

# **VENTURA 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, 2016, through June 30, 2020*



**BETTY T. YEE**  
California State Controller

November 2022



**BETTY T. YEE**  
**California State Controller**

November 28, 2022

**CERTIFIED MAIL—RETURN RECEIPT REQUESTED**

Jeff Burgh, Auditor-Controller  
Ventura County  
800 South Victoria Avenue  
Ventura, CA 93003

Dear Mr. Burgh:

The State Controller's Office audited the costs claimed by Ventura County for the legislatively mandated Custody of Minors – Child Abduction and Recovery Program for the period of July 1, 2016, through June 30, 2020.

The county claimed and was paid \$4,284,397 for costs of the mandated program. Our audit found that \$99,057 is allowable and \$4,185,340 is unallowable. The costs are unallowable primarily because the county did not provide contemporaneous supporting documentation and did not claim actual costs.

Following issuance of this audit report, the Local Government Programs and Services Division of the State Controller's Office will notify the county of the adjustment to its 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than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended.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](http://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/ac

cc: Joanne McDonald, Assistant Auditor-Controller  
Financial Reporting Division  
Ventura County Auditor-Controller's Office  
Stuart Gardner, Director  
Fiscal Administrative Services  
Ventura County District Attorney's Office  
Chris Hill, Principal Program Budget Analyst  
Local Government Unit  
California Department of Finance  
Steven Pavlov, Finance Budget Analyst  
Local Government Unit  
California Department of Finance  
Darryl Mar, Manager  
Local Reimbursement Section  
State Controller's Office  
Everett Luc, Supervisor  
Local Reimbursement 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>4</b>
<b>Schedule—Summary of Program Costs .....</b>	<b>5</b>
<b>Findings and Recommendations.....</b>	<b>7</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 Ventura County for the legislatively mandated Custody of Minors – Child Abduction and Recovery (CAR) Program for the period of July 1, 2016, through June 30, 2020.

The county claimed and was paid \$4,284,397 for costs of the mandated program. Our audit found that \$99,057 is allowable and \$4,185,340 is unallowable. The costs are unallowable primarily because the county did not provide contemporaneous supporting documentation and did not claim actual costs.

## Background

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

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

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

## Audit Authority

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

## Objective, Scope, and Methodology

The objective of our audit was to determine whether costs claimed represent increased costs resulting from the legislatively mandated Custody of Minors – CAR Program. Specifically, we conducted this audit to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.<sup>1</sup>

The audit period was July 1, 2016, 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 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 time records, which the county called time studies, completed by the county for the audit period. We also 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 (Function SP04 Activity 3401) as direct costs applicable to the mandated program, although the costs were not actual costs supported by source documentation. Per the program's parameters and guidelines, only actual costs are allowed. We also found that the county claimed costs that were not supported by source documentation, and we were unable to verify that costs charged to Object 2301 – Gas and Diesel Fuel Internal Service Fund (ISF) and Object 2302 – Transportation Charges in the ISF were for mandated activities. We found \$204,276 in materials and supplies costs to be unallowable (see Finding 2).

---

<sup>1</sup> Unreasonable and/or excessive costs include ineligible costs that are not identified in the program's parameters and guidelines as reimbursable costs.

- We reviewed the claimed indirect cost rates, including supporting documentation provided by the county. We found that the indirect cost rates were properly supported.
- We interviewed county personnel and reviewed the county's Single Audit Reports and revenues reports to identify potential sources of offsetting revenues and reimbursements from federal or pass-through programs applicable to this mandated program. We found that the county did receive offsetting revenue for this mandate in fiscal year (FY) 2017-18 and FY 2018-19. 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 found that the county claimed unsupported and ineligible costs, as quantified in the Schedule and described in the Findings and Recommendations section. However, we did not find that the county claimed costs that were funded by other sources, aside from the offsetting revenues that were already reported on the claims.

For the audit period, Ventura County claimed and was paid \$4,284,397 for costs of the legislatively mandated Custody of Minors – CAR Program. Our audit found that \$99,057 is allowable and \$4,185,340 is unallowable.

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

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

The county has satisfactorily resolved the findings noted in our prior audit report for the period of July 1, 2003, through June 30, 2007, excluding July 1, 2004, through June 30, 2005, issued on July 28, 2010.

