentation does not show the actual number of hours the employees worked on mandated activities, as required by the parameters and guidelines. In addition, the reimbursement claims for fiscal years 1999-2000, 2000-2001, and 2001-2002, list the employee names, job classifications, and a brief description of the activities performed, but do not identify the actual number of hours devoted to each reimbursable function.

For any employee that spends time on activities outside of their 100% assignment (i.e., Child Abduction Unit per the Personnel Action Form) or conversely, employees from different units spending time in the CAU, their time is then tracked using a functional time sheet and their related salaries and benefits are transferred in/out of the child abduction accounting unit using adjusted journal entries. The functional time sheets show the daily hours worked outside/inside of the CAU. In either case, no description of mandated activities is provided in the functional time sheets.

On February 13, 2024, we met with [REDACTED], Deputy District Attorney, [REDACTED] DA



Enforcement Officer, and [REDACTED], Assistant Chief Investigator to walkthrough the Child Abduction Unit's procedures and activities performed during the audit period. Based on that meeting, the District Attorney's Office provided additional documentation including a calendar of dates, activity logs, work up notes on cases from the digital case system management "LawSuite", and log book printout of cases for two investigators and an enforcement officer. They also provided a sample Telecommuting Covid Time Card and Functional Timesheet for the Deputy District Attorney.

The additional documentation provided does not describe the mandated functions performed and specify the actual number of hours devoted to each function per the parameters and guidelines. In addition, the activity logs were created for the purpose of the audit using estimated time increments and not actuals, and were not created at or near the same time the actual cost was incurred. Therefore, the activity logs are not considered contemporaneous source documents.

Based on our walkthrough of claiming procedures, interviews with District Attorney personnel, and documentation provided, the county has not supported the actual number of hours the employees worked on mandated activities. We are unable to determine the mandated functions performed, the actual number of hours devoted to each function or the validity of such costs. Without describing the mandated functions, we are unable to determine whether the county is claiming unallowable costs associated with criminal prosecution, commencing with the defendant's first appearance in a California court, or claimed costs associated with non-mandate related activities.

For materials and supplies, the invoices provided to support the costs posted to Communication – Landlines & Cellphone - Account 501020, Minor Equipment - Account 501210, and Equipment – Vehicle - Account 503071 do not show that the costs listed are a direct cost to the program and show the validity of such costs and their relationship to the reimbursable activities.

Based on documentation provided to support costs posted to Insurance – Public Liability Account 501051 and Rents & Leases – Building & Improvement Account 501191, we determined the county claimed costs that were allocated to the child abduction accounting unit instead of actual costs supported by source documentation, as required by the program's parameters and guidelines.

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

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

Section VII., "Claim Preparation and Submission," of the parameters and guidelines states, in part:

Only expenditures which can be identified as a direct cost of the mandate such as, but not limited to, vehicles, office equipment, communication devices, memberships, subscriptions,

publications, may be claimed.

In regards to your comment referencing a 2011 audit, our records indicate the most recent audit published by the State Controller's Office for this program at Yolo County was dated December 30, 2005. Can you please provide us with the 2011 audit that you reference in your letter?

Thank you again for your letter. Please let us know if you have any questions.

Sincerely,

[REDACTED]



[REDACTED] Auditor  
Office of State Controller Malia M. Cohen  
Division of Audits | Compliance Audits Bureau  
3301 C Street, Suite 725A  
Sacramento, CA 95816 [REDACTED]



CONFIDENTIALITY NOTICE: This communication with its contents as well as any attachments may contain confidential and/or legally privileged information. It is solely for the use of the intended recipient(s). Unauthorized interception, review, use or disclosure is prohibited and may violate applicable laws including the Electronic Communications Privacy Act. If you are not the intended recipient, please contact the sender and destroy all copies of the communication.

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

[www.sco.ca.gov](http://www.sco.ca.gov)