

**CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES**

P.O. Box 419064, Rancho Cordova, CA 95741-9064



August 20, 2018

Mr. Martin Hoshino, Administrative Director  
Judicial Council of California  
455 Golden Gate Avenue  
San Francisco, California 94102

**SUBJECT: JUDICIAL COUNCIL OF CALIFORNIA CONTRACT  
FINAL AUDIT REPORT**

Dear Mr. Hoshino:

Enclosed is the California Department of Child Support Services (DCSS), Office of Audits and Compliance (OAC), final report on the costs claimed under the Judicial Council of California contract by the Superior Court of California, County of Glenn (Court). Our review was limited to examining Assembly Bill (AB) 1058 child support related costs claimed in state fiscal year 2015-16 for the Child Support Commissioner and the Family Law Facilitator programs. This engagement was performed to satisfy federal and state mandated subrecipient monitoring of the AB 1058 child support grant funds.

OAC reviewed the Court's response to the draft report, including the corrective action identified by the Court in response to the reported findings. The findings have not changed and the results of the review are in the attached Evaluation of Response.

On August 10, 2018, DCSS issued a letter regarding the repayment and/or corrective action required in response to the findings in this report. OAC will follow up within six months from the date of this report to ensure corrective action was taken by the Court.

We appreciate the assistance and cooperation of the Judicial Council and the Court staff during the review. If you have any questions regarding this report, please contact me at (916) 464-5520.

Sincerely,

A handwritten signature in blue ink that reads "Karen Dailey".

KAREN DAILEY  
Audit Chief  
Office of Audits and Compliance  
Department of Child Support Services

Enclosure

**Department of Child Support Services  
Office of Audits and Compliance**

**Judicial Council of California Contract  
Review Audit Report**

**Superior Court of California  
County of Glenn**



**Prepared by:  
Office of Audits and Compliance**

**CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES  
OFFICE OF AUDITS AND COMPLIANCE  
Judicial Council of California Contract Review  
Superior Court of California, County of Glenn**

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**Judicial Council Contract Review  
Superior Court of California, County of Glenn  
Department of Child Support Services  
Office of Audits and Compliance  
Audit Report**

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## **INTRODUCTION**

California Department of Child Support Services (DCSS), Office of Audits and Compliance (OAC), conducts fiscal and compliance audits of subrecipients who receive IV-D program funds in the administration of the child support program. These audits are required as part of DCSS subrecipient monitoring responsibilities. DCSS contracts with the Judicial Council of California (JCC) for statewide Title IV-D services with the Child Support Commissioner (CSC) program and Family Law Facilitator (FLF) offices. The Court receives federal and state funds through a contract with JCC who oversees these programs and the expenditures claimed under this contract.

This report presents the results of the OAC's review of the Superior Court of California, County of Glenn (Court) CSC and FLF program for the state fiscal year (SFY) of July 1, 2015, through June 30, 2016.

## **BACKGROUND**

The Child Support Enforcement (CSE) program is a federal/state/local partnership to collect child support from noncustodial parents. The goals of this program are to ensure that the children have the financial support of both their parents, to foster responsible behavior towards children, and to reduce welfare costs. The CSE Program was established in 1975 as Title IV-D of the Social Security Act.

Established by state legislation in 1999, the California Department of Child Support Services is designated as the single state entity responsible for ensuring that all functions necessary to establish, collect, and distribute child support are effectively and efficiently implemented. Title 45, Section 302.34 gives DCSS authority to enter into a cooperative agreement with the courts under the state plan. The JCC, chaired by the Chief Justice of California, is the chief policy-making agency of the California judicial system. The JCC oversees the ongoing operations of the statewide Title IV-D CSC and FLF programs in the courts under grant funding AB 1058. In SFYs 2015-16, DCSS contracted the JCC for a total of \$55,171,367. For the period July 1, 2015 through June 30, 2016, the JCC reimbursed the Court \$253,163 in state and federal funds as follows: \$154,365 for the CSC and \$98,798 for the FLF program.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

