

RIVERSIDE COUNTY

Audit Report

INTERAGENCY CHILD ABUSE AND NEGLECT INVESTIGATION REPORTS PROGRAM

Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9) as added and/or amended by various legislations

July 1, 1999, through June 30, 2013



BETTY T. YEE
California State Controller

June 2015



BETTY T. YEE
California State Controller

June 29, 2015

The Honorable Marion Ashley, Chairman
Board of Supervisors
Riverside County
4080 Lemon Street, 5th floor
Riverside, CA 92501

Dear Mr. Ashley:

The State Controller's Office audited the costs claimed by Riverside County for the legislatively mandated Interagency Child Abuse and Neglect Investigation Reports Program (Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9) as added and/or amended by various legislations) for the period of July 1, 1999, through June 30, 2013.

The county claimed \$11,029,440 for the mandated program. Our audit found that \$5,657,152 is allowable and \$5,372,288 is unallowable. The costs are unallowable because the county claimed unallowable activities, overstated average time increments performing reimbursable activities, overstated the number of referrals cross-reported, overstated the number of referrals investigated, overstated the number of SS 8583 report forms prepared and forwarded to the Department of Justice (DOJ), overstated the number of Child Abuse Central Index (CACI) notices sent to suspected child abusers, overstated the number of due process procedures offered to persons listed in CACI, misstated productive hourly rates, and overstated offsetting revenues. The State made no payments to the county. The State will pay allowable costs claimed totaling \$5,657,152, contingent upon available appropriations.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission). The IRC must be filed within three years following the date of this report. You may obtain IRC information at the Commission's website at www.csm.ca.gov/docs/IRCForm.pdf.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/ljs

cc: The Honorable Paul Angulo, CPA, Auditor-Controller
Riverside County
Marla Pendleton, Principal Accountant
Auditor-Controller Office, Riverside County
Jerry Cyr, Chief Financial Officer
Department of Public Social Services, Riverside County
Monica Bentley, Fiscal Manager
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Contents

Audit Report

Summary	1
Background	1
Objectives, Scope, and Methodology	3
Conclusion	3
Views of Responsible Officials.....	4
Restricted Use	4
Schedule 1—Summary of Program Costs	5
Findings and Recommendations	12
Attachment—County's Response to Draft Audit Report	

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Riverside County for the legislatively mandated Interagency Child Abuse and Neglect Investigation Reports Program (Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9) as added and/or amended by various legislations) for the period of July 1, 1999, through June 30, 2013.

The county claimed \$11,029,440 for the mandated program. Our audit found that \$5,657,152 is allowable and \$5,372,288 is unallowable. The costs are unallowable because the county claimed unallowable activities, overstated average time increments performing reimbursable activities, overstated the number of referrals cross-reported, overstated the number of referrals investigated, overstated the number of SS 8583 report forms prepared and forwarded to the Department of Justice (DOJ), overstated the number of Child Abuse Central Index (CACI) notices sent to suspected child abusers, overstated the number of due process procedures offered to persons listed in CACI, misstated productive hourly rates, and overstated offsetting revenues. The State made no payments to the county. The State will pay allowable costs claimed totaling \$5,657,152, contingent upon available appropriations.

Background

Various statutory provisions; Title 11, *California Code of Regulations*, Section 903; and the Child Abuse Investigation Report Form SS 8583 require cities and counties to perform specific duties for reporting child abuse to the State, as well as record-keeping and notification activities that were not required by prior law, thus mandating a new program or higher level of service.

Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9) were added and/or amended by:

- Statutes of 1977, Chapter 958
- Statutes of 1980, Chapter 1071
- Statutes of 1981, Chapter 435
- Statutes of 1982, Chapters 162 and 905
- Statutes of 1984, Chapters 1423 and 1613
- Statutes of 1985, Chapter 1598
- Statutes of 1986, Chapters 1289 and 1496
- Statutes of 1987, Chapters 82, 531, and 1459
- Statutes of 1988, Chapters 269, 1497, and 1580
- Statutes of 1989, Chapter 153
- Statutes of 1990, Chapters 650, 1330, 1363, and 1603
- Statutes of 1992, Chapters 163, 459, and 1338
- Statutes of 1993, Chapters 219 and 510
- Statutes of 1996, Chapters 1080 and 1081
- Statutes of 1997, Chapters 842, 843, and 844
- Statutes of 1999, Chapters 475 and 1012 and
- Statutes of 2000, Chapter 916

This program addresses statutory amendments to California's mandatory child abuse reporting laws commonly referred to as ICAN. A child abuse reporting law was first added to the Penal Code in 1963, and initially required medical professionals to report suspected child abuse to local law enforcement or child welfare authorities. The law was regularly expanded to include additional professions required to report suspected child abuse (now termed "mandated reporters"), and in 1980, California reenacted and amended the law, entitling it the "Child Abuse and Neglect Reporting Act," or CANRA. As part of this program, the DOJ maintains a CACI, which, since 1965, maintains reports of child abuse statewide. A number of changes to the law have occurred, particularly with a reenactment in 1980, and substantive amendments in 1997 and 2000.

The act, as amended, provides for reporting of suspected child abuse or neglect by certain individuals, identified by their profession as having frequent contact with children. The act provides rules and procedures for local agencies, including law enforcement, receiving such reports. The act provides for cross-reporting among law enforcement and other child protective agencies, and to licensing agencies and district attorneys' offices. The act requires reporting to the DOJ when a report of suspected child abuse is "not unfounded." The act requires an active investigation before a report can be forwarded to the DOJ. As of January 1, 2012, the act no longer requires law enforcement agencies to report to the DOJ, and now requires reporting of only "substantiated" reports by other agencies. The act imposes additional cross-reporting and recordkeeping duties in the event of a child's death from abuse or neglect. The act requires agencies and the DOJ to keep records of investigations for a minimum of ten years, and to notify suspected child abusers that they have been listed in the CACI. The act imposes certain due process protections owed to persons listed in the index, and provides certain other situations in which a person would be notified of his or her listing in the index.

On December 19, 2007, the Commission on State Mandates (Commission) adopted a statement of decision finding that the test claim statutes impose a partially reimbursable state-mandated program upon local agencies within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission approved the test claim for the reimbursable activities described in program's parameters and guidelines, section IV, performed by city and county police or sheriff's departments, county welfare departments, county probation departments designated by the county to receive mandated reports, district attorneys' offices, and county licensing agencies. The Commission outlined reimbursable activities relating to the following categories:

- Distributing the suspected child abuse report form,
- Reporting between local departments,
- Reporting to the State Department of Justice,
- Providing notifications following reports to the CACI,
- Retaining records, and
- Complying with due process procedures offered to person listed in CACI

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on December 6, 2013. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies in claiming mandated program reimbursable costs.

Objectives, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Interagency Child Abuse and Neglect Investigation Reports Program for the period of July 1, 1999, through June 30, 2013.

The objectives of our audit were to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

The legal authority to conduct this audit is provided by Government Code sections 12410, 17558.5, and 17561. 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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. Our audit scope did not assess the efficiency or effectiveness of program operations.

To achieve our audit objectives, we performed the following audit procedures:

- Interviewed employees, completed the internal control questionnaire, and performed a walk-through of the cost components of each claim.
- Traced costs claimed to supporting documentation that showed when the costs were incurred, the validity of such costs, and their relationship to mandated activities.

Conclusion

Our audit found 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, Riverside County claimed \$11,029,440 for costs of the Interagency Child Abuse and Neglect Investigation Reports Program. Our audit found that \$5,657,152 is allowable and \$5,372,288 is unallowable.

The State made no payments to the county. The State will pay allowable costs claimed that exceed the amount paid, totaling \$5,567,152, contingent upon available appropriations.

**Views of
Responsible
Officials**

We issued a draft audit report on June 8, 2015. Paul Angulo, CPA, Auditor-Controller, responded by letter dated June 18, 2015, agreeing with the audit results. This final audit report includes the county's response.

Restricted Use

This 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.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