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 September 21, 2022. The county's representatives responded by letters dated September 30, 2022, disagreeing with the audit results (Attachment).

**Restricted Use**

This audit report is solely for the information and use of Ventura 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 audit 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 TARVIN, CPA  
Chief, Division of Audits

November 28, 2022



## Schedule—

# Summary of Program Costs

### July 1, 2016, through June 30, 2020

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2016, through June 30, 2017</u>				
Direct costs:				
Salaries and benefits	\$ 777,518	\$ -	\$ (777,518)	Finding 1
Materials and supplies	67,304	22,383	(44,921)	Finding 2
Total direct costs	844,822	22,383	(822,439)	
Indirect costs	209,930	-	(209,930)	Finding 1
Total direct and indirect costs	1,054,752	22,383	(1,032,369)	
Less: offsetting revenues and other reimbursements	-	-	-	
Total program costs <sup>2</sup>	<u>\$ 1,054,752</u>	22,383	<u>\$ (1,032,369)</u>	
Less amount paid by the State <sup>3</sup>		(1,054,752)		
Amount paid in excess of allowable costs claimed		<u>\$ (1,032,369)</u>		
<u>July 1, 2017, through June 30, 2018</u>				
Direct costs:				
Salaries and benefits	\$ 779,242	\$ -	\$ (779,242)	Finding 1
Materials and supplies	80,633	29,716	(50,917)	Finding 2
Total direct costs	859,875	29,716	(830,159)	
Indirect costs	218,188	-	(218,188)	Finding 1
Total direct and indirect costs	1,078,063	29,716	(1,048,347)	
Less: offsetting revenues and other reimbursements	(1,638)	(1,638)	-	
Total program costs <sup>4</sup>	<u>\$ 1,076,425</u>	28,078	<u>\$ (1,048,347)</u>	
Less amount paid by the State <sup>3</sup>		(1,076,425)		
Amount paid in excess of allowable costs claimed		<u>\$ (1,048,347)</u>		
<u>July 1, 2018, through June 30, 2019</u>				
Direct costs:				
Salaries and benefits	\$ 757,952	\$ -	\$ (757,952)	Finding 1
Materials and supplies	78,401	27,029	(51,372)	Finding 2
Total direct costs	836,353	27,029	(809,324)	
Indirect costs	219,806	-	(219,806)	Finding 1
Total direct and indirect costs	1,056,159	27,029	(1,029,130)	
Less: offsetting revenues and other reimbursements	(116)	(116)	-	
Total program costs	<u>\$ 1,056,043</u>	26,913	<u>\$ (1,029,130)</u>	
Less amount paid by the State <sup>3</sup>		(1,056,043)		
Amount paid in excess of allowable costs claimed		<u>\$ (1,029,130)</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2019, through June 30, 2020</u>				
Direct costs:				
Salaries and benefits	\$ 765,735	\$ -	\$ (765,735)	Finding 1
Materials and supplies	78,749	21,683	(57,066)	Finding 2
Total direct costs	844,484	21,683	(822,801)	
Indirect costs	252,693	-	(252,693)	Finding 1
Total direct and indirect costs	1,097,177	21,683	(1,075,494)	
Less: offsetting revenues and other reimbursements	-	-	-	
Total program costs	<u>\$ 1,097,177</u>	21,683	<u>\$ (1,075,494)</u>	
Less amount paid by the State <sup>3</sup>		(1,097,177)		
Amount paid in excess of allowable costs claimed		<u>\$ (1,075,494)</u>		
<u>Summary: July 1, 2016, through June 30, 2020</u>				
Direct costs:				
Salaries and benefits	\$ 3,080,447	\$ -	\$ (3,080,447)	Finding 1
Materials and supplies	305,087	100,811	(204,276)	Finding 2
Total direct costs	3,385,534	100,811	(3,284,723)	
Indirect costs	900,617	-	(900,617)	Finding 1
Total direct and indirect costs	4,286,151	100,811	(4,185,340)	
Less: offsetting revenues and other reimbursements	(1,754)	(1,754)	-	
Total program costs <sup>2, 4</sup>	<u>\$ 4,284,397</u>	99,057	<u>\$ (4,185,340)</u>	
Less amount paid by the State <sup>3</sup>		(4,284,397)		
Amount paid in excess of allowable costs claimed		<u>\$ (4,185,340)</u>		

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

<sup>2</sup> The county originally claimed \$1,072,924 for FY 2016-17; however, the SCO's Local Government Programs and Services Division identified an overstatement of claimed indirect costs and adjusted the claim down to \$1,054,752, a difference of \$18,172.

