

RIVERSIDE COUNTY

Audit Report

CUSTODY OF MINORS – CHILD ABDUCTION AND RECOVERY PROGRAM

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

July 1, 2017, through June 30, 2020



MALIA M. COHEN
California State Controller

June 2023



MALIA M. COHEN
California State Controller

June 30, 2023

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Ben J. Benoit, Auditor-Controller
Riverside County
4080 Lemon Street, 11th Floor
Riverside, CA 92502

Dear Mr. Benoit:

The State Controller's Office audited the costs claimed by Riverside County for the legislatively mandated Custody of Minors – Child Abduction and Recovery Program for the period of July 1, 2017, through June 30, 2020.

The county claimed and was paid \$3,762,254 for costs of the mandated program. Our audit found that \$112,555 is allowable and \$3,649,699 is unallowable. The costs are unallowable primarily because county did not provide contemporaneous supporting documentation and did not claim actual costs.

Following issuance of this audit report, the Local Government Programs and Services Division of the State Controller's Office will notify the county of the adjustment to its 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 this adjustment must be filed with the Commission no later than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. IRC information is available on the Commission's website at www.csm.ca.gov/forms/IRCForm.pdf.

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

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/l

cc: Ginika Ezinwa, Administrative Deputy Director
Riverside County District Attorney's Office
Chris Hill, Principal Program Budget Analyst
Local Government Unit
California Department of Finance
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Riverside County for the legislatively mandated Custody of Minors – Child Abduction and Recovery (CAR) Program for the period of July 1, 2017, through June 30, 2020.

The county claimed and was paid \$3,762,254 for costs of the mandated program. Our audit found that \$112,555 is allowable and \$3,649,699 is unallowable. The costs are unallowable, primarily because the county did not provide contemporaneous supporting documentation and did not claim actual costs.

Background

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

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

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

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

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

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

Audit Authority

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

Objective, Scope, and Methodology

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

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

The audit period was July 1, 2017, through June 30, 2020.

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 then determined whether there were any errors or unusual or unexpected variances from year to year. We reviewed the claimed activities to determine whether they adhered to the SCO's *Mandated Cost Manual* and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key county staff members. We discussed the claim preparation process with county staff members to determine what information was obtained, who obtained it, and how it was used.
- We reviewed payroll records for claimed employees. We noted various issues with the reviewed time records; the records provided as support for the claimed costs did not meet the requirements of the program's parameters and guidelines (see Finding 1).
- We reviewed claimed materials and supplies costs and found that the county claimed costs that were allocated to the CAR Program as direct costs applicable to the mandated program, although the costs were not actual costs supported by source documentation. We found \$176,996 in materials and supplies costs to be unallowable (see Finding 2).
- We reviewed the county's single audit and revenue reports to identify potential sources of offsetting revenues and reimbursements from federal or pass-through programs applicable to this mandated program. The county did not claim offsetting revenues for the audit period, and we found no instances of unreported offsetting revenue. We noted no exceptions.

We did not audit the county's financial statements.

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

Conclusion

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

For the audit period, Riverside County claimed and was paid \$3,762,254 for costs of the legislatively mandated CAR Program. Our audit found that \$112,555 is allowable and \$3,649,699 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

Riverside County has satisfactorily resolved the findings noted in our prior audit report for the period of July 1, 2003, through June 30, 2007, excluding July 1, 2004, through June 30, 2005, issued on April 12, 2011.

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 March 9, 2023. Riverside County's representative responded by letter dated March 17, 2023, 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 Riverside County, the California Department of Finance, and the SCO; it is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