June 29, 2015

**Schedule 1—
Summary of Program Costs
July 1, 1999, through June 30, 2013**

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference
<u>July 1, 1999, through June 30, 2000</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 2,552	\$ 2,552	\$ —	
Cross-reporting from County Welfare	10,293	10,293	—	
Cross-reporting from Law Enforcement	462	462	—	
Reporting to licensing agencies	2,081	2,081	—	
Additional cross-reporting in cases of child death	136	136	—	
Total direct costs	15,524	15,524	—	
Indirect costs	5,273	5,273	—	
Total program costs	<u>\$ 20,797</u>	20,797	<u>\$ —</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 20,797</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 2,363	\$ 2,363	\$ —	
Cross-reporting from County Welfare	10,753	10,753	—	
Cross-reporting from Law Enforcement	423	423	—	
Reporting to licensing agencies	1,910	1,910	—	
Additional cross-reporting in cases of child death	127	127	—	
Total direct costs	15,576	15,576	—	
Indirect costs	5,319	5,319	—	
Total program costs	<u>\$ 20,895</u>	20,895	<u>\$ —</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 20,895</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 2,641	\$ 2,641	\$ —	
Cross-reporting from County Welfare	11,290	11,290	—	
Cross-reporting from Law Enforcement	475	475	—	
Reporting to licensing agencies	2,140	2,140	—	
Additional cross-reporting in cases of child death	141	141	—	
Total direct costs	16,687	16,687	—	
Indirect costs	6,423	6,423	—	
Total program costs	<u>\$ 23,110</u>	23,110	<u>\$ —</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 23,110</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 2,851	\$ 2,851	\$ -	
Cross-reporting from County Welfare	12,344	12,344	-	
Cross-reporting from Law Enforcement	511	511	-	
Reporting to licensing agencies	2,300	2,300	-	
Additional cross-reporting in cases of child death	152	152	-	
Total direct costs	18,158	18,158	-	
Indirect costs	6,747	6,747	-	
Total program costs	<u>\$ 24,905</u>	24,905	<u>\$ -</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 24,905</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 3,074	\$ 3,074	\$ -	
Cross-reporting from County Welfare	13,181	13,181	-	
Cross-reporting from Law Enforcement	551	551	-	
Reporting to licensing agencies	2,482	2,482	-	
Additional cross-reporting in cases of child death	165	165	-	
Total direct costs	19,453	19,453	-	
Indirect costs	8,064	8,064	-	
Total program costs	<u>\$ 27,517</u>	27,517	<u>\$ -</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 27,517</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 3,446	\$ 3,446	\$ -	
Cross-reporting from County Welfare	14,232	14,232	-	
Cross-reporting from Law Enforcement	620	620	-	
Reporting to licensing agencies	2,791	2,791	-	
Additional cross-reporting in cases of child death	184	184	-	
Total direct costs	21,273	21,273	-	
Indirect costs	8,056	8,056	-	
Total program costs	<u>\$ 29,329</u>	29,329	<u>\$ -</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 29,329</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 3,439	\$ 3,439	\$ -	
Cross-reporting from County Welfare	14,068	14,068	-	
Cross-reporting from Law Enforcement	618	618	-	
Reporting to licensing agencies	2,784	2,784	-	
Additional cross-reporting in cases of child death	184	184	-	
Total direct costs	21,093	21,093	-	
Indirect costs	8,647	8,647	-	
Total program costs	<u>\$ 29,740</u>	<u>29,740</u>	<u>\$ -</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 29,740</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 3,383	\$ 3,383	\$ -	
Cross-reporting from County Welfare	14,688	14,688	-	
Cross-reporting from Law Enforcement	601	601	-	
Reporting to licensing agencies	2,704	2,704	-	
Additional cross-reporting in cases of child death	182	182	-	
Total direct costs	21,558	21,558	-	
Indirect costs	8,304	8,304	-	
Total program costs	<u>\$ 29,862</u>	<u>29,862</u>	<u>\$ -</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 29,862</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2007, through June 30, 2008</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 3,473	\$ 3,473	\$ -	
Cross-reporting from County Welfare	195,871	53,925	(141,946)	Finding 1, 6
Cross-reporting from Law Enforcement	623	623	-	
Reporting to licensing agencies	2,096,351	2,804	(2,093,547)	Finding 2, 6
Additional cross-reporting in cases of child death	186	186	-	
Reporting to State Department of Justice (DOJ)				
Complete investigation	-	1,392,504	1,392,504	Finding 2, 6
Prepare and submit reports to DOJ	37,693	19,121	(18,572)	Finding 3, 6
Providing Child Abuse Central Index (CACI)				
notifications	132,729	13,640	(119,089)	Finding 4, 6
Due process procedures	591,901	766	(591,135)	Finding 5, 6
Total direct costs	3,058,827	1,487,042	(1,571,785)	
Indirect costs	218,923	110,233	(108,690)	Findings 1-6
Total direct and indirect costs	3,277,750	1,597,275	(1,680,475)	
Less offsetting reimbursements	(1,503,874)	(725,157)	778,717	Finding 7
Total program costs	<u>\$ 1,773,876</u>	872,118	<u>\$ (901,758)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 872,118</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 3,560	\$ 3,560	\$ -	
Cross-reporting from County Welfare	187,087	52,457	(134,630)	Finding 1, 6
Cross-reporting from Law Enforcement	636	636	-	
Reporting to licensing agencies	2,187,322	2,862	(2,184,460)	Finding 2, 6
Additional cross-reporting in cases of child death	191	191	-	
Reporting to DOJ				
Complete investigation	-	1,449,937	1,449,937	Finding 2, 6
Prepare and submit reports to DOJ	32,063	15,480	(16,583)	Finding 3, 6
Providing CACI notifications	112,012	11,943	(100,069)	Finding 4, 6
Due process procedures	487,758	3,828	(483,930)	Finding 5, 6
Total direct costs	3,010,629	1,540,894	(1,469,735)	
Indirect costs	219,971	116,024	(103,947)	Findings 1-6
Total direct and indirect costs	3,230,600	1,656,918	(1,573,682)	
Less offsetting reimbursements	(1,424,153)	(722,434)	701,719	Finding 7
Total program costs	<u>\$ 1,806,447</u>	934,484	<u>\$ (871,963)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 934,484</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2009, through June 30, 2010</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 4,006	\$ 4,006	\$ -	
Cross-reporting from County Welfare	174,754	53,684	(121,070)	Finding 1, 6
Cross-reporting from Law Enforcement	718	718	-	
Reporting to licensing agencies	2,005,098	3,236	(2,001,862)	Finding 2, 6
Additional cross-reporting in cases of child death	215	215	-	
Reporting to DOJ				
Complete investigation	-	1,420,098	1,420,098	Finding 2, 6
Prepare and submit reports to DOJ	26,576	13,004	(13,572)	Finding 3, 6
Providing CACI notifications	92,448	10,793	(81,655)	Finding 4, 6
Due process procedures	407,587	6,888	(400,699)	Finding 5, 6
Total direct costs	2,711,402	1,512,642	(1,198,760)	
Indirect costs	197,391	115,518	(81,873)	Findings 1-6
Total direct and indirect costs	2,908,793	1,628,160	(1,280,633)	
Less offsetting reimbursements	(1,258,315)	(696,816)	561,499	Finding 7
Total program costs	<u>\$ 1,650,478</u>	931,344	<u>\$ (719,134)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 931,344</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 4,061	\$ 4,061	\$ -	
Cross-reporting from County Welfare	183,290	51,550	(131,740)	Finding 1, 6
Cross-reporting from Law Enforcement	729	729	-	
Reporting to licensing agencies	2,205,854	3,286	(2,202,568)	Finding 2, 6
Additional cross-reporting in cases of child death	218	218	-	
Reporting to DOJ				
Complete investigation	-	1,417,440	1,417,440	Finding 2, 6
Prepare and submit reports to DOJ	26,088	11,451	(14,637)	Finding 3, 6
Providing CACI notifications	90,734	10,069	(80,665)	Finding 4, 6
Due process procedures	402,957	8,421	(394,536)	Finding 5, 6
Total direct costs	2,913,931	1,507,225	(1,406,706)	
Indirect costs	210,789	114,254	(96,535)	Findings 1-6
Total direct and indirect costs	3,124,720	1,621,479	(1,503,241)	
Less offsetting reimbursements	(1,216,702)	(624,612)	592,090	Finding 7
Total program costs	<u>\$ 1,908,018</u>	996,867	<u>\$ (911,151)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 996,867</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2011, through June 30, 2012</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 4,009	\$ 4,009	\$ -	
Cross-reporting from County Welfare	175,793	48,582	(127,211)	Finding 1, 6
Cross-reporting from Law Enforcement	722	722	-	
Reporting to licensing agencies	2,064,333	3,252	(2,061,081)	Finding 2, 6
Additional cross-reporting in cases of child death	213	213	-	
Reporting to DOJ				
Complete investigation	-	1,296,032	1,296,032	Finding 2, 6
Prepare and submit reports to DOJ	14,966	11,437	(3,529)	Finding 3, 6
Providing CACI notifications	63,017	10,062	(52,955)	Finding 4, 6
Due process procedures	574,632	5,357	(569,275)	Finding 5, 6
Total direct costs	2,897,685	1,379,666	(1,518,019)	
Indirect costs	204,488	101,875	(102,613)	Findings 1-6
Total direct and indirect costs	3,102,173	1,481,541	(1,620,632)	
Less offsetting reimbursements	(1,222,023)	(571,020)	651,003	Finding 7
Total program costs	<u>\$ 1,880,150</u>	910,521	<u>\$ (969,629)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 910,521</u>		
<u>July 1, 2012, through June 30, 2013</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 4,199	\$ 4,199	\$ -	
Cross-reporting from County Welfare	172,634	49,159	(123,475)	Finding 1, 6
Cross-reporting from Law Enforcement	756	756	-	
Reporting to licensing agencies	1,902,597	3,410	(1,899,187)	Finding 2, 6
Additional cross-reporting in cases of child death	224	224	-	
Reporting to DOJ				
Complete investigation	-	1,179,735	1,179,735	Finding 2, 6
Prepare and submit reports to DOJ	11,012	4,606	(6,406)	Finding 3, 6
Providing CACI notifications	54,370	6,880	(47,490)	Finding 4, 6
Due process procedures	706,406	8,420	(697,986)	Finding 5, 6
Total direct costs	2,852,198	1,257,389	(1,594,809)	
Indirect costs	204,154	93,769	(110,385)	Findings 1-6
Total direct and indirect costs	3,056,352	1,351,158	(1,705,194)	
Less offsetting reimbursements	(1,252,036)	(545,495)	706,541	Finding 7
Total program costs	<u>\$ 1,804,316</u>	805,663	<u>\$ (998,653)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 805,663</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference
<u>Summary: July 1, 1999, through June 30, 2013</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 47,057	\$ 47,057	\$ -	
Cross-reporting from County Welfare	1,190,278	410,206	(780,072)	
Cross-reporting from Law Enforcement	8,445	8,445	-	
Reporting to licensing agencies	12,480,747	38,042	(12,442,705)	
Additional cross-reporting in cases of child death	2,518	2,518	-	
Reporting to State DOJ				
Complete investigation	-	8,155,746	8,155,746	
Prepare and submit reports to DOJ	148,398	75,099	(73,299)	
Providing CACI notifications	545,310	63,387	(481,923)	
Due process procedures	3,171,241	33,680	(3,137,561)	
Total direct costs	17,593,994	8,834,180	(8,759,814)	
Indirect costs	1,312,549	708,506	(604,043)	
Total direct and indirect costs	18,906,543	9,542,686	(9,363,857)	
Less offsetting reimbursements	(7,877,103)	(3,885,534)	3,991,569	
Total program costs	<u>\$ 11,029,440</u>	5,657,152	<u>\$ (5,372,288)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 5,657,152</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Cross-Reporting to Law Enforcement Agency and the District Attorney’s Office cost component – unallowable salaries and benefits and related indirect costs

The county claimed \$1,190,278 in salaries and benefits (\$992,652 by the Department of Public Social Services [DPSS] and \$197,626 by the District Attorney’s [DA] Office) and \$149,071 in related indirect costs for the Cross-Reporting to Law Enforcement Agencies and the DA’s Office cost component during the audit period. We identified adjustments for costs incurred by the DPSS only.