<sup>3</sup> Payment amount current as of August 2, 2022.

<sup>4</sup> The county originally claimed \$1,099,002 for FY 2017-18; however, the SCO's Local Government Programs and Services Division identified an overstatement of claimed indirect costs and adjusted the claim down to \$1,076,425, a difference of \$22,577.

# Findings and Recommendations

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

The county claimed \$3,080,447 in salaries and benefits for the audit period. We determined that the entire amount is unallowable. The related unallowable indirect costs total \$900,617, for total unallowable costs of \$3,981,064. The costs are unallowable because the county did not provide contemporaneous source documentation to support the mandated functions performed or the actual number of hours devoted to each function.

Following is a summary of the unallowable salaries and benefits, the related indirect costs, and the audit adjustment:

		Fiscal Year				
		2016-17	2017-18	2018-19	2019-20	Total
Total unallowable salaries and benefits	A	(777,518)	(779,242)	(757,952)	(765,735)	(3,080,447)
Claimed indirect cost rate	B	27.00%	28.00%	29.00%	33.00%	
Related indirect costs (A × B)	C	(209,930)	(218,188)	(219,806)	(252,693)	(900,617)
Audit Adjustment (A + C)	D	<u>\$ (987,448)</u>	<u>\$ (997,430)</u>	<u>\$ (977,758)</u>	<u>\$ (1,018,428)</u>	<u>\$ (3,981,064)</u>

The county provided monthly time studies that included hours charged to the following activity titles:

- CC: Enforcement of Decrees – Family Code Sections 3130 & 3131;
- CC: Court Activity – Family Code Sections 3130 & 3131;
- Out-of-State Decrees – CC: Offender Detention – Family Code Section 3400 et seq. UCCJEA; and
- PC: Return of Detained or Concealed Child – CA Penal Code Sections 278 & 278.5 (Criminal).

Other monthly time studies provided by the county included only the hours charged to the Child Abduction and Recovery Unit.

In addition, the county provided payroll reports for one Senior Attorney position that was charged 100% to the CAR Program. We requested source documentation for the mandated activities performed. The county stated that the Senior Attorney position does not include collateral assignments or duties and thus does not maintain time studies.

During fieldwork, the county also provided us with declarations and time estimates for 13 different child abduction and recovery cases. These estimates were based on the employees' memory, date and timestamped emails, and their training and experience. Per the program's parameters and guidelines, signed declarations of estimated time spent on case activities are considered corroborating documents, and are not a substitute for source documents. Only actual costs traceable to source documents may be claimed for this program.

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 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-mandated activities.

In addition, the county did not separately identify its time spent for 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 "good cause" cases as reimbursable costs.

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

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. The average number of hours devoted to each function may be claimed if supported by a documented time study. . . .

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

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. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." 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].

### 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's Response

"Finding 1" relates to unsupported salaries, benefits, and related indirect costs. During the period subject to audit, the CARP unit was staffed with a prosecutor and investigators. The assigned investigators maintained monthly time studies (in addition to timesheets). The prosecutor, who served full-time in the CARP unit, completed timesheets indicating that her activities were 100% dedicated to CARP activities. When SCO staff indicated that the time studies and timesheets, in their current form, would not be considered a "source document," the CARP unit provided evidence corroborating the source documents, such as email correspondence, written legal instruments and other written product, court dockets, attestations, and case file documents. Despite these efforts to supplement the record of the time spent on CARP activities, all costs were determined to be unallowable. It is, however, undisputed that over 150 children were reunited with their legal parent or guardian during the period audited—activities subject to reimbursement pursuant to the mandate.