June 30, 2023

Schedule— Summary of Program Costs July 1, 2017, through June 30, 2020

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2017, through June 30, 2018</u>				
Direct costs:				
Salaries and benefits	\$ 836,475	\$ 7,386	\$ (829,089)	Finding 1
Materials and supplies	63,828	2,478	(61,350)	Finding 2
Travel and training	22,582	22,582	-	
Total direct costs ²	922,886	32,446	(890,440)	
Indirect costs	224,177	1,603	(222,574)	Finding 1
Total direct and indirect costs	1,147,063	34,049	(1,113,014)	
Less: offsetting revenue	-	-	-	
Total program costs	<u>\$ 1,147,063</u>	34,049	<u>\$ (1,113,014)</u>	
Less amount paid by the State ³		(1,147,063)		
Amount paid in excess of allowable costs claimed		<u>\$ (1,113,014)</u>		
<u>July 1, 2018, through June 30, 2019</u>				
Direct costs:				
Salaries and benefits	\$ 901,406	\$ 15,924	\$ (885,482)	Finding 1
Materials and supplies	60,808	255	(60,553)	Finding 2
Travel and training	29,066	29,066	-	
Total direct costs ²	991,279	45,245	(946,034)	
Indirect costs	255,140	2,068	(253,072)	Finding 1
Total direct and indirect costs	1,246,419	47,313	(1,199,106)	
Less: offsetting revenue	-	-	-	
Total program costs	<u>\$ 1,246,419</u>	47,313	<u>\$ (1,199,106)</u>	
Less amount paid by the State ³		(1,246,419)		
Amount paid in excess of allowable costs claimed		<u>\$ (1,199,106)</u>		
<u>July 1, 2019, through June 30, 2020</u>				
Direct costs:				
Salaries and benefits	\$ 993,355	\$ 11,100	\$ (982,255)	Finding 1
Materials and supplies ⁴	60,072	4,979	(55,093)	Finding 2
Travel and training	15,114	15,114	-	
Total direct costs ²	1,068,541	31,193	(1,037,348)	
Indirect costs	300,231	-	(300,231)	Finding 1
Total direct and indirect costs	1,368,772	31,193	(1,337,579)	
Less: offsetting revenue	-	-	-	
Total program costs	<u>\$ 1,368,772</u>	31,193	<u>\$ (1,337,579)</u>	
Less amount paid by the State ³		(1,368,772)		
Amount paid in excess of allowable costs claimed		<u>\$ (1,337,579)</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2017, through June 30, 2020</u>				
Direct costs:				
Salaries and benefits	\$ 2,731,236	\$ 34,410	\$ (2,696,826)	Finding 1
Materials and supplies ⁴	184,708	7,712	(176,996)	Finding 2
Travel and training	66,762	66,762	-	
Total direct costs	2,982,706	108,884	(2,873,822)	
Indirect costs	779,548	3,671	(775,877)	Finding 1
Total direct and indirect costs	3,762,254	112,555	(3,649,699)	
Less: offsetting revenues	-	-	-	
Total program costs	<u>\$ 3,762,254</u>	112,555	<u>\$ (3,649,699)</u>	
Less amount paid by the State ³		(3,762,254)		
Amount paid in excess of allowable costs claimed		<u>\$ (3,649,699)</u>		

¹ See the Findings and Recommendations section.

² Immaterial differences due to rounding.

³ Payment amount current as of May 2, 2023.

⁴ For fiscal year 2019-20, the county incorrectly identified materials and supplies costs as contract services costs.

Findings and Recommendations

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

Riverside County claimed \$2,731,236 in salaries and benefits for the audit period. We found that \$34,410 is allowable and \$2,696,826 is unallowable. The related unallowable indirect costs total \$775,877, for total unallowable costs of \$3,472,703. The costs are primarily unallowable because the county did not provide contemporaneous source documentation to support the mandated functions performed or the actual number of hours devoted to each function.

The following table summarizes the audit adjustment by fiscal year:

Cost Element	2017-18	2018-19	2019-20	Total
Total salaries (excluding overtime)	\$ (602,365)	\$ (627,659)	\$ (680,951)	\$ (1,910,975)
Claimed indirect cost rate	× 36.95%	× 40.32%	× 44.09%	
Related indirect costs	(222,574)	(253,072)	(300,231)	(775,877)
Total salaries and benefits	+ (829,089)	+ (885,482)	+ (982,255)	+ (2,696,826)
Audit adjustment	<u>\$ (1,051,663)</u>	<u>\$ (1,138,554)</u>	<u>\$ (1,282,486)</u>	<u>\$ (3,472,703)</u>

The county provided payroll worksheets with hours charged to the mandated cost program for each pay period to support the hours claimed. The county explained that any activities performed on CAR cases are charged to the program project code DA1600. Any time spent on activities related to criminal cases or training is not charged to this code. We reviewed a sample of timesheets for the audit period and noted that the county's timesheets did not specify the regular hours devoted to each mandated function. We allowed overtime and straight overtime hours that were supported by descriptions of the mandated activities performed.

Based on the documentation provided, we were unable to determine the mandated functions performed, the actual number of hours devoted to each function, or the validity of claimed costs. Without a description of the mandated functions performed, we were unable to determine whether the county had claimed unallowable costs associated with criminal prosecution commencing with the defendant's first appearance in a California court, or claimed costs associated with non-mandated activities.

In addition, the county did not separately identify its time spent on activities related to cases under PC section 278.7 (commonly referred to as "good cause" cases). Time spent on "good cause" cases is unallowable because the parameters and guidelines do not identify costs associated with such cases as reimbursable costs.

The parameters and guidelines incorporate requirements of PC sections 278 and 278.5, as amended by Chapter 988, Statutes of 1996. This law, known as the Parental Kidnapping Prevention Act, also added section 278.7 to the Penal Code. However, PC section 278.7 was not incorporated into the parameters and guidelines; therefore, any costs claimed under this section are not reimbursable.