For the DPSS salaries and benefits, we found that \$212,580 is allowable and \$780,072 is unallowable. The costs claimed are unallowable because the county overstated the number of referrals cross-reported, overstated the time increments for cross-reporting, and misstated the productive hourly rates and related benefit costs. The related indirect costs adjustment is \$54,222.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits for the DPSS’ cross-reporting activities, and related indirect costs, by fiscal year:

Fiscal Year	DPSS Salaries and Benefits			Related
	Amount Claimed	Amount Allowable	Audit Adjustment	Indirect Cost Adjustment
2007-08	\$ 180,568	\$ 38,622	\$ (141,946)	\$ (9,882)
2008-09	171,605	36,975	(134,630)	(9,508)
2009-10	158,014	36,944	(121,070)	(8,378)
2010-11	166,848	35,108	(131,740)	(9,131)
2011-12	159,619	32,408	(127,211)	(8,723)
2012-13	155,998	32,523	(123,475)	(8,600)
Total	<u>\$ 992,652</u>	<u>\$ 212,580</u>	<u>\$ (780,072)</u>	<u>\$ (54,222)</u>

Salaries and Benefits

For the audit period, the DPSS estimated that it took one hour to cross-report each referral to the various agencies. The DPSS multiplied the estimated time to cross-report each referral by the total number of referrals to arrive at the claimed hours. The DPSS used the productive hourly rate (PHR) and related benefit amounts of the Intake Specialist classification to calculate the salaries and benefits claimed.

Number of Referrals Cross-Reported

Claimed

The DPSS obtained the claimed number of referrals it cross-reported from the statewide Child Welfare System, Child Welfare Services/Case Management System (CWS/CMS). The county claimed all referrals cross-reported to the Local Education Agency (LEA), DA, Community Care Licensing (CCL), and Department of Justice (DOJ).

Allowable

The DPSS staff provided data from the CWS/CMS supporting the cross-reports to the various agencies. We found that the county included unallowable cross-reports to the DOJ. We also found that the county performs cross-reporting to licensing agencies simultaneously with cross-reporting to the LEA and the DA. We included the referrals cross-reported to the CCL under this component.

The following table summarizes the claimed, allowable, and adjusted number of referrals cross-reported:

<u>Fiscal Year</u>	<u>Claimed Referrals</u>	<u>Allowable Referrals</u>	<u>Difference</u>
DPSS Referrals Cross-Reported:			
2007-08	3,933	3,704	(229)
2008-09	3,709	3,546	(163)
2009-10	3,615	3,543	(72)
2010-11	3,492	3,367	(125)
2011-12	3,189	3,108	(81)
2012-13	3,159	3,119	(40)
Total	<u>21,097</u>	<u>20,387</u>	<u>(710)</u>

Time Increments

Claimed

The DPSS did not provide any source documentation based on actual data to support the estimated one-hour time increment to cross-report to the various agencies. The DPSS indicated that it determined the estimated time increment claimed for cross-reporting by interviewing management and staff that worked directly on the activities.

The DPSS also implemented a time study during August 2014 to capture and compare the time increments for claimed activities under this cost component. We reviewed the results of the time study and determined that the time study did not provide sufficient support for the costs claimed. The county combined time tracked for various activities performed and included non-reimbursable activities within the time increments.

Allowable

We performed a time survey to determine the reimbursable portion of the county's time study results. We found that DPSS misclassified personnel performing the reimbursable activities. The county claimed cross-reporting activities at the Intake Specialist classification rather than at the Office Assistant classification that actually performs the reimbursable activities. During our time survey we captured time spent by the Office Assistants on cross-reporting to the LEA, DA, and CCL, and documenting the cross-reports within the CWS/CMS. Based on our time survey, we determined that 0.38 hours of cross-reporting activities conducted by the Office Assistants are allowable for reimbursement.

The following table summarizes the claimed, allowable, and adjusted hours based on the adjustments made to the number of referrals cross-reported and the adjusted time increment as described above:

Fiscal Year	Claimed Hours	Allowable Hours	Difference
DPSS Hours for Cross-Reporting:			
2007-08	3,933.00	1,407.52	(2,525.48)
2008-09	3,709.00	1,347.48	(2,361.52)
2009-10	3,615.00	1,346.34	(2,268.66)
2010-11	3,492.00	1,279.46	(2,212.54)
2011-12	3,189.00	1,181.04	(2,007.96)
2012-13	3,159.00	1,185.22	(1,973.78)
Total	21,097.00	7,747.06	(13,349.94)

Productive Hourly Rate

We obtained the salary information from the county in order to recalculate the PHR based on the Office Assistant classification. As explained in Finding 6—Misstated Productive Hourly Rates, we calculated an average for the classification’s PHRs using the productive hours and the bi-weekly salary reports the county provided us during the audit.

Benefit Amount

We also recalculated benefit amounts using the Office Assistant classification’s fringe benefits.

Summary of Audit Adjustment

We calculated allowable DPSS hours by multiplying the allowable number of referrals cross-reported by the allowable time increment per referral. We then applied the audited PHRs and the audited benefit amounts to the allowable hours. The county overstated DPSS salaries and benefits costs by \$780,072 for the audit period. The related unallowable indirect costs adjustment is \$54,222.

The following table details the audit adjustment for DPSS salaries and benefits by fiscal year as described in the finding above:

Fiscal Year	Overstated Hours Adjustment	Productive Hourly Rate Adjustment	Benefit Adjustment	Audit Adjustment
DPSS Salaries and Benefits:				
2007-08	\$ (99,864)	\$ 1,042	\$ (43,124)	\$ (141,946)
2008-09	(95,432)	350	(39,548)	(134,630)
2009-10	(83,698)	(81)	(37,291)	(121,070)
2010-11	(91,487)	179	(40,432)	(131,740)
2011-12	(87,598)	366	(39,979)	(127,211)
2012-13	(86,225)	225	(37,475)	(123,475)
Total	\$ (544,304)	\$ 2,081	\$ (237,849)	\$ (780,072)

Criteria

The parameters and guidelines (section IV. Reimbursable Activities) require claimed costs to be supported by source documents. The parameters and guidelines state:

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. . . corroborating documents cannot be substituted for source documents.

The parameters and guidelines (section IV.B.2.) allow ongoing activities related to costs for reporting between local departments, as follows:

- b. Cross-Reporting of Suspected Child Abuse or Neglect from County Welfare and Probation Departments to the Law Enforcement Agency with Jurisdiction and the District Attorney's Office:
 2. County welfare departments shall:
 - i. Report by telephone immediately, or as soon as practically possible, to the agency given the responsibility for investigation of cases under Section 300 of the Welfare and Institutions Code, and to the district attorney's office every known or suspected instance of child abuse, as defined in Penal Code section 11165.6, except acts or omissions coming within subdivision (b) of section 11165.2, or reports made pursuant to section 11165.13 based on risk to a child which relates solely to the

inability of the parent to provide the child with regular care due to the parent's substance abuse, which shall be reported only to the county welfare department.

Reimbursement is not required for making an initial report of child abuse and neglect from a county welfare department to the law enforcement agency having jurisdiction over the case, which was required under prior law to be made "without delay."

- ii. Send a written report thereof within 36 hours of receiving the information concerning the incident to any agency, including the law enforcement agency having jurisdiction over the case, to which it is required to make a telephone report under Penal Code section 11166.

As of January 1, 2001, initial reports may be made by fax or electronic transmission, instead of by telephone, and will satisfy the requirement for a written report within 36 hours. . . .

e. Reporting to Licensing Agencies:

City and county police or sheriff's departments, county probation departments if designated by the county to receive mandated reports and county welfare departments shall:

- 1) Report by telephone immediately or as soon as practically possible to the appropriate licensing agency every known or suspected instance of child abuse or neglect when the instance of abuse or neglect occurs while the child is being cared for in a child day care facility, involves a child day care licensed staff person, or occurs while the child is under the supervision of a community care facility or involves a community care facility licensee or staff person.
- 2) Send a written report thereof within 36 hours of receiving the information concerning the incident to any agency to which it is required to make a telephone report under Penal Code section 11166.2. The agency shall send the licensing agency a copy of its investigation report and any other pertinent materials.

As of July 31, 2001, initial reports may be made by fax or electronic transmission, instead of by telephone, and will satisfy the requirement for a written report within 36 hours. . . .

Recommendation

We recommend that the county ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County's Response

The county concurs with the finding and recommendation.

**FINDING 2—
Completing an
Investigation cost
component –
unallowable salaries and
benefits and related
indirect costs**

The county claimed \$12,480,747 in salaries and benefits (\$12,442,705 by the DPSS and \$38,042 by the DA’s Office) and \$874,858 in related indirect costs for the Reporting to Licensing Agencies cost component during the audit period. We identified adjustments for costs incurred by the DPSS only.

The DPSS misclassified the investigation activities under the Reporting to Licensing Agencies cost component. We moved the investigation activities costs to the Completing an Investigaion cost component. We found that \$8,155,746 is allowable and \$4,286,959 is unallowable. The DPSS costs claimed are unallowable because the county overstated the number of referrals investigated, overstated the time increments for investigations, and misstated the productive hourly rates and related indirect costs. The related indirect costs adjustment is \$294,469.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits for the DPSS to conduct an investigation for purposes of preparing and submitting the SS 8583 report to the DOJ, and related indirect costs, by fiscal year:

Fiscal Year	DPSS Salaries and Benefits			Related Indirect Cost Adjustment
	Amount Claimed	Amount Allowable	Audit Adjustment	
2007-08	\$ 2,093,547	\$ 1,392,504	\$ (701,043)	\$ (48,332)
2008-09	2,184,460	1,449,937	(734,523)	(52,357)
2009-10	2,001,862	1,420,098	(581,764)	(39,353)
2010-11	2,202,568	1,417,440	(785,128)	(53,625)
2011-12	2,061,081	1,296,032	(765,049)	(51,099)
2012-13	1,899,187	1,179,735	(719,452)	(49,703)
Total	\$ 12,442,705	\$ 8,155,746	\$ (4,286,959)	\$ (294,469)

Salaries and Benefits

The DPSS provided detail support for the investigations costs, which we moved to this component. DPSS estimated that it took six hours to investigate each referral for purposes of preparing an SS 8583 report to the DOJ. The DPSS multiplied the estimated six hours to investigate each referral by the total number of referrals to arrive at the claimed hours. The DPSS used the PHRs and related benefit amounts of the Social Services Worker classification to calculate the salaries and benefits claimed.