The audit determined that the DAO costs were unallowable, in part, because the time studies and timesheets did not exclude "good cause" cases. The Guidelines for CARP were initially drafted in 1981 and allow reimbursement for activities related to Penal Code sections 278 and 278.5 (child abduction statutes). Good Cause was established as a defense to child abduction where a parent claims in good faith that removal was necessary to prevent harm to the child. The codification of a Good Cause defense did not exist in 1981 but was later memorialized in Penal Code section 278.7. Notwithstanding subsequent amendments to the Guidelines, they have never been updated to expressly include or exclude 278.7. The SCO asserts that because Good Cause cases were created after the Guidelines and never explicitly incorporated, they are not a reimbursable activity. Significantly, Good Cause cases were not excluded from reimbursement in the 2003-2007 audit. Moreover, since Good Cause is a defense to a reimbursable activity, the litigation of Good Cause cases necessarily involves a reimbursable activity. Good Cause is so intertwined with reimbursable activity that its exclusion is arbitrary and inconsistent with the CARP mandate.

To ensure that our costs are reimbursed in the future, the DAO is implementing time keeping software that will capture extensive detail about cases and allowable activities. The DAO believes that with the enhanced record keeping, all future claims will be allowed. Additionally, with respect to Good Cause, the DAO will seek the specific inclusion of Penal Code section 278.7 in the Guidelines.

### SCO Comments

Our findings and recommendation remain unchanged.

The county states:

When SCO staff indicated that the time studies and timesheets in their current form, would not be considered a “source document,” the CARP unit provided evidence corroborating the source documents, such as email correspondence, written legal instruments and other written product, court dockets, attestations, and case file documents. Despite these efforts to supplement the record of the time spent on CARP activities, all costs were determined to be unallowable.

The county must claim only the actual costs for the reimbursable program. Actual costs are supported by source documentation. Email correspondence, written legal instruments and other written products, court dockets, attestations, and case file documents are not considered source documents. The parameters and guidelines do not allow the county to “supplement the record” when source documents are not provided.

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. Declarations must include a certification or declaration stating, “I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge.” 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 states “The audit determined that the DAO costs were unallowable, in part, because the time studies and timesheets did not exclude ‘good cause’ cases.” During fieldwork, we determined that employees claimed time on activities related to cases under PC section 278.7 (commonly referred to as “good cause” cases). Activities performed under this penal code are not considered reimbursable mandated activities. Furthermore, the documentation provided as support for the claims did not contain the required detail to determine the mandated functions performed or identify employees’ time spent on activities related to cases under PC section 278.7.

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

The county claimed a total of \$305,087 in materials and supplies costs for the audit period. We determined that \$100,811 is allowable and \$204,276 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 DAO, the allowable costs, and the audit adjustment by fiscal year:

<u>Materials and Supplies</u>	<u>Total Claimed</u>	<u>Total Allowable</u>	<u>Audit Adjustment</u>
<u>FY 2016-17</u>			
Direct Materials and Supplies (including GSA Fleet)	\$ 36,155	\$ 22,383	\$ (13,772)
Rent Allocation	28,370	-	(28,370)
IT Services Allocation	2,779	-	(2,779)
	<u>\$ 67,304</u>	<u>\$ 22,383</u>	<u>\$ (44,921)</u>
<u>FY 2017-18</u>			
Direct Materials and Supplies (including GSA Fleet)	\$ 42,492	\$ 29,716	\$ (12,776)
Rent Allocation	34,750	-	(34,750)
IT Services Allocation	3,391	-	(3,391)
	<u>\$ 80,633</u>	<u>\$ 29,716</u>	<u>\$ (50,917)</u>
<u>FY 2018-19</u>			
Direct Materials and Supplies (including GSA Fleet)	\$ 45,700	\$ 27,029	\$ (18,671)
Rent Allocation	29,453	-	(29,453)
IT Services Allocation	3,248	-	(3,248)
	<u>\$ 78,401</u>	<u>\$ 27,029</u>	<u>\$ (51,372)</u>
<u>FY 2019-20</u>			
Direct Materials and Supplies (including GSA Fleet)	\$ 45,396	\$ 21,683	\$ (23,713)
Rent Allocation	29,709	-	(29,709)
IT Services Allocation	3,644	-	(3,644)
	<u>\$ 78,749</u>	<u>\$ 21,683</u>	<u>\$ (57,066)</u>
<u>Total for Audit Period</u>			
Direct Materials and Supplies (including GSA Fleet)	\$ 169,743	\$ 100,811	\$ (68,932)
Rent Allocation	122,282	-	(122,282)
IT Services Allocation	13,062	-	(13,062)
	<u>\$ 305,087</u>	<u>\$ 100,811</u>	<u>\$ (204,276)</u>

#### Direct Materials and Supplies (including General Services Agency Fleet)

The county claimed a total of \$169,743 in direct costs, including General Services Agency (GSA) Fleet, for the audit period. The county provided a summary of all costs charged to the CAR Program (Function SP04 Activity 3401) within the Special Prosecution Division (Unit 2101) of the DAO's.