The review was conducted for the period July 1, 2015 to June 30, 2016. The area of review was limited to claimed expenditures under the contract agreement #10-0586-16 between DCSS and the JCC for this period. The objective of the review was further limited to determining if expenditures claimed by the Court under JCC contract agreement #10-30645 for the CSC program and #10-30717 for the FLF program complied with applicable laws, rules, and regulations, including OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards set forth in Title 2 CFR Subtitle A Chapter II, Part 200 (Uniform Requirements) , Trial Court Financial Policies and Procedures Manual (FIN Manual) and Title IV-D (AB 1058) Child Support Commissioner and Family Law Facilitator Program Accounting and Reporting Instructions.

The audit was conducted 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. This audit includes examining, on a test basis, evidence supporting the amounts included on contract invoices. An audit also includes assessing the accounting principles used and significant estimates made by management.

Due to the limited scope, our audit does not constitute a financial statement audit conducted in accordance with Government Auditing Standards; therefore, we do not express an opinion on the financial statements, or on any individual account balances. Had we performed additional procedures, or conducted a complete audit of the financial statements, other matters might have come to our attention that may have been reported.

## **AUDIT AUTHORITY**

Uniform Requirements 2 CFR 200.328 Monitoring and reporting program performance makes DCSS responsible for oversight of the operations of the Federal award supported activities. Section 200.331 requires DCSS, as the pass through entity, to monitor the activities of the subrecipient to ensure the subaward is used for authorized purposes, in compliance with the federal statutes and regulations and the terms and conditions of the federal award and subaward, and that the subaward performance goals are achieved. This section also provides the authority for DCSS, as the pass-through entity, to perform on-site reviews of the subrecipient's program operations. Section 200.336 Access to records provides DCSS the right to access any pertinent documents.

Title 45 CFR 302.12 gives DCSS the responsibility for securing compliance with the requirements of the State plan when delegating any of the functions of the IV-D program to any cooperative agreement.

## **CONCLUSION**

In SFY 2015-16, we found the Court did not have support for salary, benefits, and indirect costs claimed. Further, we found the Court did not maintain documentation to support direct labor hours in the AB 1058 program for the contracted FLF and the contracted CSC and has the opportunity to strengthen its internal controls over the contracting process.

## **RESTRICTED USE**

This audit report is intended solely for the information and use of DCSS and the JCC and should not be used for any other purpose. This restriction is not intended to limit distribution of this report, which is a matter of public record when the final is issued.

## FINDINGS AND RECOMMENDATIONS

### Finding 1 – Unsupported Personnel Expenses – \$106,802

#### Condition

We found the Court did not have support for salaries and benefits, and indirect costs. Specifically, Court employees do not track actual hours spent in child support (IV-D) activity on the JC-4 timesheets, as required by JCC policy. We found the Court staff performed both IV-D and non IV-D activities and the JC-4 timesheets were based on estimated hours in lieu of tracking actual direct labor hours worked in the IV-D child support program. As a result, we found the timesheets unreliable since there is no way to identify the direct benefit to CSC and FLF programs in terms of actual labor hours and no basis for allocating salaries and benefits to the program.

In lieu of JC-4 timesheets, we requested alternative documentation such as courtroom calendars, personal calendars, case management system reports, phone logs, Self-Help sign in sheets, or intake forms to support actual hours staff spent in AB 1058 activity for the remaining CSC and FLF staff. The Court provided the Court calendar for SFY 2015-16. The Court calendar indicates court was in session for 192 hours, and the Court provided documentation showing the CSC courtroom clerk was in attendance for 161 of these hours. As a result, we allowed 161 hours of CSC courtroom clerk time, which in turn supported an allocated \$6,386 of CSC salaries and benefits to the program, and \$1,277 in indirect costs. The Court did not provide further documentation, so the remaining salaries and benefits costs were unsupported. Specifically, we found the Court overclaimed \$106,802 in salaries and benefits and indirect costs related to the CSC and FLF program as follows:

#### **Summary of Unsupported Personnel Expenses and Indirect Costs**

	CSC Estimated Time	FLF Estimated Time	Total Disallowed
<b><u>CSC Program</u></b>			
Salaries and Benefits	\$55,870		
Indirect Costs	11,174		
Total CSC	67,044		
<b><u>FLF Program</u></b>			
Salaries and Benefits		\$33,132	
Indirect Costs		6,626	
Total FLF		39,758	
<b>Total</b>	<b>\$67,044</b>	<b>\$39,758</b>	<b>\$106,802</b>

We further observed the Court had weak internal controls in reporting and claiming salaries and benefits. For the June 2016 claim, we found the Court claimed an additional \$10,500 in salaries (\$1,500 for each employee), stating it was an estimated amount for salaries paid in July 2016 of the following fiscal year. As there was no support for the \$10,500 amount arbitrarily claimed in June 2016, the amount is not allowable. However, we have already included the disallowed amount in the \$106,802 of questioned costs, so no additional disallowed costs will result.

### Criteria

Title 2 CFR 200.430 (i) Standards for Documentation of Personnel Expenses (1)  
Charges for salary and wages must be based on records that accurately reflect the work performed. These records must:

- (i) “Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
- (iii) Reasonably reflect the total activity for which the employee is compensated....
- (iv) Encompass both federally assisted and all other activities....
- (v) Comply with established accounting policies and practices....
- (vii) Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award....
- (viii) Budget estimates alone do not qualify as support for charges to Federal awards....”

Section 200.403 Factors affecting allowability of costs states all costs must be necessary and reasonable to the Federal award, be consistent with JCC and the Court’s policies and procedures and be adequately documented. Section 200.404 defines a reasonable cost as one that does not deviate from established practices and policies.

Policies and procedures provided to the Court in the Title IV-D Child Support Commissioner and Family Law Facilitator Accounting and Reporting Instructions issued by the Judicial Council of California, dated June of 2015, Personnel Services – Salaries and Wages states, “The salaries and benefits of the court employees who work on AB 1058 program components (CSC and FLF) can be charged to the grant....for the time devoted and identified specifically to the program” (Page 11). Page 15 provides specific guidance to the Courts on documenting allowable and not allowable hours that can be charged directly to the AB 1058 program when completing the time reporting documentation. Page 36, Payroll Summary Instructions requires the Court to maintain timesheets in accordance with the Court’s pay period start and end dates. This section also requires the Court to bill and claim salary in the month in which the pay period ends.

The JC-4 timesheet, signed by the employee and the employee’s supervisor, states, “I hereby certify under penalty of perjury that this time sheet accurately represents actual time worked....”

## Recommendation

The JCC should return \$106,802 to DCSS for unsupported salaries, benefits, and associated indirect costs claimed in SFY 2015-16. In the future, the Court could benefit by implementing internal controls to ensure Court staff complete the JC-4 timesheet based on actual hours worked, and not estimates. The Court staff would benefit from additional training on completing JC-4 timesheets and requiring the supervisor to carefully review reported hours before certifying.

Finding 2 – Unsupported Operating Expenses, Contracted Commissioner – \$43,227

## Condition

The Court paid an independent contractor (Contractor) for Child Support Commissioner services but failed to maintain documentation to support direct labor hours spent in the IV-D child support program activity. We reviewed the Contractor's contract agreement, which specifies the Contractor is required to work 36 hours each week for three different courts (Tehama, Colusa, and Glenn). The Court is required to reimburse the Contractor for one-third of the Contractor's salary, benefits, and travel costs, and is entitled to receive 12 hours per week of CSC service (36 hours per week/3 courts). Court documentation reveals the caseload in Glenn does not support this level of service. The SFY 2015-16 Court calendar revealed court was in session for one-half day a week, with an average of 16 cases on calendar each session. In July 2015, court was held in Monday mornings only, starting at 8:30 a.m., with the Contractor traveling to Colusa in the afternoon. After August 2015, and for the remainder of SFY 2015-16, the Contractor held court on Thursday afternoons starting at 1:30 p.m. The Contractor was in the court in Tehama on Thursday mornings, and states court always ends by 5:00 p.m.