Number of Referrals Investigated

Claimed

Based on the support provided, the DPSS obtained the claimed number of referrals it investigated from the statewide Child Welfare System, CWS/CMS. The DPSS claimed all sexual, physical, and severe neglect referrals investigated for purposes of preparing an SS 8583 report to the DOJ. The DPSS did not exclude referrals initiated by the DPSS as the mandate reporter nor did the DPSS exclude the referrals that were not investigated.

Allowable

The DPSS staff provided data from the CWS/CMS supporting the investigations conducted. We found that the DPSS does not investigate all referrals. We identified some referrals that were evaluated out prior to an investigation. We also identified several other referrals that were generated as secondary referrals to primary referrals, and only the primary referrals have investigations conducted for purposes of preparing a report. In addition, we found that the DPSS included unallowable referrals that were initiated by Child Welfare Services staff as mandated reporters.

The following table summarizes the claimed, allowable, and adjusted number of referrals investigated:

<u>Fiscal Year</u>	<u>Claimed Referrals</u>	<u>Allowable Referrals</u>	<u>Difference</u>
DPSS Referrals for Investigations:			
2007-08	7,600	6,813	(787)
2008-09	7,869	7,094	(775)
2009-10	7,633	6,948	(685)
2010-11	7,683	6,935	(748)
2011-12	6,863	6,341	(522)
2012-13	6,140	5,772	(368)
Total	<u>43,788</u>	<u>39,903</u>	<u>(3,885)</u>

Testing

We reviewed a sample of referrals within the CWS/CMS to verify accuracy of referral data provided. For fiscal year (FY) 2010-11, FY 2011-12, and FY 2012-13, we selected a sample of 15% of allowable “substantiated” referrals for testing, for a total of 204 referrals reviewed. We identified no errors in the sample. Consequently, we did not expand our testing.

Time Increments

Claimed

The DPSS did not provide any source documentation based on actual data to support the estimated six-hour time increment per referral to complete an investigation for purposes of preparing an SS 8583 report to the DOJ. The DPSS indicated that it determined the estimated time increment claimed for investigations by interviewing management and staff that worked directly on the activities.

The DPSS also implemented a time study during August 2014 to capture and compare the time increments for claimed activities under this cost component. We reviewed the results of the time study and determined that the time study did not provide sufficient support for the costs claimed. The county combined time tracked for the various activities performed and included non-reimbursable activities within the time increments.

Allowable

We performed a time survey to determine the reimbursable portion of the county’s time study results. We found that DPSS misclassified personnel performing the reimbursable activities. The county claimed Investigation activities at the Social Services Worker classification rather than at the Children’s Social Services Worker classification that actually performs the reimbursable activities. During our time survey we captured time spent by Children’s Social Services Workers on the following tasks:

- Reviewing the initial Suspected Child Abuse Report (or the equivalent referral information);
- Conducting initial interviews with parents, victims, and witnesses (average of six interviews per referral); and
- Making a report of the findings of those interviews.

Based on our time survey, we determined that 4.79 hours of activities conducted by the Children’s Social Services Workers are allowable for reimbursement, a sum of the following activities:

- 0.22 hours (13.55 minutes) spent reviewing the initial Suspected Child Abuse Report (or the equivalent referral information);
- 3.71 hours (222.36 minutes) spent conducting initial interviews with parents, victims, and witnesses, averaging six interviews at 0.62 hours (37.10 minutes) per interview; and
- 0.86 hours (51.49 minutes) spent making a report of the findings of those interviews.

We reviewed a sample of referrals within the CWS/CMS to verify the number of individuals interviewed. We selected a sample of “substantiated,” “unfounded,” and “inconclusive” referrals from FY 2012-13, and determined that the number of individuals interviewed per referral accurately represented what was answered during our time survey.

The following table summarizes the total claimed, allowable, and adjusted hours based on the adjustments made to the number of referrals investigated as described above:

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Difference</u>
DPSS Hours for Investigations:			
2007-08	45,600	32,634.27	(12,965.73)
2008-09	47,214	33,980.26	(13,233.74)
2009-10	45,798	33,280.92	(12,517.08)
2010-11	46,098	33,218.65	(12,879.35)
2011-12	41,178	30,373.39	(10,804.61)
2012-13	38,459	27,647.88	(10,811.12)
Total	<u>264,347.00</u>	<u>191,135.37</u>	<u>(73,211.63)</u>

Productive Hourly Rate

We obtained the salary information from the county in order to recalculate the PHR based on the Children’s Social Services Worker classification. As explained in Finding 6—Misstated Productive Hourly Rate, we calculated an average for the classification’s PHRs using the productive hours and the bi-weekly salary reports the county provided us during the audit.

Benefit Amount

We also recalculated benefit amounts using the Children’s Social Services Worker classification’s fringe benefits.

Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of referrals investigated by the allowable time increment per referral. We then applied the audited PHRs and the audited benefit amounts to the allowable hours. The county overstated DPSS salaries and benefits by \$4,286,959 for the audit period. The related unallowable indirect costs adjustment is \$294,469.

The following table details the audit adjustment for DPSS salaries and benefits by fiscal year as described in the finding above:

<u>Fiscal Year</u>	<u>Hour Related Adjustment</u>	<u>Productive Hourly Rate Adjustment</u>	<u>Benefit Adjustment</u>	<u>Audit Adjustment</u>
DPSS Adjustments:				
2007-08	\$ (412,181)	\$ (71,143)	\$ (217,719)	\$ (701,043)
2008-09	(428,774)	(94,805)	(210,944)	(734,523)
2009-10	(376,889)	(16,640)	(188,235)	(581,764)
2010-11	(424,632)	(111,615)	(248,881)	(785,128)
2011-12	(370,058)	(140,933)	(254,058)	(765,049)
2012-13	(369,848)	(127,180)	(222,424)	(719,452)
Total	<u>\$ (2,382,382)</u>	<u>\$ (562,316)</u>	<u>\$ (1,342,261)</u>	<u>\$ (4,286,959)</u>

Criteria

The parameters and guidelines (section IV. Reimbursable Activities) require claimed costs to be supported by source documents. (See Finding 1 for the parameters and guidelines definition of source documents.)

The parameters and guidelines (section IV.B.3.) allow ongoing activities related to costs for reporting to the State Department of Justice. For the following reimbursable activities:

- a. **From July 1, 1999 to December 31, 2011**, city and county police or sheriff’s departments, county probation departments if designated by the county to receive mandated reports, and county welfare departments shall: (Pursuant to amendments to Penal Code section 11169(b) enacted by Statutes 2011, chapter 468 (AB 717), the

mandate to report to DOJ for law enforcement agencies only ends on January 1, 2012. In addition, the duty for all other affected agencies is modified to exclude an “inconclusive” report.)

1) Complete an investigation for purposes of preparing the report

Complete an investigation to determine whether a report of suspected child abuse or severe neglect is unfounded, substantiated or inconclusive, as defined in Penal Code section 11165.12, for purposes of preparing and submitting the state “Child Abuse Investigation Report” Form SS 8583, or subsequent designated form, to the Department of Justice. (Penal Code section 11169(a) (Stats. 1997, ch. 842, § 5 (SB 644); Stats. 2000, ch. 916 (AB 1241); Stats. 2011, ch. 468, § 2 (AB 717)); Code of Regulations, Title 11, section 903; “Child Abuse Investigation Report” Form SS 8583.) Except as provided in paragraph below, this activity includes review of the initial Suspected Child Abuse Report (Form 8572), conducting initial interviews with parents, victims, suspects, or witnesses, where applicable, and making a report of the findings of those interviews, which may be reviewed by a supervisor.

Reimbursement is not required in the following circumstances:

- i. Investigative activities conducted by a mandated reporter to complete the Suspected Child Abuse Report (Form SS 8572) pursuant to Penal Code section 11166(a).
- ii. In the event that the mandated reporter is employed by the same child protective agency required to investigate and submit the “Child Abuse Investigation Report” Form SS 8583 or subsequent designated form to the Department of Justice, pursuant to Penal Code section 11169(a), reimbursement is not required if the investigation required to complete the Form SS 8572 is also sufficient to make the determination required under section 11169(a), and sufficient to complete the essential information items required on the Form SS 8583, pursuant to Code of Regulations, title 11, section 903 (Register 98, No. 29).
- iii. Investigative activities undertaken subsequent to the determination whether a report of suspected child abuse is substantiated, inconclusive, or unfounded, as defined in Penal Code section 11165.12, for purposes of preparing the Form SS 8583, including the collection of physical evidence, the referral to a child abuse investigator, and the conduct of follow-up interviews.

Recommendation

We recommend that the county ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County's Response

The county concurs with the finding and recommendation.

**FINDING 3—
Preparing and
Forwarding the SS 8583
Report Forms to the
Department of Justice
cost component –
unallowable salaries and
benefits and related
indirect costs**

The DPSS claimed \$148,398 in salaries and benefits and \$10,273 in related indirect costs for the Preparing and Forwarding the SS 8583 Report Forms to the Department of Justice cost component during the audit period. We found that \$75,099 is allowable and \$73,299 is unallowable. The DPSS costs claimed are unallowable because the county overstated the number of SS 8583 report forms that were forwarded to DOJ, overstated the time increments claimed, and misstated the productive hourly rates and related benefit costs. The related indirect costs adjustment is \$5,073.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits for the DPSS to prepare and submit the SS 8583 report form, and related indirect costs, by fiscal year:

Fiscal Year	DPSS Salaries and Benefits			Related
	Amount Claimed	Amount Allowable	Audit Adjustment	Indirect Cost Adjustment
2007-08	\$ 37,693	\$ 19,121	\$ (18,572)	\$ (1,286)
2008-09	32,063	15,480	(16,583)	(1,173)
2009-10	26,576	13,004	(13,572)	(931)
2010-11	26,088	11,451	(14,637)	(1,007)
2011-12	14,966	11,437	(3,529)	(232)
2012-13	11,012	4,606	(6,406)	(444)
Total	\$ 148,398	\$ 75,099	\$ (73,299)	\$ (5,073)

Salaries and Benefits

For the audit period, the DPSS estimated that it took 0.5 hours to prepare and submit the SS 8583 report form to DOJ. The DPSS multiplied the estimated 0.5 hours to prepare and submit the report form by the total number of referrals to arrive at the claimed hours. The DPSS used the PHRs and related benefit amounts of the Social Services Worker classification to calculate the salaries and benefits claimed.

