

VENTURA 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, 1999, through June 30, 2002



STEVE WESTLY
California State Controller

December 2004



STEVE WESTLY
California State Controller

December 10, 2004

The Honorable Christine L. Cohen
Auditor-Controller
Ventura County
800 South Victoria Avenue, L#1540
Ventura, CA 93009-1540

Dear Ms. Cohen:

The State Controller's Office audited the claims filed by Ventura County for costs of 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, 1999, through June 30, 2002.

The county claimed \$1,682,245 (\$1,683,245 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$1,601,726 is allowable and \$80,519 is unallowable. The unallowable costs occurred primarily because the county claimed unsupported costs, overstated its indirect cost rate, and did not report offsetting savings. The State paid the county \$857,401. Allowable costs claimed exceed the amount paid by \$744,325.

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

Sincerely,

Original Signed By:

VINCENT P. BROWN
Chief Operating Officer

VPB:JVB/jj

cc: (See page 2)

cc: Tom Dawson

Financial Analyst
Auditor-Controller's Office
Ventura County

The Honorable Gregory D. Totten
District Attorney
Ventura County

Melvin L. Chambers, Manager
Fiscal and Administrative Services
Ventura County District Attorney's Office

James Tilton, 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 claims filed by Ventura County for costs of 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, 1999, through June 30, 2002. The last day of fieldwork was June 16, 2004.

The county claimed \$1,682,245 (\$1,683,245 less a \$1,000 penalty for filing a late claim) for the mandated program. The audit disclosed that \$1,601,726 is allowable and \$80,519 is unallowable. The unallowable costs occurred primarily because the county claimed unsupported costs, overstated its indirect cost rate, and did not report offsetting savings. The State paid the county \$857,401. Allowable costs claimed exceed the amount paid by \$744,325.

Background

Family Code Sections 3060 through 3064; *Penal Code* Sections 277, 278, and 278.5; and *Welfare and Institutions Code* Section 114785 were added and amended by Chapter 1399, Statutes of 1976; Chapter 162, Statutes of 1992; and Chapter 988, Statutes of 1996. The law requires 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) 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. The Commission on State Mandates adopted the *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, 1999, through June 30, 2002.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, not funded by another source, and 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* Section 17558.5. We did not audit the county's financial statements. Our scope was limited 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

The 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, Ventura County claimed \$1,682,245 (\$1,683,245 less a \$1,000 penalty for filing a late claim) for Child Abduction and Recovery Program costs. The audit disclosed that \$1,601,726 is allowable and \$80,519 is unallowable.

For fiscal year (FY) 1999-2000, the State paid the county \$365,780. The audit disclosed that \$331,156 is allowable. The county should return \$34,624 to the State.

For FY 2000-01, the State paid the county \$191,621. The audit disclosed that \$523,027 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$331,406, contingent upon available appropriations.

For FY 2001-02, the State paid the county \$300,000. The audit disclosed that \$747,543 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$447,543, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on October 29, 2004. Christine L. Cohen, Auditor-Controller, responded by letter dated November 12, 2004, (Attachment) agreeing with the audit results. The final audit report includes the county's response.

Restricted Use

This 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 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, 1999, through June 30, 2001**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Salaries and benefits	\$ 241,604	\$ 223,966	\$ (17,638)	Finding 1
Services and supplies	32,400	32,400	—	
Subtotals	274,004	256,366	(17,638)	
Indirect costs	92,776	75,790	(16,986)	Findings 1, 2
Subtotals	366,780	332,156	(34,624)	
Less offsetting savings/reimbursements	—	—	—	
Total claimed costs	366,780	332,156	(34,624)	
Less late filing penalty	(1,000)	(1,000)	—	
Total net claim	<u>\$ 365,780</u>	331,156	<u>\$ (34,624)</u>	
Less amount paid by the State		(365,780)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (34,624)</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Salaries and benefits	\$ 345,253	\$ 338,982	\$ (6,271)	Finding 1
Services and supplies	62,281	62,281	—	
Subtotals	407,534	401,263	(6,271)	
Indirect costs	124,982	122,712	(2,270)	Finding 1
Subtotals	532,516	523,975	(8,541)	
Less offsetting savings/reimbursements	—	(948)	(948)	Finding 3
Total claimed costs	532,516	523,027	(9,489)	
Less late filing penalty	—	—	—	
Total net claim	<u>\$ 532,516</u>	523,027	<u>\$ (9,489)</u>	
Less amount paid by the State		(191,621)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 331,406</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Salaries and benefits	\$ 549,646	\$ 522,678	\$ (26,968)	Finding 1
Services and supplies	41,927	41,927	—	
Subtotals	591,573	564,605	(26,968)	
Indirect costs	192,376	182,938	(9,438)	Finding 1
Subtotals	783,949	747,543	(36,406)	
Less offsetting savings/reimbursements	—	—	—	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>July 1, 2001, through June 30, 2002 (continued)</u>				
Total claimed costs	783,949	747,543	(36,406)	
Less late filing penalty	—	—	—	
Total net claim	<u>\$ 783,949</u>	747,543	<u>\$ (36,406)</u>	
Less amount paid by the State		<u>(300,000)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 447,543</u>		
<u>Summary: July 1, 1999, through June 30, 2002</u>				
Salaries and benefits	\$ 1,136,503	\$ 1,085,626	\$ (50,877)	Finding 1
Services and supplies	136,608	136,608	—	
Subtotals	1,273,111	1,222,234	(50,877)	
Indirect costs	410,134	381,440	(28,694)	Findings 1, 2
Subtotals	1,683,245	1,603,674	(79,571)	
Less offsetting savings/reimbursements	—	(948)	(948)	Finding 3
Total claimed costs	1,683,245	1,602,726	(80,519)	
Less late filing penalty	(1,000)	(1,000)	—	
Total net claim	<u>\$ 1,682,245</u>	1,601,726	<u>\$ (80,519)</u>	
Less amount paid by the State		<u>(857,401)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 744,325</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