As we question the actual time the Contractor spent in IV-D activity, we requested a contractor activity log. A contractor activity log is required by the JCC to support the direct labor hours the Contractor spent in the IV-D program. The Court was not able to provide a contractor activity log, but instead provided us with a JCC timesheet, documenting the Contractor worked 4 days a week for 9 hours each day. The JCC timesheet does not record actual hours the CSC spent directly in IV-D activity at Court, does not support the direct labor hours allocated under the JCC Agreement #10-30645 for SFY 2015-16, and demonstrates the Contractor is claiming hours outside of regular court activity when administrative offices of the Court are closed. The Contractor asserts their position is salaried and is not required to maintain a contractor activity log. However, the costs were reimbursed as an operating expense based on a contract agreement and JCC policy requires a contractor activity log to support the direct operating expenses reimbursed to the Court.

In lieu of a contractor activity log, we accepted alternative documentation to support time the Contractor spent in the IV-D activity. During SFY 2015-16, the Court calendar supports court was in session for 192 hours. In August 2016, the CSC commissioner

began holding court on Mondays and commuted from Tehama to Glenn on those days. As the contract allows for travel costs, we allowed 50 minutes of travel time during the period the Contractor commuted from the court in Tehama to the court in Glenn, which is 47 miles away. As a result, we allowed 228 hours of CSC time as follows:

**Supported Contractor Hours (CSC)  
SFY 2015-16**

<b>CSC Supported Hours:</b>	
Hours Court was in Session	192
Travel Time (43 days x 50 minutes)	36
<b>Total Actual Courtroom Hours &amp; Travel Hours</b>	<b>228</b>

For SFY 2015-16, the Contractor’s salary was established at \$144,616, benefits were limited to \$25,000 and travel costs were set at \$1,872. To calculate allowable costs, we multiplied supported hours to the hourly salary/benefit amount in the contract agreement. We further allowed the one-third of the CSC’s travel allowance as outlined in the contract agreement terms. As a result, we found the Court had support for \$22,531 in salary, benefits and travel costs as follows:

**Hourly Rate for Contractor (CSC)  
SFY 2015-16**

<b>CSC Agreement:</b>	
Salary \$144,616/1872 hours	\$77.25
Benefits \$25,000/1872 hours	13.36
<b>Hourly Rate Per Agreement Terms</b>	<b>\$90.61</b>

<b>Supported Costs:</b>	
Total Supported Salary and Benefits (228 hours x \$90.61)	\$20,659
Plus 1/3 Travel Allowance	1,872
<b>Total Supported CSC Costs:</b>	<b>\$22,531</b>

We are questioning \$43,227 in unsupported costs paid to the Contractor for CSC services as follows:

**Unsupported Contractor Costs (CSC)  
SFY 2015-16**

Claimed Contractor Costs	(\$65,758)
Less: Supported by Alternative Documentation	22,531
<b>Total Unsupported Costs</b>	<b>(\$43,227)</b>

## Criteria

Title 2 CFR 200.403 Factors affecting allowability of costs requires costs to be adequately documented and consistent with the policies and procedures. Section 200.404 states costs are allowable if they are reasonable, necessary, and utilized for the proper and efficient performance and administration of the federal award. A cost is considered reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. Section 200.405 states that costs are only allocable to the federal award in accordance to the benefits received. Section 200.318 General procurement standards (b) requires the Court to maintain oversight and ensure contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Title IV-D (AB 1058) Child Support Commissioner and Family Law Facilitator Accounting and Reporting Instructions issued by the Judicial Council of California, dated June 2015, (page 5), "Allocation and Contracts" clarifies that the Judicial Council allocates funds to each court individually via separate funding contracts, and funding must be expended from July 1 through June 30." Page 16 "Operating Expenses" clarifies that court staff paid as a contractor (including a Contract Commissioner) shall be reported as an operating expense and will not be reported as part of salaries and benefits or included in the calculation of indirect costs allocation pool. Under "Supporting Documentation" the JCC requires the Court to provide actual vendor receipts for services purchased. "The court must have a written agreement with the party if the program activities are performed by a party other than the court, for example contracted facilitator or commissioner services. The court must submit a copy of the agreement to Judicial Council Grant Accounting Unit. The court claims will not be processed for payments until the court provides a copy of the agreement to Judicial Council Grant Accounting."