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

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

Recommendation

We recommend that the county:

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

County Response

The Riverside County District Attorney’s Office (DAO) disagrees with the findings as laid out within the content of this report. It remains without dispute that this office has played a key role in the investigation and subsequent reunion of children with their legal parents. For the Auditor to disallow the related costs in achieving justice for these families’ places form over substance. The office has been responsible for several hundred child recoveries during this period and billed appropriately. None of these findings represent a misappropriation of government funds. The County did track its time contemporaneously and in connection with the cases it worked on. The Auditor’s concern is solely that the time was tracked at the program level instead of the activity level. The documentation contained within all the case files presented to the Auditor show that the DAO staff performed the mandated activities for this program and shows a clear relationship to these activities within the Parameters and Guidelines. This level of detail is sufficient to support the hours tracked in the payroll system at the program level. Further, the case files presented to the Auditor contained detailed documentation on all the activities performed by DAO staff that was associated with each case. For the Auditor to say that based on the documentation provided, they are unable to determine the mandated functions performed, is inaccurate. In addition to the case file details, the DAO staff provided a summary of activities and dates for each case file and offered their assistance to discuss the activities. If the Auditor would

like to classify each activity within the case files to those activities listed on the claiming instructions, this could have been done upon request. In addition, the DAO staff purposely excluded criminal activity and non-mandated related activities when coding their time into their payroll system. By cross referencing the case detail with the cases listed along with the time in the payroll system, it will show that no criminal activity or non-mandated related activities are included. We respectfully request that the Auditor work with the DA staff to fully understand the activities contained within each of the case files so that they can show the mandated work was performed and should be reimbursed.

In 2009 the Commission on State Mandates (“Commission”) amended the parameters and guidelines (“Guidelines”) related to the Custody of Minors-Child Abduction and Recovery Program, which stated that actual costs must be supported by a source document. A Source document, according to the document, is 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 DAO provided employee time records as well as supporting information in the case files, all of which demonstrates that the mandated activity was in fact performed. For the first time, the additional requirement of using a log to support each minute claimed by mandated activity is being asserted. This additional requirement was never made clear and never directly communicated to the agencies that file these claims prior to this audit. This additional requirement has only been brought forward during this audit and well after the time was claimed. As part of this updated amendment of 2009, there was no sample or template of required reporting as is seen with other granting agencies. Without clear direction or guidance, each agency is allowed to interpret the ambiguous content of this amendment and act accordingly which leads to various inconsistent reporting results. To change the requirements at this late date and punish the DAO for not providing the information contemporaneously exalts form over substance and works an injustice.

In addition, the County disagrees with the Auditor’s assessment that cases under Penal Code section 278.7 known as “Good Cause” cases are unallowable.

Child abduction cases take on many different types and forms, evolving as our office’s investigation unfolds, and “Good Cause” statements are inextricably intertwined with our Child Abduction duties under Family Code sections 3130 and 3131, as well as the review of criminal cases pre-arraignment. Complaints of child abduction are received and reviewed by our DA staff. It is not uncommon that while investigating a complaint, the Child Abduction Unit is contacted by the “taking parent” who asserts a “Good Cause” claim pursuant to Penal Code section 278.7, stating that the taking parent has a good faith and reasonable belief that the child, if left with the other parent, will suffer immediate bodily injury or physical harm. The DAO cannot file a child abduction case if it finds the alleged offender had that good faith and reasonable belief. Similarly, the DAO will not return a child to a parent when the DAO believes that the child may be placed in danger by doing so. Simply put, the taking of and the evaluation of “Good Cause” statements is inseparable from the DAO’s duties under the Parameters and Guidelines. The DAO will often receive multiple complaints regarding the same child or children and involved parties, which may relate back to a prior “Good Cause” claim, but each new complaint must be investigated.

Other Audit Reports for this program have noted that, even if otherwise in the context of a child abduction investigation, “Good Cause” cases are unallowable because the Parameters & Guidelines do not identify activities related to PC section 278.7 cases as a reimbursable cost. Simply connecting a current or prior “Good Cause” investigation is not enough to determine that all costs are not reimbursable. Pursuant to this mandated program and the requirements of Family Code sections 3130, 3131, which replaced former civil code 4604, the DAO is still mandated by the state to take all actions necessary in locating the parties and procuring compliance, which necessarily involves an evaluation of any “Good Cause” claim that is made.

Subsection A of section V of the Parameters & Guidelines for this program provides, “Counties shall be reimburse for the increased costs which they are required to incur to have the district attorney actively assist in the resolution of the child custody and visitation problems; for the enforcement of custody and visitation orders; for all actions necessary to locate and return a child(ren) by use of any appropriate civil or criminal proceeding; and for complying with other court orders relating to the child custody and visitation. . . .” (emphasis added). Actively assisting in the resolution of a child custody and visitation problems can involve and result in a “good Cause” claim. All action necessary in locating and returning a child includes the taking and evaluation of good cause reports. Thus, those cost should be allowable as they fall within the reimbursable mandated activities.