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

The county claimed unallowable salary and benefit costs of \$50,877 for the audit period. The related indirect costs total \$18,481.

The county did not support \$26,904 of the \$136,133 claimed for part-time investigators’ salaries and benefits for the audit period. The county claimed 2,237 hours, yet was able to support only 904 hours through time logs, overtime request forms, and contemporaneously prepared case file memoranda.

For FY 2001-02, the county did not support \$23,973 of the annual salaries and benefits claimed for an investigator and a legal processing assistant related to the mandate. The investigator performed mandated activities effective August 20, 2001. The legal processing agent performed mandated activities from October 29, 2001, through June 22, 2002.

Parameters and Guidelines specifies that only the actual increased costs incurred and supported by appropriate documentation are reimbursable.

Following is a summary of the audit adjustments to salary and benefit costs and to related indirect costs.

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Salaries and benefits:				
Unsupported part-time investigators	\$(17,638)	\$ (6,271)	\$ (2,995)	\$(26,904)
Unsupported salary costs claimed	—	—	(23,973)	(23,973)
Total salaries and benefits	(17,638)	(6,271)	(26,968)	(50,877)
Related indirect costs	(6,773)	(2,270)	(9,438)	(18,481)
Audit adjustment	<u>\$(24,411)</u>	<u>\$ (8,541)</u>	<u>\$(36,406)</u>	<u>\$(69,358)</u>

Recommendation

We recommend that the county implement policies and procedures to ensure that it supports all claimed costs.

**FINDING 2—
Overstated indirect
costs**

For FY 1999-2000, the county overstated indirect costs by \$10,213.

The county included \$823,013 of services and supplies (uniform and safety clothing, witness and interpreter expenses, other professional and special services, temporary help, special department expenses, and lease payments) as indirect rather than direct costs when calculating the District Attorney’s Office indirect cost rate proposal (ICRP). In the following two fiscal years, the county included the same activities as direct costs.

The adjustment of the \$823,013 in services and supplies resulted in a reduction of the ICRP by 4.56%, from 38.4% to 33.84%. The overstated ICRP resulted in the following adjustment:

	<u>Fiscal Year 1999-2000</u>
Supported ICRP	33.84%
Claimed ICRP	<u>(38.40)%</u>
Overstated ICRP	<u>(4.56)%</u>
Allowable costs	\$ 223,966
Overstated ICRP	<u>× (4.56)%</u>
Audit adjustment	<u>\$ 10,213</u>

Parameters and Guidelines states that actual costs claimed are to be traceable to source documents that show evidence of the validity of such costs and their relationship to the mandate program.

Recommendation

We recommend that the county ensure that it properly supports all claimed costs.

**FINDING 3—
Unreported
reimbursements**

For FY 2000-01, the county did not reduce claimed costs by the \$948 it received in restitution payments from defendants for partial reimbursement of mandate-related costs.

Parameters and Guidelines states that funds received as a result of costs assessed against a defendant or other party in a criminal or civil action for the return or care of a minor must be shown and used as an offset against the claimed costs.

Recommendation

We recommend that the county ensure that any costs reimbursed from other revenue sources are deducted from the costs claimed.

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

CHRISTINE L. COHEN
AUDITOR-CONTROLLER
County of Ventura
800 South Victoria Avenue
Ventura, Ca 93009-1540



CHIEF DEPUTIES
JAMES M. TAMEKAZU
LOUISE WEBSTER
SANDRA BICKFORD
MERCY GRIECO

November 12, 2004

Jim L. Spano, Chief
Compliance Audits Bureau
State Controllers Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874

SUBJECT: CHILD ABDUCTION AND RECOVERY PROGRAM DRAFT AUDIT FINDINGS

Dear Mr. Spano:

The purpose of this letter is to respond as requested to the draft of the State Controller's Office report regarding the claims of Ventura 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, 1999, through June 30, 2002

We have reviewed the enclosed draft report and concur with the summary findings and recommendations indicated in the report.

If you have any questions, please contact Mercy Grieco, Chief Deputy Auditor-Controller, at (805) 654-3191

Sincerely,

A handwritten signature in blue ink, appearing to read "Christine L. Cohen".

CHRISTINE L. COHEN
Auditor-Controller

Enclosure

cc: Gregory D. Totten, District Attorney

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

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