Number of SS 8583 Report Forms Sent to DOJ

Claimed

The DPSS obtained the claimed number of “substantiated” and “inconclusive” referrals in which an SS 8583 report form was sent to DOJ from the CWS/CMS.

Allowable

The DPSS provided data from the CWS/CMS supporting the “substantiated” and “inconclusive” referrals in which an SS 8583 report was forwarded to DOJ. We found that the DPSS overstated the substantiated referrals, as a result of the unallowable investigations identified in Finding 2—Completing an Investigation.

The following table summarizes the claimed, allowable, and adjusted number of SS 8583 report forms forwarded to DOJ:

<u>Fiscal Year</u>	<u>Claimed Referrals</u>	<u>Allowable Referrals</u>	<u>Difference</u>
DPSS Referrals for Reporting to DOJ:			
2007-08	1,641	1,391	(250)
2008-09	1,385	1,126	(259)
2009-10	1,216	946	(270)
2010-11	1,091	833	(258)
2011-12	598	832	234
2012-13	446	335	(111)
Total	<u>6,377</u>	<u>5,463</u>	<u>(914)</u>

Time Increments

Claimed

The DPSS did not provide any source documentation based on actual data to support the estimated 0.5-hour time increment per referral to prepare and submit the SS 8583 report forms to the DOJ. The DPSS indicated that it determined the estimated time increment claimed for submitting the SS 8583 report forms to DOJ by interviewing management and staff that worked directly on the activities.

The DPSS also implemented a time study during August 2014 to capture and compare the time increments for claimed activities under this cost component. We reviewed the results of the time study and determined that the time study did not provide sufficient support for the costs claimed. The county combined the time tracked for various activities performed and included non-reimbursable activities within the time increments.

Allowable

We performed a time survey to determine the reimbursable portion of the county's time study results. We found that DPSS misclassified personnel performing the reimbursable activities. The county claimed the costs for preparing and forwarding the SS 8583 report at the Social Services Worker classification rather than at the Children's Social Services Worker classification (for preparing the report) and the Office Assistant classification (for forwarding the report) that actually perform the reimbursable activities. During our time survey we captured time spent by the Children's Social Services Worker preparing the SS 8583 report forms and the Office Assistant forwarding the forms. Based on our time survey, we determined that 0.34 hours of activities conducted by the Children's Social Services Worker and the Office Assistant are allowable for reimbursement.

The following table summarizes the claimed, allowable, and adjusted hours based on the adjustments made to the number of SS 8583 report forms forwarded to DOJ and the adjusted time increment as described above:

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Difference</u>
DPSS Hours for Reporting to DOJ			
2007-08	821.00	472.94	(348.06)
2008-09	693.00	382.84	(310.16)
2009-10	608.00	321.64	(286.36)
2010-11	546.00	283.22	(262.78)
2011-12	299.00	282.88	(16.12)
2012-13	223.00	113.90	(109.10)
Total	<u>3,190.00</u>	<u>1,857.42</u>	<u>(1,332.58)</u>

Productive Hourly Rate

We obtained the salary information from the county in order to calculate the PHR based on the Children's Social Services Worker and the Office Assistant classifications. As explained in Finding 6—Misstated Productive Hourly Rate, we calculated an average for the classification's PHRs using the productive hours and the bi-weekly salary reports the county provided us during the audit.

Benefit Amount

We also recalculated the benefit amounts using the Children's Social Services Worker and the Office Assistant classifications' fringe benefits.

Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of "substantiated" and "inconclusive" referrals in which an SS 8583 report form was prepared and forwarded to DOJ by the allowable time increment per report. We then applied the audited PHRs and the audited benefit rates to the allowable hours. The county overstated DPSS salaries and benefits by \$73,299 for the audit period. The related unallowable indirect costs adjustment is \$5,073.

The following table details the audit adjustment for DPSS salaries and benefits by fiscal year as described in the finding above:

<u>Fiscal Year</u>	<u>Overstated Hours Adjustment</u>	<u>Productive Hourly Rate Adjustment</u>	<u>Benefit Adjustment</u>	<u>Audit Adjustment</u>
DPSS Adjustments				
2007-08	\$ (12,032)	\$ (828)	\$ (5,712)	\$ (18,572)
2008-09	(10,839)	(896)	(4,848)	(16,583)
2009-10	(9,163)	(140)	(4,269)	(13,572)
2010-11	(9,267)	(806)	(4,564)	(14,637)
2011-12	(1,215)	(1,107)	(1,207)	(3,529)
2012-13	(3,996)	(444)	(1,966)	(6,406)
Total	<u>\$ (46,512)</u>	<u>\$ (4,221)</u>	<u>\$ (22,566)</u>	<u>\$ (73,299)</u>

Criteria

The parameters and guidelines (section IV. Reimbursable Activities) require claimed costs to be supported by source documents. (See Finding 1 for the parameters and guidelines definition of source documents.)

The parameters and guidelines (section IV.B.3.a.) allow ongoing activities related to costs for reporting to the State Department of Justice. For the following reimbursable activities:

2) Forward [SS 8583] reports to the Department of Justice

Prepare and submit to the Department of Justice a report in writing of every case it investigates of known or suspected child abuse or severe neglect which is determined to be substantiated or inconclusive, as defined in Penal Code section 11165.12. Unfounded reports, as defined in Penal Code section 11165.12, shall not be filed with the Department of Justice. If a report has previously been filed which subsequently proves to be unfounded, the Department of Justice shall be notified in writing of that fact. The reports required by this section shall be in a form approved by the Department of Justice (currently form 8583) and may be sent by fax or electronic transmission. (Penal Code section 11169(a) (Stats. 1997, ch. 842, § 5 (SB 644); Stats. 2000, ch. 916 (AB1241); Stats. 2011, ch. 468, § 2 (AB 717)); Code of Regulations, Title 11, section 903; "Child Abuse Investigation Report" Form SS 8583)

This activity includes costs of preparing and submitting an amended report to DOJ, when the submitting agency changes a prior finding of substantiated or inconclusive to a finding of unfounded or from inconclusive or unfounded to substantiated.

Reimbursement is not required for the costs of the investigation required to make the determination to file an amended report.

Recommendation

We recommend that the county ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County's Response

The county concurs with the finding and recommendation.

**FINDING 4—
Notifications to Suspected
Child Abuser cost
component – unallowable
salaries and benefits and
related indirect costs**

The DPSS claimed \$545,310 in salaries and benefits and \$37,743 in related indirect costs for providing the Notifications to Suspected Child Abuser cost component during the audit period. We found that \$63,387 is allowable and \$481,923 is unallowable. The DPSS costs claimed are unallowable because the county overstated the number of notifications sent to the suspected child abusers, overstated the time increments for sending out notifications, and misstated the productive hourly rates and related benefit costs. The related indirect costs adjustment is \$33,444.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits for DPSS to provide notifications to suspected child abusers, and related indirect costs, by fiscal year:

Fiscal Year	DPSS Salaries and Benefits			Related
	Amount Claimed	Amount Allowable	Audit Adjustment	Indirect Cost Adjustment
2007-08	\$ 132,729	\$ 13,640	\$ (119,089)	\$ (8,261)
2008-09	112,012	11,943	(100,069)	(7,032)
2009-10	92,448	10,793	(81,655)	(5,636)
2010-11	90,734	10,069	(80,665)	(5,579)
2011-12	63,017	10,062	(52,955)	(3,630)
2012-13	54,370	6,880	(47,490)	(3,306)
Total	<u>\$ 545,310</u>	<u>\$ 63,387</u>	<u>\$ (481,923)</u>	<u>\$ (33,444)</u>

Salaries and Benefits

For the audit period, the DPSS estimated it took 1.5 hours to prepare and send each CACI notification to the suspected child abusers. The DPSS multiplied the estimated 1.5 hours to prepare and send each notification by the number of CACI notifications to arrive at claimed hours. The DPSS used the productive hourly rate and related benefit amounts of the Social Services Worker classification to calculate the salaries and benefits claimed.

The DPSS also estimated that it took one hour to obtain and review investigative records relating to CACI listing while performing existing duties of child placement. The DPSS multiplied the estimated one hour to obtain and review investigative records by the number of criminal exemptions to arrive at claimed hours. The DPSS used the productive hourly rate and related benefit amounts of the Social Services Worker classification to calculate the salaries and benefits claimed.

Number of CACI Notifications

Claimed

The DPSS obtained the claimed number of “substantiated” and “inconclusive” referrals in which a CACI notification was sent from CWS/CMS.

The DPSS obtained the number of referrals for which investigative records were obtained and reviewed, from the Relative Assessment Unit’s Criminal Exemption Tracking Log.

Allowable

The DPSS staff provided data from the CWS/CMS supporting the “substantiated” and “inconclusive” referrals in which a CACI notification was prepared and sent to the suspected child abuser. We found that the DPSS overstated the referrals, as a result of the unallowable investigations identified in Finding 2—Completing an Investigation.