SCO Comment

Our findings and recommendations remain unchanged.

The county states:

. . . The DAO staff purposely excluded criminal activity and non-mandated related activities when coding their time into their payroll system. By cross referencing the case detail with the time in the payroll system, it will show that no criminal activity or non-mandated related activities are included. We respectfully request that the Auditor work with the DA staff to fully understand the activities contained within each of the case files so that they can show the mandated work was performed and should be reimbursed.

County documentation did not provide descriptions of any mandated activities performed (apart from the allowed overtime hours claimed). Neither payroll documentation nor case file documentation specify the actual number of hours that employees spent on the mandated activities, as required by the parameters and guidelines. Without a description of any mandated activities, there was no way for us to determine whether the county claimed costs associated with criminal prosecution commencing with the defendant’s first appearance in a California court, or claimed costs associated with non-mandated activities.

Section VII.A.1., “Salary and Employees’ Benefits,” of the parameters and guidelines states, in part:

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

added] the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study. . . .

Furthermore, reviewing case files so that the county can “show the mandated work was performed and should be reimbursed” does not fulfill the requirements of the parameters and guidelines.

The county states, “The DAO provided employee time records as well as supporting information in the case files, all of which demonstrates that the mandated activity was in fact performed.” The time records provided by the county are not adequate source documentation. Claimants are allowed to submit evidence corroborating their source documents. However, the parameters and guidelines do not allow claimants to substitute “supporting information” for source documents.

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].

The county references the 2009 amendment to the parameters and guidelines for the CAR Program and the addition of source documentation language. The county states:

For the first time, the additional requirement of using a log to support each minute claimed by mandated activity is being asserted. This additional requirement was never made clear and never directly communicated to the agencies that file these claims prior to this audit. This additional requirement has only been brought forward during this audit and well after the time was claimed.

We disagree. The parameters and guidelines do not add “the additional requirement of using a log to support each minute claimed by mandated activity. . . .”

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.

As to the amendment not being communicated, we disagree. Page 1 of “Custody of Minors – Child Abduction and Recovery – Program No. 13,” in the SCO’s *Mandated Cost Manual* states “On October 30, 2009, [the Commission] approved amendments to the [parameters and guidelines] to clarify source documentation requirements.” The 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.

The county is responsible for adhering to the program’s parameters and guidelines, including any applicable amendments. During this engagement, we audited the claims filed under amendments adopted October 30, 2009, and “effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.” Claims applicable to this audit engagement were filed between July 1, 2017, and June 30, 2020.

The county states, “To change the requirements at this late date and punish the DAO for not providing the information contemporaneously exalts form over substance and works an injustice.” We disagree. The guidelines for this program have remained unchanged since October 30, 2009. To assert that the SCO is attempting to punish the county for noncompliance with the guidelines is inaccurate.

Regarding good cause cases, the county states:

All actions necessary in locating and returning a child includes the taking and evaluation of good cause reports. Thus, those cost should be allowable as they fall within the reimbursable mandated activities.

We disagree. The costs do not “fall within the reimbursable mandated activities,” because activities for PC section 278.7 are not identified in the parameters and guidelines. Furthermore, the documentation provided as support for the “good cause” cases did not describe the mandated functions performed and the documentation did not specify the actual number of hours that employees devoted to activities related to PC section 278.7 cases.

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

Riverside County claimed a total of \$184,708 in materials and supplies costs for the audit period. We determined that \$7,712 is allowable and \$176,996 is unallowable. These costs are unallowable because the county claimed costs that were not actual costs incurred to implement the mandated activities, and costs that were allocated to the CAR Program rather than actual costs supported by source documentation, as required by the program’s parameters and guidelines.

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

Materials and Supplies	Total Claimed	Total Allowable	Audit Adjustment
FY 2017-18			
Direct Materials and Supplies	\$ 2,478	\$ 2,478	\$ -
Allocated Communication Expenses	8,722	-	(8,722)
Allocated General Expenses	2,188	-	(2,188)
Allocated Space Expenses	31,037	-	(31,037)
Allocated Vehicle Expenses	19,403	-	(19,403)
	<u>\$ 63,828</u>	<u>\$ 2,478</u>	<u>\$ (61,350)</u>
FY 2018-19			
Direct Materials and Supplies	\$ 255	\$ 255	\$ -
Allocated Communication Expenses	8,440	-	(8,440)
Allocated General Expenses	804	-	(804)
Allocated Space Expenses	35,268	-	(35,268)
Allocated Vehicle Expenses	16,041	-	(16,041)
	<u>\$ 60,808</u>	<u>\$ 255</u>	<u>\$ (60,553)</u>
FY 2019-20			
Direct Materials and Supplies	\$ 4,979	\$ 4,979	\$ -
Allocated Communication Expenses	7,215	-	(7,215)
Allocated General Expenses	843	-	(843)
Allocated Space Expenses	33,721	-	(33,721)
Allocated Vehicle Expenses	13,314	-	(13,314)
	<u>\$ 60,072</u>	<u>\$ 4,979</u>	<u>\$ (55,093)</u>
Total for Audit Period			
Direct Materials and Supplies	\$ 7,712	\$ 7,712	\$ -
Allocated Communication Expenses	24,377	-	(24,377)
Allocated General Expenses	3,835	-	(3,835)
Allocated Space Expenses	100,026	-	(100,026)
Allocated Vehicle Expenses	48,758	-	(48,758)
	<u>\$ 184,708</u>	<u>\$ 7,712</u>	<u>\$ (176,996)</u>

