

## COMMISSION ON STATE MANDATES

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October 1, 2013

Ms. Jan Grimes, Auditor-Controller  
County of Orange  
12 Civic Center Plaza, Room #200  
Santa Ana, CA 92702

Ms. Mary Hale, Deputy Director  
Orange County Health Care Agency  
405 W. 5<sup>th</sup> Street, 7<sup>th</sup> Floor  
Santa Ana, CA 92701

Mr. Mark Refowitz, Director  
Orange County Health Care Agency  
405 W. 5<sup>th</sup> Street, 7<sup>th</sup> Floor  
Santa Ana, CA 92701

Ms. Kimberly Engelby, Accounting Manager  
Orange County Health Care Agency  
405 W. 5<sup>th</sup> Street, 7<sup>th</sup> Floor  
Santa Ana, CA 92701

**Re: Notice of Incomplete Filings and Request for Additional Information**

Incorrect Reduction Claims

**11-9705-I-02**, *Seriously Emotionally Disturbed (SED) Pupils: Out-of-State Mental Health Services*; and

**12-9705-I-03**, *Handicapped and Disabled Students (04-RL-4282-10); Handicapped and Disabled Students II (02-TC-40/02-TC-49); and Seriously Emotionally Disturbed (SED) Pupils: Out-of-State Mental Health Services (97-TC-05)*

Dear Ms. Grimes, Mr. Refowitz, Ms. Hale and Ms. Engelby:

On November 9, 2011, the Commission on State Mandates (Commission) received an incorrect reduction claim (IRC) filing on the *Seriously Emotionally Disturbed (SED) Pupils: Out-of State Mental Health Services* program for fiscal years 2000-2001 through 2005-2006. Commission staff deemed it complete on November 17, 2011 and assigned it the number of 11-9705-I-02.

Likewise, on March 8, 2013, the Commission received an IRC filing on the *Handicapped and Disabled Students; Handicapped and Disabled Students II; and Seriously Emotionally Disturbed (SED) Pupils: Out-of State Mental Health Services* consolidated program for fiscal years 2006-2007 through 2008-2009. Commission staff deemed it complete on March 21, 2013 and assigned it the number of 12-9705-I-03.

Commission staff has further reviewed these filings and determined that they are *incomplete* because the Orange County Health Care Agency is not authorized to file IRCs on behalf of the County of Orange. Claims may be filed with the Commission by any city, county, special district or school district which is subject to the tax and spend limitations of the California Constitution. Only the county itself is eligible for reimbursement since no department of a county has the authority to impose taxes or make appropriations. Generally, responsibility for collecting debts and other money of a county, including mandate reimbursement, rests with the county auditor-controller who is authorized to act on behalf of the county. Government Code section 26900 generally charges auditor-controllers with examining and settling the accounts of anyone indebted to or holding money payable to the county treasury.

Pursuant to the County of Orange Auditor-Controller Accounting Manual on State-Mandated Costs and Claims for Reimbursement, section 2.1, county departments are responsible for identifying reimbursable mandated costs, implementing procedures for documenting mandated costs, preparing claims for reimbursement from the State, gathering and maintaining proper

Ms. Grimes, Mr. Refowitz, Ms. Hale and Ms. Engelby

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documentation to support claim for possible audit or further review by the SCO.<sup>1</sup> However, departments are required to “submit accurate and timely claims to the Auditor-Controller Financial Reporting/Mandated Costs Unit for reviewing and filing with the State.”<sup>2</sup> Moreover, section 2.2 specifies that it is the responsibility of the Auditor-Controller Financial Reporting/Mandated Costs Unit to review all claims being submitted to the State for reimbursement of mandated costs, and file these claims with the State. Finally, section 3.4 specifies, among other things, that the Auditor-Controller Financial Reporting/Mandated Costs Unit will sign the certification on all claims, mail claims to the state and monitor the status of the claims filed with the state.<sup>3</sup> Therefore, it appears that the authority to file mandate claims (including incorrect reduction claims) with the state rests with the Auditor-Controller. Though it may be appropriate for the department to prepare the claim, submit documentation in support of the claim and testify before the Commission in support of the claim, since it knows the program best, the Auditor-Controller Financial Reporting/Mandated Costs Unit is the proper claimant before the Commission for County of Orange matters.

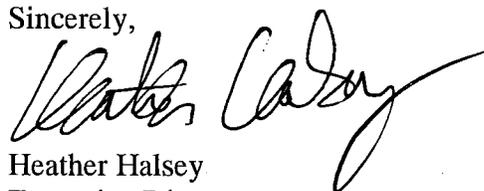
Therefore, to complete the filings and maintain the original filing date, please submit a new IRC form (just the first four pages) for each of the two above-named matters, specifying the county or the Auditor-Controller Financial Reporting/Mandated Costs Unit on behalf of the county as the claimant in these matters and a new certification signed by the appropriate person in the Auditor-Controller Financial Reporting/Mandated Costs Unit. Please file with the Commission by **October 31, 2013**.

You may file electronically via the Commission’s e-filing system pursuant to section 1181.2 of the Commission’s regulations. Please see the Commission’s website at <http://www.csm.ca.gov/dropbox.shtml>.

If the incorrect reduction claim filings are not completed within 30 days of the date of this letter, the Commission shall deem the filings to be withdrawn. (Cal. Code Regs., tit. 2, § 1185(g)).

Please call Heidi Palchik at (916) 323-3562 if you have any questions.

Sincerely,



Heather Halsey  
Executive Director

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<sup>1</sup> Orange County Policy B.5., as amended July 2000, “State-Mandated Costs and Claims for Reimbursement.” Accessed at <http://ac.ocgov.com/info/manual/b/mandated> on September 25, 2013.

<sup>2</sup> Id.

<sup>3</sup> Id.