The following table summarizes the claimed, allowable, and the adjusted number of notifications sent to persons entered into the CACI:

<u>Fiscal Year</u>	<u>Claimed Referrals</u>	<u>Allowable Referrals</u>	<u>Difference</u>
DPSS Referrals for CACI Notifications			
2007-08	1,641	1,391	(250)
2008-09	1,385	1,126	(259)
2009-10	1,216	946	(270)
2010-11	1,091	833	(258)
2011-12	598	832	234
2012-13	446	335	(111)
Total	<u>6,377</u>	<u>5,463</u>	<u>(914)</u>

The DPSS staff also provided data from the Criminal Exemption Tracking Log supporting the referrals in which original investigative records were obtained and reviewed during existing duties of child placement. We found that the DPSS overstated the referrals claimed, as the data included additional types of crimes other than CACI related. Only those referrals that trigger CACI history review during the existing relative assessment procedures are allowable. During our time survey, the social workers stated that it was rare for the background checks to come back with CACI history during the criminal exemption reviews. On average, they typically received 3-4 assessments per year with a CACI history. Based on our time survey results, we determined that 96 referrals are allowable for reimbursement for this activity (4 CACI exemptions multiplied by 24 staff) for each fiscal year. All other criminal exemption case assessments are unallowable as they do not relate to the requirements of this mandated program.

The following table summarizes the claimed, allowable, and the adjusted number of referrals with CACI history in which investigative records were obtained and reviewed during existing child placement activities:

<u>Fiscal Year</u>	<u>Claimed Referrals</u>	<u>Allowable Referrals</u>	<u>Difference</u>
DPSS Referrals for Relative Assessment:			
2007-08	429	96	(333)
2008-09	343	96	(247)
2009-10	291	96	(195)
2010-11	262	96	(166)
2011-12	362	96	(266)
2012-13	432	96	(336)
Total	<u>2,119</u>	<u>576</u>	<u>(1,543)</u>

Time Increments

Claimed

The DPSS did not provide any source documentation based on actual data to support the estimated time increment. As noted previously, the estimated time increments consisted of 1.5 hour to prepare and send each CACI notification to the suspected abusers and one hour to obtain and review investigative records relating to CACI listing while performing existing duties of child placement. The DPSS indicated that it determined the estimated time increment claimed for CACI notifications and obtaining and reviewing the investigative reports during child placement by interviewing management and staff that worked directly on the activities.

The DPSS also implemented a time study during August 2014 to capture and compare the time increments for claimed activities under this cost component. We reviewed the results of the time study and determined that the time study did not provide sufficient support for the costs claimed. The county combined time tracked for various activities performed and included non-reimbursable activities within the time increments.

Allowable

We performed a time survey to determine the reimbursable portion of the county's time study results. We found that DPSS misclassified personnel performing the reimbursable activities. The county claimed costs to prepare and send the CACI notifications at the Social Services Worker classification rather than at the Children's Social Services Worker classification (to prepare the report) and the Office Assistant classification (to send the report) that actually perform the reimbursable activities. During our time survey, we captured time spent by the Children's Social Services Worker preparing the CACI notification and the Office Assistant sending the CACI notification. Based on our time survey, we determined that 0.15 hours of activities conducted by the Children's Social Services Worker and 0.05 hours of activities conducted by the Office Assistant are allowable for reimbursement.

The following table summarizes the claimed, allowable, and adjusted hours based on the adjustments made to the number of CACI notifications sent and the adjusted time increments as described above:

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Difference</u>
DPSS Hours for CACI Notifications:			
2007-08	2,462.00	213.45	(2,248.55)
2008-09	2,078.00	173.70	(1,904.30)
2009-10	1,824.00	146.70	(1,677.30)
2010-11	1,637.00	129.75	(1,507.25)
2011-12	897.00	129.60	(767.40)
2012-13	669.00	55.05	(613.95)
Total	<u>9,567.00</u>	<u>848.25</u>	<u>(8,718.75)</u>

During our time survey we also captured time spent by the Social Services Worker classification for obtaining and objectively reviewing the investigative reports with CACI history while performing existing duties in child placement. Based on our time survey, we determined that 1.54 hours of activities conducted by the Social Services Worker classification are allowable for reimbursement.

The following table summarizes the claimed, allowable, and adjusted hours based on the adjustments made to the number of referrals in which investigative records were obtained and reviewed during child placement and the adjusted time increment as described above:

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Difference</u>
DPSS Hours for Relative Assessment:			
2007-08	429.00	147.84	(281.16)
2008-09	343.00	147.84	(195.16)
2009-10	291.00	147.84	(143.16)
2010-11	262.00	147.84	(114.16)
2011-12	362.00	147.84	(214.16)
2012-13	432.00	147.84	(284.16)
Total	<u>2,119.00</u>	<u>887.04</u>	<u>(1,231.96)</u>

Productive Hourly Rate

We obtained the salary information from the county in order to calculate the PHR based on the Children's Social Services Worker and the Office Assistant classifications for preparing and sending the CACI notifications. As explained in Finding 7—Misstated Productive Hourly Rate, we calculated an average for the classifications' PHRs using the productive hours and the bi-weekly salary reports the county provided us during the audit.

For obtaining and reviewing investigative records during child placement, the county used the correct classification to calculate costs to comply with this component. As explained in Finding 6—Misstated Productive Hourly Rate, we recalculated an average for the classification's PHRs using the productive hours and the bi-weekly salary reports provided during the audit.

Benefit Amount

We also recalculated the benefit amounts using the Children's Social Services Worker, the Office Assistant, and Social Services Worker classifications' fringe benefits

Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of CACI notifications by the allowable time increment per notice, and multiplying the average number of referrals with a CACI history by the allowable time increments per referral. We then applied the audited PHRs and the audited benefit rates to the allowable hours. The county overstated DPSS salaries and benefits by \$481,923 for the audit period. The related unallowable indirect costs totaled \$33,444.

The following table details the audit adjustment for DPSS salaries and benefits by fiscal year as described in the finding above:

Fiscal Year	Overstated Hours Adjustment	Productive Hourly Rate Adjustment	Benefit Adjustment	Related Audit Adjustment
DPSS Adjustments:				
2007-08	\$ (80,486)	\$ (2,119)	\$ (36,484)	\$ (119,089)
2008-09	(68,090)	(2,228)	(29,751)	(100,069)
2009-10	(54,868)	(1,490)	(25,297)	(81,655)
2010-11	(53,527)	(2,261)	(24,877)	(80,665)
2011-12	(33,695)	(2,609)	(16,651)	(52,955)
2012-13	(30,801)	(2,255)	(14,434)	(47,490)
Total	<u>\$ (321,467)</u>	<u>\$ (12,962)</u>	<u>\$ (147,494)</u>	<u>\$ (481,923)</u>

Criteria

The parameters and guidelines (section IV. Reimbursable Activities) require claimed costs to be supported by source documents. (See Finding 1 for the parameters and guidelines definition of source documents.)

The parameters and guidelines (section IV.B.4.) allow ongoing activities related to costs for providing notifications to suspected child abusers, for the following activities:

- a. City and county police or sheriff’s departments, county probation departments if designated by the county to receive mandated reports, and county welfare departments shall:
 - 1) Notify in writing the known or suspected child abuser that he or she has been reported to the Child Abuse Central Index, in any form approved by the Department of Justice, at the time the “Child Abuse Investigation Report” is filed with the Department of Justice. . . .

This activity includes, where applicable, completion of the Notice of Child Abuse Central Index Listing form (SOC 832), or subsequent designated form.

For law enforcement agencies only, this activity is eligible for reimbursement from July 1, 1999 until December 31, 2011, pursuant to Penal Code section 11169(b), as amended by Statutes 2011, chapter 468 (AB 717), which ends the mandate to report to DOJ for law enforcement agencies.

- 2) Make relevant information available, when received from the Department of Justice, to the child custodian, guardian ad litem appointed under section 326, or counsel appointed under section 317 or 318 of the Welfare and Institutions Code, or the appropriate licensing agency, if he or she is treating or investigating a case of known or suspected child abuse or severe neglect. . . .

- 3) Inform the mandated reporter of the results of the investigation and of any action the agency is taking with regard to the child or family, upon completion of the child abuse investigation or after there has been a final disposition in the matter. . . .
 - 4) Notify, in writing, the person listed in the Child Abuse Central Index that he or she is in the index, upon receipt of relevant information concerning child abuse or neglect investigation reports contained in the index from the Department of Justice when investigating a home for the placement of dependent children. The notification shall include the name of the reporting agency and the date of the report. . . .
- b. City and county police or sheriff's departments, county probation departments if designated by the county to receive mandated reports, county welfare departments, county licensing agencies, and district attorney offices shall:

Obtain the original investigative report from the agency that submitted the information to the CACI pursuant to Penal Code section 11169(a), and objectively review the report, when information regarding an individual suspected of child abuse or neglect, or an instance of suspected child abuse or neglect, is received from the CACI while performing existing duties pertaining to criminal investigation or prosecution, or licensing, or placement of a child. (Penal Code section 11170(b)(6) (Stats. 2000, ch. 916 (AB 1241)); now subdivision (b)(10), as amended by Statutes 2012, chapter 848 (AB 1707))

Reimbursement for this activity does not include investigative activities conducted by the agency, either prior to or subsequent to receipt of the information that necessitates obtaining and reviewing the investigative report.

- c. City and county police or sheriff's departments, county probation departments, and county welfare departments shall:

Notify, in writing, the person listed in the Child Abuse Central Index that he or she is in the index, upon receipt of relevant information concerning child abuse or neglect reports contained in the index from the Department of Justice regarding placement with a responsible relative pursuant to Welfare and Institutions Code sections 281.5, 305, and 361.3. The notification shall include the location of the original investigative report and the submitting agency. The notification shall be submitted to the person listed at the same time that all other parties are notified of the information, and no later than the actual judicial proceeding that determines placement. . . .

Recommendation

We recommend that the county ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County's Response

The county concurs with the finding and recommendation.

