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*Commission on
State Mandates*

STATE OF CALIFORNIA
COMMISSION ON STATE MANDATES

In Re:

STATE CONTROLLER'S OFFICE
AUDIT REPORT ON SANTA CLARA
COUNTY'S CHILD ABDUCTION AND
RECOVERY PROGRAM

INCORRECT REDUCTION CLAIM
No.08-4237-I-02

**REBUTTAL TO THE RESPONSE SUBMITTED BY THE STATE
CONTROLLER**

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BACKGROUND

On March 17, 2006, the State Controller's Office (hereinafter "SCO") issued its final audit report on the County of Santa Clara's (hereinafter "County") claims for costs incurred based on the legislatively-created Child Abduction and Recovery Program (Chapter 1399, Statutes of 1976; Chapter 162, Statutes of 1992; and Chapter 988, Statutes of 1996) for July 1, 1999, through June 30, 2002. The SCO incorrectly reduced the County's claim of \$2,946,189 by \$1,268,210, thus allowing only \$1,667,721.

The County submitted the instant Incorrect Reduction Claim ("IRC") on January 7, 2009, which was received by the Commission on State Mandates ("Commission") on

January 28, 2009. Almost six years later, on December 22, 2014, the SCO filed its formal response. Despite the delay in the SCO's response, the County will address the specifics in the SCO's response.

DISCUSSION

A. AUDIT FINDING NUMBER ONE REGARDING COUNTY'S PRODUCTIVE HOURLY RATE CALCULATION IS INCORRECT.

Audit Finding 1 states that the County over-claimed salaries, benefits and related indirect costs in the amount of \$184,446. This finding was based upon the County's computation of its productive hourly rates for employees, which was proper and complied with the SCO's Claiming Instructions allowing for a methodology of calculating the average annual productive hours with a deduction based on authorized (or required) employee break time and required training; rather than actual break time and required training. The County's IRC exhaustively explains the County's basis for using the developed countywide average annual productive hours and why this is an approved method based on the Mandated Cost Manual for Local Agencies ("Manual").

The SCO's response acknowledges that the Manual "allows the county to calculate productive hourly rates using countywide average annual productive hours."¹ The point of difference between the SCO and the County is the accepted methodology for calculating break time and training time.

With respect to break time, the County claimed authorized break time to calculate the productive hourly rate. The SCO is taking the position that only actual break time can be used to calculate the productive hourly rate. Since the IRC was submitted, the County has re-evaluated how it calculates break time for the countywide average annual

¹ SCO Response at p. 6.

productive hours and break time is not included in the calculation because it is not cost effective to track actual break time. Therefore, the County no longer challenges the SCO's audit findings with respect to how break time was calculated for purposes of the countywide productive hourly rate for FY 1999-2000, FY 2000-2001, and FY 2001-2002.

Concerning training hours deducted, the SCO's response acknowledges that training time specifically related to a mandated program is eligible for reimbursement and, presumably, can be deducted when calculating the countywide productive hourly rate. The issue for the SCO is that the County deducted training time based on time required for non-mandated programs, such as training time benefiting specific departments when calculating the countywide productive hours for FY 1999-2000, FY 2000-2001, and FY 2001-2002. The County no longer challenges the SCO's audit findings with respect to how training was calculated for purposes of the countywide productive hourly rate for FY 1999-2000, FY 2000-2001, and FY 2001-2002.

B. AUDIT FINDING NUMBER TWO REGARDING A LACK OF SUBSTANTIATING RECORDS IS INCORRECT.

Audit Finding 2 alleges (1) that the time claimed for certain employees was unsubstantiated due to a lack of time logs and (2) that the time claimed for employees who were not dedicated to the program full-time was unsubstantiated due to a lack of time logs.

With respect to allegation (1), the employees in question were employed full-time in the County's Child Abduction and Recovery Program performing mandated activities. The SCO is seeking time logs for each of these employees as proof of the costs incurred for the program. However, as the County previously explained to the SCO the proof of

the costs incurred for the program is more accurately reflected by payroll accounts for these employees. The County further submitted a time study to support the mandate-related hours claimed by these employees. The SCO's response devalues the time study because it does not show that the County employees worked on mandate-related activities on a full-time basis. Nevertheless, it does show that a percentage of these employees time was spent on mandated-related activities and the County should be reimbursed for this time.

With respect to allegation (2), the County did perform a time study to substantiate in FY 2004-2005 to support costs claimed for FY 1999-2000, FY 2000-2001, and FY 2001-2002 because the source document requirement was not in the Commission's parameters and guidelines at the time the mandate claim was filed. The SCO's response is that because the time study was conducted during FY 2004-2005 it cannot be used as evidence to support the time logs provided to support claims in FY 1999-2000, FY 2000-2001, and FY 2001-2002. The time study should not be dismissed simply because it was conducted in a fiscal year not related to the fiscal years at issue.

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CONCLUSION

The County continues to request that the Commission reverse the SCO's audit finding for Audit Finding 2. The County is available to meet with Commission and SCO staff to address the audit findings.

Dated: 4/2/2015

Respectfully submitted,

ORRY P. KORB
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1090690

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On April 3, 2015, I served the:

Claimant Rebuttal Comments

Incorrect Reduction Claim, 08-4237-I-02

Child Abduction and Recovery Program

Family Code Sections 3060-3064, 3130-3134.5, 3408, 3411, and 3421;

Penal Code Sections 277, 278, and 278.5; Welfare and Institutions Code Section 11478.5

Fiscal Years: 1999-2000, 2000-2001, 2001-2002

Santa Clara County, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on April 3, 2015 at Sacramento, California.



Lorenzo Duran

Commission on State Mandates

980 Ninth Street, Suite 300

Sacramento, CA 95814

(916) 323-3562

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 2/19/15

Claim Number: 08-4237-I-02

Matter: Child Abduction and Recovery Program

Claimant: County of Santa Clara

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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