Allocated Costs: Communication Expenses

The county claimed a total of \$24,377 in communication expenses (e.g., costs for radio systems and cell phones) charged to the DA's Office and allocated the costs to the CAR Program (project code DA1600). The county developed a methodology to charge a percentage of communication expenses incurred by the DA's Office to the mandated program. To allocate these expenses, the county calculated the average cost per employee per month for county radios and cell phones and multiplying it by the program's full-time equivalent (FTE).¹ The county then multiplied the total monthly cost by 12 months to determine the annual cost.

¹ An FTE is the total number of regular hours (excluding overtime and holiday hours) worked by employees, divided by the number of compensable hours applicable to each fiscal year.

The following table shows the methodology that the county used to calculate the CAR Program's communication costs, and the related audit adjustments by fiscal year:

	2017-18			2018-19			2019-20			
Communication Expenses	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	Total Adjustment
<u>Radio Systems</u>										
Radio systems monthly costs	\$ 31,525			\$29,638			\$ 27,837			
Average number of car radios	÷ 150			÷ 151			÷ 152			
Average monthly cost per employee	210			196			183			
Total CAR Program employees	× 2.96			× 3.07			× 2.85			
Total monthly radio systems costs for CAR Program	\$ 622			\$ 602			\$ 522			
Months	× 12			× 12			× 12			
Total Annual CAR Program radio systems (A)	\$ 7,472 *	\$ -	\$ (7,472)	\$ 7,226 *	\$ -	\$ (7,226)	\$ 6,268 *	\$ -	\$ (6,268)	\$ (20,966)
<u>Cell Phones</u>										
Cell phone monthly costs	\$ 7,625			\$ 7,353			\$ 6,252			
Average number of cell phones	÷ 217			÷ 223			÷ 226			
Average monthly cost per employee	35			33			28			
Total CAR Program employees	× 2.96			× 3.07			× 2.85			
Total monthly cell phone costs for CAR Program	\$ 104			\$ 101			\$ 80			
Months	× 12			× 12			× 12			
Total Annual CAR Program cell phone costs (B)	\$ 1,250 *	\$ -	\$ (1,250)	\$ 1,214 *	-	\$ (1,214)	\$ 947 *	-	\$ (947)	\$ (3,411)
Total Communication Expenses C = A + B	\$ 8,722	\$ -	\$ (8,722)	\$ 8,440	-	\$ (8,440)	\$ 7,215	-	\$ (7,215)	\$ (24,377)

*Adjustments for immaterial mathematical errors

Based on the documentation provided, we determined that a total of \$24,377 in allocated communication expenses is unallowable. The costs are unallowable because the county did not claim actual costs that were supported by source documentation.

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.

Allocated Costs: General Expenses

The county claimed a total of \$3,835 in general expenses (costs for protective gear, temporary help services, and forensic supplies) charged to the DA's Office and allocated the costs to the CAR Program (project

code DA1600). The county developed a methodology to charge a percentage of general expenses incurred by the DA's Office to the mandated program. To allocate these expenses, the county calculated the ratio of CAR Program-FTE to the total DA's Office's FTE for each fiscal year and multiplied that ratio by the total general expenses.

The following table shows the methodology the county used to calculate the CAR Program's general expenses, and the related audit adjustments by fiscal year:

General Expenses	2017-18			2018-19			2019-20			Total Adjustment
	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	
<u>Protective Gear and Temporary Help Services</u>										
Protective gear monthly costs	\$ 3,822			\$ 1,513			\$ 2,602			
Temporary help services monthly costs	4,400			-			-			
Total protective gear and temporary help services monthly costs	\$ 8,222			\$ 1,513			\$ 2,602			
Average number of employees	÷ 106			÷ 103			÷ 111			
Average monthly cost per employee	78			15			23			
Total CAR Program employees (Bureau Sworn)	× 1.97			× 2.07			× 2.03			
Total protective gear and temporary help services monthly costs for CAR Program	\$ 154			\$ 31			\$ 47			
Months	× 12			× 12			× 12			
Total Annual Protective Gear and Temporary Help Services costs for CAR Program	\$ 1,831 * \$ - \$ (1,831)			\$ 365 * \$ - \$ (365)			\$ 571 * \$ - \$ (571)			\$ (2,767)
<u>Forensic Supplies</u>										
Forensic supplies monthly costs	\$ 1,574			\$ 1,897			\$ 1,334			
Average number of employees	÷ 157			÷ 159			÷ 169			
Average monthly cost per employee	10			12			8			
Total CAR Program employees (Bureau All)	× 2.96			× 3.07			× 2.85			
Total monthly forensic supplies costs for CAR Program	\$ 30			\$ 37			\$ 23			
Months	× 12			× 12			× 12			
Total Annual CAR Program forensic supplies costs (B)	\$ 356 * \$ - \$ (356)			\$ 439 * - \$ (439)			\$ 272 * - \$ (272)			\$ (1,067)
Total general expenses C = A + B	\$ 2,188 * \$ - \$ (2,188)			\$ 804 - \$ (804)			\$ 843 - \$ (843)			\$ (3,835)

*Adjustments for immaterial mathematical error

Based on the documentation provided, we determined that a total of \$3,835 in allocated general expenses is unallowable. The costs are unallowable because the county did not claim actual costs that were supported by source documentation.

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.

Allocated Cost: Space Expenses

The county claimed a total of \$100,026 for space expenses (e.g., janitorial service, general insurance, property insurance, building maintenance, building rent/lease, and utilities costs) charged to the DA's Office and allocated the costs to the CAR Program (project code DA1600). The county developed a methodology to charge a percentage of space expenses incurred by the DA's Office to the mandated program. To allocate these expenses, the county calculated the average cost per DA's Office employee and multiplied it by the CAR Program's FTE.

The following table shows the methodology the county used to calculate the CAR Program's space expenses, and the related audit adjustments by fiscal year:

Space Expenses	2017-18			2018-19			2019-20			
	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	Total Adjustment
<u>Monthly Expenses</u>										
Janitorial services	\$ 42,375			\$ 54,454			\$ 58,448			
Insurance - general	78,006			106,970			90,569			
Insurance - property	13,344			18,126			22,127			
Maintenance - building	63,553			88,180			106,396			
Rent-lease	45,288			-			-			
Utilities	43,391			53,878			57,693			
Total monthly space expenses	* \$ 285,958			\$ 321,608			* \$ 335,234			
Average number of employees	÷ 675		÷	664		÷	694			
Average monthly cost per employee	\$ 424			\$ 484			\$ 483			
Total CAR Program employees	× 6.11		×	6.07		×	5.82			
Total monthly space expenses for CAR Program	\$ 2,591			\$ 2,938			\$ 2,811			
Months	× 12		×	12		×	12			
Total annual CAR Program Space Expenses *	\$ 31,037	\$ -	\$ (31,037)	\$ 35,268	\$ -	\$ (35,268)	\$ 33,721	\$ -	\$ (33,721)	\$ (100,026)

*Adjustments for immaterial mathematical error

Based on the documentation provided, we determined that a total of \$100,026 for allocated space expenses is unallowable. The costs are unallowable because the county did not claim actual costs that were supported by source documentation.

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.

Allocated Costs: Vehicle Expenses

The county claimed a total of \$48,758 for vehicle expenses (e.g. auto insurance, motor vehicle maintenance, car pool, and fuel costs) charged to the DA's Office and allocated the costs to the CAR Program (project code DA1600). The county developed a methodology to charge a percentage of vehicle expenses incurred by the DA's Office to the mandated program. To allocate these expenses, the county calculated the average cost per DA's Office employee and multiplied it by the program's FTE.

The following table shows the methodology the county used to calculate the CAR Program's vehicle expenses, and the related audit adjustments by fiscal year:

Vehicle Expenses	2017-18			2018-19			2019-20			Total
	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	
<u>Monthly expenses</u>										
Auto insurance	\$ 13,766			\$ 14,587			\$ 12,797			
Maintenance - motor vehicles	136			1,461			2,761			
Car pool expense	114,333			87,830			86,693			
Travel - fuel	1,658			1,127			1,615			
Total monthly vehicle expenses	\$ 129,894 *			\$ 105,004 *			\$ 103,866			
Average number of fleet vehicles	÷ 238			÷ 241			÷ 267			
Average monthly cost per employee	\$ 546			\$ 436			\$ 389			
Total CAR Program employees	× 2.96			× 3.07			× 2.85			
Total monthly vehicle expenses for CAR Program	\$ 1,616			\$ 1,339			\$ 1,109			
Months	× 12			× 12			× 12			
Total Annual CAR Program Vehicle Expenses*	\$ 19,403	\$ -	\$ (19,403)	\$ 16,041	\$ -	\$ (16,041)	\$ 13,314	\$ -	\$ (13,314)	\$ (48,758)

*Adjustments for immaterial mathematical errors

Based on the documentation provided, we determined that a total of \$48,758 for allocated vehicle expenses is unallowable. The costs are unallowable because the county did not claim actual costs that were supported by source documentation.