**FINDING 5—
Due Process Procedures
Offered to Persons Listed
in CACI cost component –
unallowable salaries and
benefits and related
indirect costs**

The DPSS claimed \$3,171,241 in salaries and benefits and \$219,251 in related indirect costs for the Due Process Procedures Offered to Persons Listed in CACI cost component during the audit period. We found that \$33,680 is allowable and \$3,137,561 is unallowable. The DPSS costs claimed are unallowable because the county claimed unallowable activities, overstated the number of hearings for the persons listed in CACI, overstated the time increments claimed, and misstated the productive hourly rates and related benefit costs. The related indirect costs adjustment is \$216,835.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits for DPSS to provide due process procedures offered to persons listed in CACI, and related indirect costs, by fiscal year:

Fiscal Year	DPSS Salaries and Benefits			Related
	Amount Claimed	Amount Allowable	Audit Adjustment	Indirect Cost Adjustment
2007-08	\$ 591,901	\$ 766	\$ (591,135)	\$ (40,929)
2008-09	487,758	3,828	(483,930)	(33,877)
2009-10	407,587	6,888	(400,699)	(27,575)
2010-11	402,957	8,421	(394,536)	(27,193)
2011-12	574,632	5,357	(569,275)	(38,929)
2012-13	706,406	8,420	(697,986)	(48,332)
Total	<u>\$ 3,171,241</u>	<u>\$ 33,680</u>	<u>\$ (3,137,561)</u>	<u>\$ (216,835)</u>

Salaries and Benefits

For the audit period, for providing due process procedures to persons listed in CACI, the DPSS estimated that it took its staff the following number of hours per referral/request/hearing:

- Social Services Worker - 24.5 hours per referral
- Program Specialist - 1.5 hours per request or hearing
- Children's Social Services Supervisor - 11 hours per referrals/requests/hearings
- Hearing Officer - 9.5 hours per hearing
- Office Assistant - 2 hours per hearing

To arrive at the claimed hours, the DPSS multiplied the estimated hours by the following total number of referrals/requests/hearings:

Classification	Fiscal Year					
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
DPSS Claimed Referrals/Requests/Hearings:						
Social Services Worker (RA)	-	-	-	-	-	2,585
Social Services Worker	429	343	291	262	362	432
Program Specialist	2	32	78	73	86	84
Children's Social Services Supervisor (Placement)	429	343	291	262	362	432
Children's Social Services Supervisor (Hearings)	2	32	78	73	86	84
Children's Social Services Supervisor (ACR)	1	27	69	62	79	73
Hearing Officer	1	5	9	11	7	11
Office Assistant	1	5	9	11	7	11

The DPSS used the PHRs and related benefit amounts of the respective classifications to calculate the salaries and benefits claimed.

Number of Hearings / Relative Assessment Referrals / Criminal Exemption Referrals

Claimed

The DPSS obtained the claimed number of hearings requested, and hearing requests denied and approved from the Gomez Hearing Database. Under this component, the DPSS also claimed activities for relative assessment referrals from the Relative Assessment Unit's Criminal Exemption Tracking Log.

Allowable

The DPSS staff provided data from the Gomez Hearing Database which included hearing requests, hearings denied, and hearings held. We found that the DPSS overstated the hearings for persons listed in CACI, as only actual hearings held are allowable for reimbursement. We also found that all relative assessment referrals and criminal exemption reviews claimed under this component are unallowable because claimed activities do not relate to any of the reimbursable components.

The following table summarizes the claimed, allowable, and adjusted number of hearings for each person listed in CACI:

<u>Fiscal Year</u>	<u>Claimed Hearings</u>	<u>Allowable Hearings</u>	<u>Difference</u>
DPSS Due Process Hearings:			
2007-08	2	1	(1)
2008-09	32	5	(27)
2009-10	78	9	(69)
2010-11	73	11	(62)
2011-12	86	7	(79)
2012-13	84	11	(73)
Total	<u>355</u>	<u>44</u>	<u>(311)</u>

The following table summarizes the claimed, allowable, and adjusted number of referrals for relative assessment / criminal exemption related activities:

<u>Fiscal Year</u>	<u>Claimed Referral</u>	<u>Allowable Referrals</u>	<u>Difference</u>
DPSS Referrals for Relative Assessment / Criminal Exemption:			
2007-08	429	-	(429)
2008-09	343	-	(343)
2009-10	291	-	(291)
2010-11	262	-	(262)
2011-12	362	-	(362)
2012-13 *	432	-	(432)
Total	<u>2,119</u>	<u>-</u>	<u>(2,119)</u>

* DPSS also claimed 2,585 unallowable referrals related to Relative Assessment this fiscal year.

Time Increments

Claimed

The DPSS estimated the following time increments for each classification for providing due process procedures for persons listed in CACI:

- Program Specialist - 1.5 hours
- Children’s Social Services Supervisor - 5 hours (2.5 for hearings and 2.5 for ACR)
- Hearing Officer - 9.5 hours
- Office Assistant - 2 hours

The DPSS estimated the following time increments for each classification for relative assessment activities and criminal exemption reviews:

- Social Services Worker - 24.5 hours
- Children’s Social Services Supervisor - 6 hours

The DPSS did not provide any source documentation based on actual data to support the estimated time increments. The DPSS indicated that it determined the estimated time increment claimed for providing due process procedures to persons listed in CACI by interviewing management and staff that worked directly on the activities.

The DPSS also implemented a time study during August 2014 to capture and compare the time increments for claimed activities under this cost component. We reviewed the results of the time study and determined that the time study did not provide sufficient support for the costs claimed. The county combined time tracked for various activities performed and included non-reimbursable activities within the time increments.

Allowable

We performed a time survey to determine the reimbursable portion of the county's time study results. We found that DPSS claimed unallowable activities related to relative assessment and criminal exemption reviews. The relative assessment and criminal exemption procedures are unallowable because they do not relate to any reimbursable components or activities listed in the parameters and guidelines for this mandated program.

Only the activities of sending a notice, attending the evidence meeting, attending the Gomez hearing, and notifying the hearing results are allowable under the component of providing due process procedures to the persons listed in CACI. During our time survey we captured time spent by the:

- Program Specialist sending the hearing notice, attending the evidence meeting, and attending the hearing;
- Children's Social Services Supervisor notifying the hearing result; and
- Hearing Officer preparing and attending the hearing.

Based on our time survey, we determined that 3.08 hours of activities conducted by the Program Specialist, 1.5 of activities conducted by the Children's Social Services Supervisor, and 9.5 hours of activities conducted by the Hearing Officer are allowable for reimbursement for each allowable hearing.

The following table summarizes the claimed, allowable, and adjusted hours based on the adjustments made to the number of hearings held for providing due process procedures to persons listed in CACI and the adjusted time increments, as described above:

Fiscal Year	Claimed Hours	Allowable Hours	Difference
DPSS Due Process Hours:			
2007-08	12,893.00	14.08	(12,878.92)
2008-09	10,544.00	70.40	(10,473.60)
2009-10	9,319.00	126.72	(9,192.28)
2010-11	8,435.00	154.88	(8,280.12)
2011-12	11,483.00	98.56	(11,384.44)
2012-13	14,312.00	154.88	(14,157.12)
Total	<u>66,986.00</u>	<u>619.52</u>	<u>(66,366.48)</u>

Productive Hourly Rate

As explained in Finding 6—Misstated Productive Hourly Rate, we calculated an average PHR for each classification performing reimbursable activities using the productive hours and the bi-weekly salary reports the county provided us during the audit.

Benefit Amount

We calculated allowable benefit amounts using the Program Specialist, Children’s Social Services Supervisor, and the Hearing Officer classifications’ fringe benefits.

Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of hearings held for the persons listed in CACI by the allowable time increment per hearing determined during our time survey. We then applied the audited PHRs and the audited benefit rates to the allowable hours. The county overstated DPSS salaries and benefits by \$3,137,561 for the audit period. The related unallowable indirect costs adjustment is \$216,835.

The following table details the audit adjustment for DPSS salaries and benefits by fiscal year as described in the finding above:

<u>Fiscal Year</u>	<u>Overstated Hours Adjustment</u>	<u>Productive Hourly Rate Adjustment</u>	<u>Benefit Adjustment</u>	<u>Audit Adjustment</u>
DPSS Adjustments:				
2007-08	\$ (409,393)	\$ 100	(181,842)	\$ (591,135)
2008-09	(339,224)	455	(145,161)	(483,930)
2009-10	(276,804)	1,054	(124,949)	(400,699)
2010-11	(272,802)	878	(122,612)	(394,536)
2011-12	(389,748)	457	(179,984)	(569,275)
2012-13	(484,034)	717	(214,669)	(697,986)
Total	<u>\$ (2,172,005)</u>	<u>\$ 3,661</u>	<u>(969,217)</u>	<u>\$ (3,137,561)</u>

Criteria

The parameters and guidelines (section IV. Reimbursable Activities) require claimed costs to be supported by source documents. (See Finding 1 for the parameters and guidelines definition of source documents.)

The parameters and guidelines (section VI. B.6.) allow ongoing activities related to costs for providing due process procedures to persons listed in CACI, for the following activities:

City and county police or sheriff’s departments, county probation departments if designated by the county to receive mandated reports, and county welfare departments shall:

Provide due process reasonably necessary to comply with federal due process procedural protections under the 14th Amendment that must be afforded to individuals reported to the DOJ’s Child Abuse Central Index. This activity includes a hearing before the agency that submitted the individual’s name to CACI. This activity includes any due process procedures available to persons listed in the CACI prior to the enactment of Statutes 2011, chapter 468.

Reimbursement is not required for a hearing meeting the requirements of due process if a court of competent jurisdiction has determined that child abuse has occurred, or while the allegation is pending before a court. . . .

Recommendation

We recommend that the county ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County's Response

The county concurs with the finding and recommendation.

**FINDING 6—
Misstated productive
hourly rates**

For the audit period, the DPSS calculated claimed salaries based on hours for the Intake Specialist, Social Services Worker, Office Assistant, Hearing Officer, Program Specialist, and Social Service Supervisor classifications. DPSS used an average budgeted annual salary of the entire bargaining unit and average productive hours of 1,743 to calculate average PHRs. The DPSS claimed benefits as total dollar amounts per each classification rather than a related percentage of the salaries.

We found that the claimed PHRs were not appropriate, as each of the bargaining units represented several classifications. We recalculated a more representative average PHR for each classification separately rather than in aggregate, using the salary and benefit information of the employees that were interviewed during our time survey.

During the audit we found that the Intake Specialist classification is not involved in performing any of the reimbursable components. We also found that the Children's Social Services Worker classification is involved in performing some of the reimbursable components.