We judgmentally selected Object 2301 – Gas and Diesel Fuel ISF and Object 2302 – Transportation Charges ISF for review. We requested information from the county on what the charges were for and how they were recorded by employees. We also asked the county to provide documentation to show how these charges were related to child abduction and recovery cases. The county responded that investigators assigned to child abduction and recovery cases are issued county vehicles, and must report their mileage reading to the GSA Fleet department every month; however, fleet charges are not associated with specific cases. We were unable to verify that the monthly vehicle and fuel charges were spent directly on the mandated activities.

Rental Cost Allocations

The county claimed a total of \$122,282 in rental costs allocated to the CAR Program. The county developed a methodology by which to allocate a percentage of rental costs incurred by the DAO's as direct costs applicable to the mandated program. For each fiscal year, the county calculated the ratio of CAR-related full time equivalent (FTE) to total employees working at the Ralston Street location. To determine program-related materials and supplies costs, the county applied the percentage to the total rental costs incurred at the Ralston Street location.

The following table illustrates the methodology the county used to calculate the CAR Program's rent costs, and the related audit adjustments by fiscal year.

CAR Program	FY 2016-17			FY 2017-18			FY 2018-19			FY 2019-20			Total
	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	Audit Adjustment
CAR Program FTE	4.29			4.29			3.68			3.61			
Ralston Street total employees	÷ 44			÷ 37			÷ 38			÷ 40			
CAR Program % of Ralston Street employees	9.75%			11.59%			9.68%			9.03%			
Total rent charges at Ralston Street	× \$ 290,975			× \$ 299,706			× \$ 304,134			× \$ 329,190			
CAR Program rent allocation	\$ 28,370	\$ -	\$ (28,370)	\$ 34,750	\$ -	\$ (34,750)	\$ 29,453	\$ -	\$ (29,453)	\$ 29,709	\$ -	\$ (29,709)	\$ (122,282)

Based on the documentation provided, we determined that a total of \$122,282 in rental costs is unallowable. The costs are unallowable because the county did not claim actual costs that were supported by source documentation.

IT Service Cost Allocations

The county claimed a total of \$13,062 for IT service costs allocated to the CAR Program. The county developed a methodology by which to allocate a percentage of IT service costs incurred by the DAO's as direct costs applicable to the mandated program. For each fiscal year, the county calculated the ratio of the CAR Program-related FTE to total DAO's FTE. To determine program-related materials and supplies costs, the county applied the percentage to the total IT service costs incurred by the DAO.

The following table illustrates the methodology used to calculate the CAR Program's IT service costs, and the related audit adjustments by fiscal year:

CAR Program	FY 2016-17			FY 2017-18			FY 2018-19			FY 2019-20			Total
	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	Total Claimed	Total Allowable	Audit Adjustment	Audit Adjustment
CAR Program FTE	\$ 4.29			\$ 4.29			\$ 3.68			\$ 3.61			
Total DAO FTE	÷ 59			÷ 64			÷ 64			÷ 58			
CAR Program allocation %	7.27%			6.70%			5.75%			6.28%			
Total IT service costs	× \$ 38,216			× \$ 50,594			× \$ 56,493			× \$ 58,036			
CAR Program IT service costs allocation	\$ 2,779	\$ -	\$ (2,779)	\$ 3,391	\$ -	\$ (3,391)	\$ 3,248	\$ -	\$ (3,248)	\$ 3,644	\$ -	\$ (3,644)	\$ (13,062)

Based on the documentation provided, we determined that a total of \$13,062 in IT service costs 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’s Response

“Finding 2” relates to material and supply costs. The Guidelines state that, “The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased costs is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.” The DAO interpreted this portion of the mandate differently than the SCO. The DAO applied a common practice among cost sharing programs where the proportional share of usage is applied to the appropriate program. As an example, if an investigator’s time studies demonstrated that fifty percent of her time was spent on CARP activities, then fifty percent of her vehicle cost or office rent could be attributed to CARP. It is the SCO’s position, however, that only increased costs solely attributable to CARP activity [are] allowable. For instance, because the DAO needs office space for activities other than CARP, no portion of the rent can be attributed to CARP even when determined on a value proportional to CARP activities performed. In the future, the DAO will no longer include any (proportionally) shared costs in its reimbursement requests.

