

STANISLAUS COUNTY

Audit Report

CHILD ABDUCTION AND RECOVERY PROGRAM

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

July 1, 2002, through June 30, 2005



JOHN CHIANG
California State Controller

April 2007



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California State Controller

April 25, 2007

The Honorable Larry D. Haugh
Auditor-Controller
Stanislaus County
1010 Tenth Street, Room 5100
Modesto, CA 95354

Dear Mr. Haugh:

The State Controller's Office audited the costs claimed by Stanislaus County for the legislatively mandated 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, 2002, through June 30, 2005.

The county claimed \$1,790,715 (\$1,791,715 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$1,735,211 is allowable and \$55,504 is unallowable. The unallowable costs occurred because the county claimed unallowable fixed asset and services and supplies costs. The State paid the county \$458,374. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,276,837, contingent upon available appropriations.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

"Original signed by"

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/jj:ams:vb

cc: Wendy Duggan, Administrative Services Manager
Stanislaus County
Todd Jerue, Program Budget Manager
Corrections and General Government
Department of Finance

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Stanislaus County for the legislatively mandated 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, 2002, through June 30, 2005. The last day of fieldwork was February 21, 2007.

The county claimed \$1,790,715 (\$1,791,715 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$1,735,211 is allowable and \$55,504 is unallowable. The unallowable costs occurred because the county claimed unallowable fixed asset and services and supplies costs. The State paid the county \$458,374. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,276,837, contingent upon available appropriations.

Background

Chapter 1399, Statutes of 1976 established the mandated Child Abduction and Recovery Program based on the following laws.

- *Civil Code* Section 4600.1 (repealed and added as *Family Code* Section 3060–3064 by Chapter 162, Statutes of 1992)
- *Penal Code* Sections 278 and 278.5 (repealed and added as *Penal Code* Sections 277, 278, and 278.5 by Chapter 988, Statutes of 1996)
- *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 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 [COSM]) determined that this legislation imposed a state mandate reimbursable under *Government Code* Section 17561.

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. COSM adopted *Parameters and Guidelines* on January 21, 1981, and last amended it on August 26, 1999. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies in claiming reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Child Abduction and Recovery Program for the period of July 1, 2002, through June 30, 2005.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Sections 12410, 17558.5, and 17561. We did not audit the county's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

We limited our review of the county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, Stanislaus County claimed \$1,790,715 (\$1,791,715 less a \$1,000 penalty for filing a late claim) for costs of the Child Abduction and Recovery Program. Our audit disclosed that \$1,735,211 is allowable and \$55,504 is unallowable. The State paid the county \$458,374. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,276,837, contingent upon available appropriations.

Views of Responsible Official

We discussed our audit results with the county's representative during an exit conference conducted on February 21, 2007. Wendy Duggan, Administrative Services Manager, agreed with the audit results. Ms. Duggan declined a draft audit report and agreed that we could issue the audit report as final.

Restricted Use

This report is solely for the information and use of Stanislaus 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.

“Original signed by”

JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
Summary of Program Costs
July 1, 2002, through June 30, 2005**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2002, through June 30, 2003</u>				
Salaries	\$ 415,859	\$ 415,859	\$ —	
Benefits	127,278	127,278	—	
Services and supplies	182,913	180,230	(2,683)	Finding 1
Fixed assets	52,821	—	(52,821)	Finding 2
Travel and training	4,548	4,548	—	
Subtotal	783,419	727,915	(55,504)	
Less late filing penalty	(1,000)	(1,000)	—	
Total program costs	<u>\$ 782,419</u>	726,915	<u>\$ (55,504)</u>	
Less amount paid by the State		(51)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 726,864</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Salaries	\$ 292,405	\$ 292,405	\$ —	
Benefits	93,290	93,290	—	
Services and supplies	155,127	155,127	—	
Fixed assets	—	—	—	
Travel and training	9,151	9,151	—	
Total program costs	<u>\$ 549,973</u>	549,973	<u>\$ —</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 549,973</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Salaries	\$ 216,215	\$ 216,215	\$ —	
Benefits	72,215	72,215	—	
Services and supplies	167,013	167,013	—	
Fixed assets	—	—	—	
Travel and training	2,880	2,880	—	
Total program costs	<u>\$ 458,323</u>	458,323	<u>\$ —</u>	
Less amount paid by the State		(458,323)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2002, through June 30, 2005</u>				
Salaries	\$ 924,479	\$ 924,479	\$ —	
Benefits	292,783	292,783	—	
Services and supplies	505,053	502,370	(2,683)	Finding 1
Fixed assets	52,821	—	(52,821)	Finding 2
Travel and training	<u>16,579</u>	<u>16,579</u>	<u>—</u>	
Subtotal	1,791,715	1,736,211	(55,504)	
Less late filing penalty	<u>(1,000)</u>	<u>(1,000)</u>	<u>—</u>	
Total program costs	<u>\$ 1,790,715</u>	1,735,211	<u>\$ (55,504)</u>	
Less amount paid by the State		<u>(458,374)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,276,837</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Unallowable services and supplies costs

The county claimed unallowable services and supplies costs totaling \$2,683. During fiscal year (FY) 2002-03, the county claimed costs for reference materials that were not mandate-related. The county acknowledged that these costs should not have been claimed.

Parameters and Guidelines states, “Only expenditures which can be identified as a direct cost of the mandate . . . may be claimed.”

Recommendation

We recommend that the city implement adequate internal controls to ensure that all claimed services and supplies costs are reimbursable under the mandated program.

FINDING 2— Unallowable fixed asset costs

The county claimed unallowable fixed asset costs totaling \$52,821. During FY 2002-03, the county claimed the full lease cost for three vehicles leased for the child abduction unit. However, the county also claimed the monthly lease payment amount throughout the audit period, resulting in duplicate costs claimed. The county acknowledged that the fixed asset costs should not have been claimed.

Parameters and Guidelines states, “For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of and the validity of such costs.”

Recommendation

We recommend that the county claim only those costs that are actually expended during the fiscal year.

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, California 94250-5874**

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