We used the support provided by the county during the audit, the annual productive hours, and the bi-weekly salary reports for FY 2012-13 to calculate average salary and benefit rates for the Children's Social Services Worker, Social Services Worker, Office Assistant, Hearing Officer, Program Specialist, and Social Services Supervisor classifications. We applied the benefit rates to the total allowable hours to calculate the allowable benefit amounts. We did an analytical comparison of the salary fluctuations from year to year, and found that it was reasonable to apply the average salary and benefit rates calculated for FY 2012-13 to the remaining fiscal years of the audit period.

Productive Hours

For the audit period, the county used 1,743 productive hours to calculate its PHRs claimed in each fiscal year. The county calculated its annual productive hours by subtracting sick leave, vacation, holiday, and training hours from the annual work hours. We found that 1,760 annual productive hours are allowable rather than 1743, because 17 hours of training were not appropriately excluded from productive hour calculations. The county should not reduce training time that benefits specific departments or

training common to all departments when calculating the countywide productive hours. The county is indirectly claiming reimbursement for ineligible training time by excluding training hours from the county’s annual productive hour calculations.

The following table summarized the claimed, allowable, and audit adjustments related to the productive hours used to calculate claimed and allowable PHRs:

Type	Claimed Productive Hours	Allowable Productive Hours
Productive Hours:		
Total Work Time	2,080	2,080
Holiday	(96)	(96)
Vacation	(120)	(120)
Sick Leave	(104)	(104)
Training	(17)	-
Total Hours	<u>1,743</u>	<u>1,760</u>

The following tables summarize the audit adjustments to the productive hourly rates based on adjusted productive hours and bi-weekly salary reports as described above, by classification and fiscal year:

Fiscal Year	Claimed Productive Hourly Rate	Allowable Productive Hourly Rate	Difference
Office Assistants:			
2007-08	\$ 17.88	\$ 18.62	\$ 0.74
2008-09	18.36	18.62	0.26
2009-10	18.68	18.62	(0.06)
2010-11	18.48	18.62	0.14
2011-12	18.31	18.62	0.31
2012-13	18.43	18.62	0.19

The allowable hourly benefit rate for the Office Assistant classification is \$8.82.

Fiscal Year	Claimed Productive Hourly Rate	Allowable Productive Hourly Rate	Difference
Hearing Officer:			
2007-08	\$ 31.79	\$ 39.29	\$ 7.50
2008-09	32.40	39.29	6.89
2009-10	30.11	39.29	9.18
2010-11	32.97	39.29	6.32
2011-12	34.25	39.29	5.04
2012-13	34.21	39.29	5.08

The allowable hourly benefit rate for the Hearing Officer classification is \$15.45.

<u>Fiscal Year</u>	<u>Claimed Productive Hourly Rate</u>	<u>Allowable Productive Hourly Rate</u>	<u>Difference</u>
Program Specialist II:			
2007-08	\$ 32.13	\$ 38.45	\$ 6.32
2008-09	33.02	38.45	5.43
2009-10	32.70	38.45	5.75
2010-11	34.62	38.45	3.83
2011-12	34.75	38.45	3.70
2012-13	34.93	38.45	3.52

The allowable hourly benefit rate for the Program Specialist II classification is \$15.52.

<u>Fiscal Year</u>	<u>Claimed Productive Hourly Rate</u>	<u>Allowable Productive Hourly Rate</u>	<u>Difference</u>
Children's Social Services Supervisor:			
2007-08	\$ 31.79	\$ 38.28	\$ 6.49
2008-09	32.40	38.28	5.88
2009-10	30.11	38.28	8.17
2010-11	32.97	38.28	5.31
2011-12	34.25	38.28	4.03
2012-13	34.21	38.28	4.07

The allowable hourly benefit rate for the Children's Social Services Supervisor classification is \$14.47.

<u>Fiscal Year</u>	<u>Claimed Productive Hourly Rate</u>	<u>Allowable Productive Hourly Rate</u>	<u>Difference</u>
Social Services Worker			
2007-08	\$ 31.79	\$ 20.51	\$ (11.28)
2008-09	32.40	20.51	(11.89)
2009-10	30.11	20.51	(9.60)
2010-11	32.97	20.51	(12.46)
2011-12	34.25	20.51	(13.74)
2012-13	34.21	20.51	(13.70)

The allowable hourly benefit rate for the Social Services Worker classification is \$10.64.

<u>Fiscal Year</u>	<u>Claimed Productive Hourly Rate</u>	<u>Allowable Productive Hourly Rate</u>	<u>Difference</u>
Children's Social Service Worker			
2007-08	\$ 31.79	\$ 29.61	\$ (2.18)
2008-09	32.40	29.61	(2.79)
2009-10	30.11	29.61	(0.50)
2010-11	32.97	29.61	(3.36)
2011-12	34.25	29.61	(4.64)
2012-13	34.21	29.61	(4.60)

The allowable hourly benefit rate for the Children's Social Services Worker classification is \$13.06.

Application of Audited Productive Hourly Rates

We applied the audited PHRs to the audited costs components: cross-reporting, conducting initial investigation, preparing and submitting the SS 8583 report forms to DOJ, providing notifications following reports to CACI, and providing due process procedures to persons listed in CACI.

Criteria

The parameters and guidelines (section V. Claim Preparation and Submission-Direct Cost Reporting-Salaries and Benefits) state that, for salaries and benefits, claimants are required to:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

The SCO's *Mandated Cost Manual for Local Agencies*, applicable for the audit period, states that one of three options may be used to compute productive hourly rates:

- Actual annual productive hours for each employee,
- The weighted-average annual productive hours for each job title, or
- 1,800 annual productive hours for all employees. (The 1,800 annual productive hours excludes time for paid holidays, vacation earned, sick leave taken, informal time off, jury duty, and military leave taken.)

Recommendation

We recommend that the county ensure that productive hourly rates are calculated in accordance with the guidance provided in the SCO's claiming instructions.

County's Response

The county concurs with the finding and recommendation.

**FINDING 7—
Overstated offsetting
revenues**

The DPSS overstated offsetting revenues totaling \$3,991,569 for the audit period.

The county reported the mandate-related ratio of federal funding it received based on total annual claimed costs. As a result of adjustments identified in Findings 1 through 6, we recalculated the appropriate offsetting revenues based on allowable costs, using the offset ratios provided by the DPSS.

The following table summarizes the overstated offsetting revenues by fiscal year:

	Fiscal Year						Total
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	
Offsetting revenues:							
Total allowable ICAN activities (1)	\$ 1,566,213	\$ 1,623,447	\$ 1,590,905	\$ 1,585,310	\$ 1,449,289	\$ 1,317,620	\$ 9,132,784
Offset revenue ratio	(46.30)%	(44.50)%	(43.80)%	(39.40)%	(39.40)%	(41.40)%	
Audited offsetting revenues	(725,157)	(722,434)	(696,816)	(624,612)	(571,020)	(545,495)	\$ (3,885,534)
Claimed offsetting revenues	1,503,874	1,424,153	1,258,315	1,216,702	1,222,023	1,252,036	7,877,103
Audit Adjustment	\$ 778,717	\$ 701,719	\$ 561,499	\$ 592,090	\$ 651,003	\$ 706,541	\$ 3,991,569

(1) Includes direct and indirect costs

The parameters and guidelines (section VII. Offsetting Revenues and Reimbursements) state:

Any offsetting revenues the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, service fees collected, federal funds, and other state funds, shall be identified and deducted from the claim.

Recommendation

We recommend that the county ensure that all applicable reimbursements are offset on its claims against its mandated program costs.

County’s Response

The county concurs with the finding and recommendation.

**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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ACC | **AUDITOR
CONTROLLER**
COUNTY OF RIVERSIDE

**Paul Angulo, CPA, M.A.
County Auditor-Controller**

**Frankie Ezzat, MPA
Assistant Auditor-Controller**

June 18, 2015

Jeffrey V. Brownfield, CPA
Chief, Division of Audits
State Controller's Office, Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874

Re: Mandated Interagency Child Abuse and Neglect Investigation Reports Program Audit

Dear Mr. Brownfield:

We received the June 2015 draft mandated cost claim audit report for the Interagency Child Abuse and Neglect Investigation Reports Program, Program 358, Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9) as added and/ or amended by various legislations for the period of July 1, 1999, through June 30, 2013.

We concur with the audit findings and recommendations contained within the report.

Thank you and your staff for all the assistance and professionalism given to us during the course of the audit. Your staff was very competent and capable in performing the necessary program field work in a prompt and timely manner, which is appreciated.

If you have any questions or concerns, please feel free to contact Marla L. Pendleton, CPA, Principal Accountant, at 951-955-3867.

Sincerely,

Paul Angulo, CPA, MA
County Auditor-Controller

Attachment – Audit Response from DPSS



Department of Public Social Services

Administrative Office: 4060 County Circle Drive, Riverside, CA 92503
(951) 358-3000 FAX: (951) 358-3036
www.dpss.co.riverside.ca.us

Susan von Zabern, Director

Date: June 19, 2015

To: Marla Pendleton
Riverside County Auditor-Controller's Office

Subject: State Controller's Office audit of costs claimed by Riverside County for the legislatively mandated Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program.

DPSS appreciated the opportunity to work with the SCO to identify and refine the methodology utilized to capture and reach a mutual understanding regarding allowable ICAN costs. While working with the SCO auditors, it became apparent that the County's initial understanding regarding the parameters of allowable activities were more broadly stated than the definitions being applied by the SCO.

In the initial stages of developing the claim, the department worked with the County consultant to identifying an approach to collect the necessary information for the activities as they were understood. After the claim was submitted, the SCO auditors worked with the department to interview and observe staff performing the various functions related to ICAN activities. These observations provided all parties the ability to better understand and define what the allowable activities were and the time needed to complete each task.

In addition, during the time period the department prepared the claim, information was not readily available from the test claim submitted by LA County, which would have provided further clarification on what was an allowable activity. Upon completion of the audit fieldwork and review with the SCO, the previous understanding for the parameters became more narrowly defined and clarified.

In conclusion, with a better understanding of the allowable activities for ICAN claiming, DPSS concurs with the final audit report and findings.

Sincerely,

 6/19/15

Jerry Cyr – Chief Finance Officer
Riverside County Department of Public Social Services

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

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