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.

Recommendation

We recommend that the county:

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

County Response

. . . The County disagrees with the disallowance of the material and supply costs that were claimed.

The methodology that the County utilized to allocate the specific material and supply costs, as they relate to the Child Abduction and Recovery program, are necessary for the staff to perform the mandated duties. If the Auditor disagrees that these costs should be claimed as direct costs, then the County would request that these costs be reassigned as indirect costs and included in the County's indirect cost rate as it applies to this program. To simply disallow all legitimate reimbursement for specific material and supply costs necessary to do the job simply because of the formula used once again exalts form over function and appears disingenuous.

SCO Comment

Using a methodology to identify how materials and supplies costs "relate" to the CAR Program is not allowable per the parameters and guidelines. Section V. of the parameters and guidelines states that only *actual costs* may be claimed; these costs are defined as "those costs actually incurred to implement the mandated activities." Costs based on full-time equivalency or a proportional share of usage are not considered actual costs.

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



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

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4080 Lemon Street, 11th Floor
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(951) 955-3800
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Ben J. Benoit
County Auditor-Controller

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

March 17, 2023

Lisa Kurokawa
Chief Compliance Audit Bureau
State Controller's Office – Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Subject: Riverside County – State Mandate Audit FY 2017-18 to 2019-20
SCO Audit ID # S22-MCC-0008 – Custody of Minors: Child Abduction & Recovery
(Program 13)

Dear Ms. Kurokawa:

The purpose of this letter is to provide a response as requested to the draft of the State Controller's Office report regarding the claims of Riverside County for the legislatively mandated Custody of Minors-Child Abduction & Recovery Program for the period of July 1, 2017, through June 30, 2020.

We have reviewed the draft report and the summary findings/ Enclosed is the District Attorney's response which includes their views concerning the findings and their implemented corrective actions.

The County disagrees with the disallowance of costs and reserves the right to file an "Incorrect Reduction Claim" with the Commission on State Mandates within three years of the State Controllers Office notification of adjustment.

If you have any questions, please contact Rene Casillas, Deputy Auditor-Controller, at (951)-955-8140.

Sincerely

Ben Benoit
Auditor-Controller

Cc: Jared Haringsma, Assistant District Attorney, Administration
Tanya Harris, Assistant Auditor-Controller



OFFICE OF
THE DISTRICT ATTORNEY
COUNTY OF RIVERSIDE

MICHAEL A. HESTRIN
DISTRICT ATTORNEY

March 16, 2023

Lisa Kurokawa
Chief Compliance Audit Bureau
State Controller's Office – Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Subject: Riverside County – State Mandate Audit FY 2017-18 to 2019-20
SCO Audit ID # S22-MCC-0008 – Custody of Minors: Child Abduction &
Recovery (Program 13)

Dear Ms. Kurokawa:

Thank you for providing the County of Riverside with the draft audit report on program 13/Child Abduction & Recovery mandated program for the period of July 1, 2017, through June 30, 2020.

The Riverside County District Attorney's Office (DAO) disagrees with the findings as laid out within the content of this report. It remains without dispute that this office has played a key role in the investigation and subsequent reunion of children with their legal parents. For the Auditor to disallow the related costs in achieving justice for these families' places form over substance. The office has been responsible for several hundred child recoveries during this period and billed appropriately. None of these findings represent a misappropriation of government funds. The County did track its time contemporaneously and in connection with the cases it worked on. The Auditor's concern is solely that the time was tracked at the program level instead of the activity level. The documentation contained within all the case files presented to the Auditor show that the DAO staff performed the mandated activities for this program and shows a clear relationship to these activities within the Parameters and Guidelines. This level of detail is sufficient to support the hours tracked in the payroll system at the program level. Further, the case files presented to the Auditor contained detailed documentation on all the activities performed by DAO staff that was associated with each case. For the Auditor to say that based on the documentation provided, they are unable to determine the mandated functions performed, is inaccurate. In addition to the case file details, the DAO staff provided a summary of activities and dates for each case file and offered their assistance to discuss the activities. If the Auditor would like to classify each activity within the case files to those activities listed on the claiming instructions, this could have been done upon request.

In addition, the DAO staff purposely excluded criminal activity and non-mandated related activities when coding their time into their payroll system. By cross referencing the case detail

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with the cases listed along with the time in the payroll system, it will show that no criminal activity or non-mandated related activities are included. We respectfully request that the Auditor work with the DA staff to fully understand the activities contained within each of the case files so that they can show the mandated work was performed and should be reimbursed.