#### SCO Comment

Our findings and recommendation remain unchanged.

The county states:

The DAO applied a common practice among cost sharing programs where the proportional share of usage is applied to the appropriate program. As an example, if an investigator’s time studies demonstrated that 50 percent of her time was spent on CARP activities, then fifty percent of her vehicle cost or office rent could be attributed to CARP. It is the SCO’s position, however, that only increased costs solely attributable to CARP activity are allowable.

We disagree. We did not make the determination that “only increased costs solely attributable to CAR Program activity are allowable.” Per the parameters and guidelines, 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**

---

**JEFFERY S. BURGH  
AUDITOR-CONTROLLER**

COUNTY OF VENTURA  
800 SOUTH VICTORIA AVE.  
VENTURA, CA 93009-1540



**ASSISTANT  
AUDITOR-CONTROLLER**  
JOANNE McDONALD

**CHIEF DEPUTIES**  
BARBARA BEATTY  
AMY HERRON  
MICHELLE YAMAGUCHI

September 30, 2022

Lisa Kurokawa, Chief  
Compliance Audits Bureau  
State Controller's Office  
Division of Audits

***Via Email: lkurokawa@sco.ca.gov***

**SUBJECT: CUSTODY OF MINORS – CHILD ABDUCTION AND RECOVERY PROGRAM DRAFT AUDIT FINDINGS**

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 Ventura County for the legislatively mandated Custody of Minors – Child Abduction and Recovery Program (Chapter 1399, Statutes of 1976; Chapter 162, Statutes of 1992; and Chapter 988, Statutes of 1996) for the period of July 1, 2016, through June 30, 2020.

We have reviewed the draft report and the summary findings are as previously reported to us. Enclosed is the District Attorney's response which includes their views concerning the findings and their corrective actions.

The County disagrees with the disallowance of costs, in particular Good Cause cases, and reserves the right to file an "Incorrect Reduction Claim" with the Commission on State Mandates within three years of the State Controller's Office notification of adjustment.

If you have any questions, please contact Joanne McDonald, Assistant Auditor-Controller, at (805) 654-3191.

Sincerely,

A handwritten signature in black ink, appearing to be "JB", written over a horizontal line.

JEFFERY S. BURGH  
Auditor-Controller

Enclosure

Cc: Stuart Gardner, District Attorney's Office Fiscal and Administrative Services Director



## OFFICE OF THE DISTRICT ATTORNEY

COUNTY OF VENTURA, STATE OF CALIFORNIA

ERIK NASARENKO  
District Attorney

September 30, 2022

California State Controller, Division of Audits  
Attn: Lisa Kurokawa, Chief Compliance Audits Bureau  
Post Office Box 942850  
Sacramento, California 94250

RE: Custody of Minors – Child Abduction and Recovery Program

To Lisa Kurokawa:

The Ventura County District Attorney's Office ("DAO") is extremely proud of our efforts to reunite children with their legal parents and guardians from whom they were unlawfully taken. Although it is undisputed that the DAO performed the actual duties required by the Custody of Minors – Child Abduction and Recovery Program ("CARP") mandate, the audit of the DAO's CARP found that nearly all the DAO claimed expenditures are unallowable. The findings do not suggest in any way that there has been any misuse of government funds, rather, the sole issue is whether the DAO provided adequate source documents of its efforts to recover children.

By way of background, the DAO's CARP was last audited by the State Controller's Office ("SCO") in 2010 for the period of July 1, 2003 through June 30, 2007. That audit was successful in that the claimed expenses were found to be allowable. Considering the audit results and endorsement of the then current DAO practices regarding source documents and time keeping, the DAO did not change or alter its practices.