JCC Contract for the CSC program #103645, Exhibit B, Item 6, Court Responsibilities specifies "The Court shall ensure that reimbursement claimed are limited to that portion of time the Commissioner and staff are engaged in matters involving IV-D activity."

## Recommendation

The JCC should return \$43,227 to DCSS for unsupported Contractor expenses. In the future, the Court should ensure contracting practices comply with JCC policy and the Uniform Requirements. For example, the Court must obtain the appropriate supporting documentation, such as the contractor activity logs, prior to authorizing payment. Further, the Court should compare and verify invoiced costs against terms specified in written agreement to ensure the amounts are accurate and services were provided in full.

### Finding 3 – Unsupported Operating Expenses, Contracted FLF – \$23,993

#### Condition

The Court subcontracted FLF services but did not obtain approval in advance from the JCC for FLF subcontracted services and did not maintain the required documentation to support the amount of time the FLF spent in the IV-D program. We reviewed the contract agreements and found the FLF is responsible to oversee the operations of the Self-Help Service program for Glenn County Superior Court. The Self-Help Center performs both IV-D and non-IV D activity. Based on the review of the contractor activity logs for SFY 2015-16, we found the FLF worked three days a week and only charged time to the IV-D program. No hours were charged to non-IV-D activity, such as the Self-Help services. We further noted all invoiced charges for FLF services were claimed and reimbursed from the IV-D child support program for the months of July 2015 through March 2016. However, in April, May and June of 2016, the Court fiscal staff allocated an estimated 5 percent of the invoiced amounts to the Self-Help program, even though all hours on the contractor activity logs were claimed to the IV-D program for these months. As a result, we found these contract activity logs unreliable as they did not record direct labor hours spent in IV-D program, and the subsequent allocation was unsupported.

In lieu of disallowing all FLF contracted costs, we accepted alternative documentation to support time spent directly in the IV-D program, including the FLF's detailed calendar, phone logs, and database records. On May 1, 2018, we received the Court's written response to the draft report with additional alternative documentation such a copy of FLFED report, Daily Statistics Report (phone calls, Brief Info, customer served), and outlook calendars for SFY 2015-16, earmarking time spent in IV-D and non-IV-D activity. Using this alternative documentation, we were able to support a total of 504 hours the FLF worked directly in IV-D activity. We found the Court overclaimed \$23,993 as follows:

#### **Contracted FLF Expenses (FLF) SFY 2015-16**

Reimbursement by the JCC	(\$51,713)
Less: Supported FLF Hours (504 hours x \$55 per hour)	27,720
Total Questioned Costs	(\$23,993)

#### Criteria

Title 2 CFR 200.403 Factors affecting allowability of costs requires costs to be adequately documented and consistent with the policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity. Section 200.404 states costs are allowable if they are reasonable, necessary, and utilized for the proper and efficient performance and administration of the federal award. A cost is considered reasonable if, in its nature and amount, it does not exceed that

which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. Section 200.405 states that costs are only allocable to the federal award in accordance with the benefits received. Section 200.318 General procurement standards (b) requires the court to maintain oversight and ensure contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Title IV-D (AB 1058) Child Support Commissioner and Family Law Facilitator Accounting and Reporting Instructions issued by the Judicial Council of California, dated June 2015, states, "The contractor activity log is designed to calculate the total of all hours worked on all programs, including Title IV-D support hours. This should be a total of 8 hours per day, unless a contractor is scheduled to work other than an 8-hour shift." (page 47)

JCC Contract for the FLF program #1030717, Exhibit B, Item 18, Subcontracting states, "The Court shall not subcontract this Agreement or services provided under this Agreement, unless the Judicial Council agrees to subcontracting in writing." Item 6, Court Responsibilities specifies "The Court shall ensure that reimbursement invoiced are limited to that portion of time the Family Law Facilitator and staff are engaged in matters involving child support, spousal support, medical support, and family support in accord with the instructions issued by the Judicial Council."