In 2009 the Commission on State Mandates (“Commission”) amended the parameters and guidelines (“Guidelines”) related to the Custody of Minors-Child Abduction and Recovery Program, which stated that actual costs must be supported by a source document. A Source document, according to the document, is 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 DAO provided employee time records as well as supporting information in the case files, all of which demonstrates that the mandated activity was in fact performed. For the first time, the additional requirement of using a log to support each minute claimed by mandated activity is being asserted. This additional requirement was never made clear and never directly communicated to the agencies that file these claims prior to this audit. This additional requirement has only been brought forward during this audit and well after the time was claimed. As part of this updated amendment of 2009, there was no sample or template of required reporting as is seen with other granting agencies. Without clear direction or guidance, each agency is allowed to interpret the ambiguous content of this amendment and act accordingly which leads to various inconsistent reporting results. To change the requirements at this late date and punish the DAO for not providing the information contemporaneously exalts form over substance and works an injustice.

In addition, the County disagrees with the Auditor’s assessment that cases under Penal Code section 278.7 known as “Good Cause” cases are unallowable.

Child abduction cases take on many different types and forms, evolving as our office’s investigation unfolds, and “Good Cause” statements are inextricably intertwined with our Child Abduction duties under Family Code sections 3130 and 3131, as well as the review of criminal cases pre-arraignment. Complaints of child abduction are received and reviewed by our DA staff. It is not uncommon that while investigating a complaint, the Child Abduction Unit is contacted by the “taking parent” who asserts a “Good Cause” claim pursuant to Penal Code section 278.7, stating that the taking parent has a good faith and reasonable belief that the child, if left with the other parent, will suffer immediate bodily injury or physical harm. The DAO cannot file a child abduction case if it finds the alleged offender had that good faith and reasonable belief. Similarly, the DAO will not return a child to a parent when the DAO believes that the child may be placed in danger by doing so. Simply put, the taking of and the evaluation of “Good Cause” statements is inseparable from the DAO’s duties under the Parameters and Guidelines. The DAO will often receive multiple complaints regarding the same child or children and involved parties, which may relate back to a prior “Good Cause” claim, but each new complaint must be investigated.

Other Audit Reports for this program have noted that, even if otherwise in the context of a child abduction investigation, “Good Cause” cases are unallowable because the Parameters & Guidelines do not identify activities related to 278.7 cases as a reimbursable cost. Simply connecting a current or prior “Good Cause” investigation is not enough to determine that all costs are not reimbursable. Pursuant to this mandated program and the requirements of Family Code Sections 3130, 3131, which replaced former civil code 4604, the DAO is still mandated by the

state to take all actions necessary in locating the parties and procuring compliance, which necessarily involves an evaluation of any "Good Cause" claim that is made.

Subsection A of section V of the Parameters & Guidelines for this program provides, "Counties shall be reimburse for the increased costs which they are required to incur to have the district attorney actively assist in the resolution of the child custody and visitation problems; for the enforcement of custody and visitation orders; for all actions necessary to locate and return a child(ren) by use of any appropriate civil or criminal proceeding; and for complying with other court orders relating to the child custody and visitation ..." (emphasis added). Actively assisting in the resolution of a child custody and visitation problems can involve and result in a "good Cause" claim. All action necessary in locating and returning a child includes the taking and evaluation of good cause reports. Thus, those cost should be allowable as they fall within the reimbursable mandated activities.

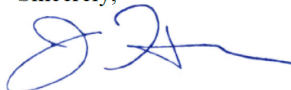
Lastly, the County disagrees with the disallowance of the material and supply costs that were claimed.

The methodology that the County utilized to allocate the specific material and supply costs, as they relate to the Child Abduction and Recovery program, are necessary for the staff to perform the mandated duties. If the Auditor disagrees that these costs should be claimed as direct costs, then the County would request that these costs be reassigned as indirect costs and included in the County's indirect cost rate as it applies to this program. To simply disallow all legitimate reimbursement for specific material and supply costs necessary to do the job simply because of the formula used once again exalts form over function and appears disingenuous.

In summary, the County respectfully requests that the State Controller's Office does not withhold future reimbursements due to the justifications presented above. For future claims, the DAO will continue to work with the staff assigned to the Child Abduction program and provide additional detail in time reporting, which will show the level of activity detail that the SCO is now requesting.

Thank you for this opportunity to submit our comments on your Audit Report and if you have any questions, please do not hesitate to contact me or Ginika Ezinwa, Deputy Director, Administration.

Sincerely,



JARED HARINGSMA,
Assistant District Attorney-Administration
Riverside County District Attorney

Cc: Ken Howell, Audit Manager
Alexandra Bonezzi, Auditor-in-Charge
Rene Casillas, CPA, CRMA, Chief Internal Auditor
Elaina Bentley, Assistant District Attorney
Laura Watts, Deputy District Attorney.
Ginika Ezinwa, Deputy Director, Administration
Cindy Sconce, MGT

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