In 2009, the Commission on State Mandates ("Commission") amended the parameters and guidelines ("Guidelines") relating to CARP. The amendment imposed the requirement that actual costs must be supported by a source document. "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. 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." There is no evidence that the Commission or SCO notified

agencies that had previously submitted for reimbursement under CARP activity of the new amendment. Additionally, the Commission did not provide an example or template of an approved source document that would meet their requirements. Regardless, and with an understanding that an agency seeking reimbursement has a burden to consult the Guidelines when seeking reimbursement, the DAO maintained what it believed to be source documents and corroborating evidence to support its allowable expenditures (i.e., the same documents found to support the allowable costs in the audit of years 2003-2007).

“Finding 1” relates to unsupported salaries, benefits, and related indirect costs. During the period subject to audit, the CARP unit was staffed with a prosecutor and investigators. The assigned investigators maintained monthly time studies (in addition to timesheets). The prosecutor, who served full-time in the CARP unit, completed timesheets indicating that her activities were 100% dedicated to CARP activities. When SCO staff indicated that the time studies and timesheets, in their current form, would not be considered a “source document,” the CARP unit provided evidence corroborating the source documents, such as email correspondence, written legal instruments and other written product, court dockets, attestations, and case file documents. Despite these efforts to supplement the record of the time spent on CARP activities, all costs were determined to be unallowable. It is, however, undisputed that over 150 children were reunited with their legal parent or guardian during the period audited – activities subject to reimbursement pursuant to the mandate.

The audit determined that the DAO costs were unallowable, in part, because the time studies and timesheets did not exclude “good cause” cases. The Guidelines for CARP were initially drafted in 1981 and allow reimbursement for activities related to Penal Code sections 278 and 278.5 (child abduction statutes). Good Cause was established as a defense to child abduction where a parent claims in good faith that removal was necessary to prevent harm to the child. The codification of a Good Cause defense did not exist in 1981 but was later memorialized in Penal Code section 278.7. Notwithstanding subsequent amendments to the Guidelines, they have never been updated to expressly include or exclude 278.7. The SCO asserts that because Good Cause cases were created after the Guidelines and never explicitly incorporated, they are not a reimbursable activity. Significantly, Good Cause cases were not excluded from reimbursement in the 2003-2007 audit. Moreover, since Good Cause is a defense to a reimbursable activity, the litigation of Good Cause cases necessarily involves a reimbursable activity. Good Cause is so intertwined with reimbursable activity that its exclusion is arbitrary and inconsistent with the CARP mandate.

To ensure that our costs are reimbursed in the future, the DAO is implementing time keeping software that will capture extensive detail about cases and allowable activities.

The DAO believes that with the enhanced record keeping, all future claims will be allowed. Additionally, with respect to Good Cause, the DAO will seek the specific inclusion of Penal Code section 278.7 in the Guidelines.

“Finding 2” relates to material and supply costs. The Guidelines state that, “The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased costs is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.” The DAO interpreted this portion of the mandate differently than the SCO. The DAO applied a common practice among cost sharing programs where the proportional share of usage is applied to the appropriate program. As an example, if an investigator’s time studies demonstrated that fifty percent of her time was spent on CARP activities, then fifty percent of her vehicle cost or office rent could be attributed to CARP. It is the SCO’s position, however, that only increased costs solely attributable to CARP activity is allowable. For instance, because the DAO needs office space for activities other than CARP, no portion of the rent can be attributed to CARP even when determined on a value proportional to CARP activities performed. In the future, the DAO will no longer include any (proportionally) shared costs in its reimbursement requests.

Among the many services the DAO provides to the Ventura County citizens, CARP is one of the most time intensive and sensitive – recovering children wrongly withheld from a custodial parent. Our professional staff of attorneys and investigators work in all fifty states on behalf of parents who are seeking to be reunited with their children. These efforts on behalf of the parents and children are inarguably consistent with CARP mandates. Importantly, the audit findings do not conclude that the reimbursement requests and expenditures were unnecessary or improper. The SCO simply held that the previously approved source documents were inadequate for reimbursement purposes. While this is unfortunate, it does not tarnish the reputation of the DAO or professional staff working on CARP activities. We believe that we can quickly implement corrective actions to fully recover our expenditures in future years.

Sincerely,



Stuart Gardner  
Director, Fiscal and Administrative Services

SG:sg

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

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