### Recommendation

The JCC should return \$23,993 to DCSS for unsupported Contractor expenses. In the future, the Court should ensure contracting practices comply with JCC policy and the uniform requirements. For example, the Court must obtain the appropriate supporting documentation, further, the Court should compare and verify invoiced costs against terms specified in written agreement to ensure the amounts are accurate and services were provided in full.

Lastly, the JCC has an opportunity to provide training and monitoring to ensure the Court staff fully understand and apply current JCC policy and regulation and implement strong internal controls prior to seeking reimbursement for contracted costs.

### Finding 4 – Outdated Contract Agreement

#### Condition

The Court did not obtain approval in advance from the JCC for subcontracting CSC services, and utilized an outdated contract agreement approved in 2008. Prior to claiming contracted costs from the JCC, the Court is responsible for understanding the methodology used to determine contracted costs are accurate and the contract should be renewed periodically.

## Criteria

Title 2 CFR 200.403 Factors affecting allowability of costs requires costs to be adequately documented and consistent with the policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity. Section 200.404 states costs are allowable if they are reasonable, necessary, and utilized for the proper and efficient performance and administration of the federal award. A cost is considered reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. Section 200.318 General procurement standards (b) requires the Court to maintain oversight and ensure contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Title IV-D (AB 1058) Child Support Commissioner and Family Law Facilitator Accounting and Reporting Instructions issued by the Judicial Council of California, dated June 2015, (page 5), "Allocation and Contracts" clarifies that the Judicial Council allocates funds to each court individually via separate funding contracts, and funding must be expended from July 1 through June 30." Page 16 "Operating Expenses" clarifies that court staff paid as a contractor (including a Contract Commissioner) shall be reported as an operating expense and will not be reported as part of salaries and benefits or included in the calculation of indirect costs allocation pool. Under "Supporting Documentation" the JCC requires the Court to provide actual vendor receipts for services purchased. "The court must have a written agreement with the party if the program activities are performed by a party other than the court, for example contracted facilitator or commissioner services. The court must submit a copy of the agreement to Judicial Council Grant Accounting Unit. The court claims will not be processed for payments until the court provides a copy of the agreement to Judicial Council Grant Accounting."

JCC Contract for the CSC program #1030645, Exhibit B, Item 18, Subcontracting states, "The Court shall not subcontract this Agreement or services provided under this Agreement, unless the Judicial Council agrees to subcontracting in writing." Item 6, Court Responsibilities specifies "The Court shall ensure that reimbursement claimed are limited to that portion of time the Commissioner and staff are engaged in matters involving IV-D activity."

## Recommendation

The Court should ensure contracting practices comply with JCC policy and the Uniform Requirements. For example, the Court should also ensure a current contract agreement is in place for all contracted services that allow staff to validate hours, rates, or other cost information prior to authorizing payment. Further, the Court should ensure the contract is approved by the JCC and compare and verify invoiced costs against terms specified in the written agreement to ensure the amounts are accurate and services were provided in full.

# Agency Response

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## Superior Court of California, County of Glenn

Cindia Martinez  
Interim Court Executive Officer • Jury Commissioner

May 1, 2018

Karen Dailey  
Audit Chief  
Office of Audits and Compliance  
Department of Child Support Services  
PO Box 419064  
Rancho Cordova, CA 98741-9064

Re: Response to DCSS Draft Audit Report of the Glenn Superior Court

Dear Ms. Daily:

The Glenn Superior Court (Court) appreciates the opportunity to respond to the draft audit report prepared by the State Department of Child Support Services (DCSS) for the Child Support Enforcement Program (AB 1058 Program). The audit was focused on the Court's claimed spending activity during the fiscal year 2015-16, which included \$253,163 in state and federal spending for both the Child Support Commissioner grant (\$154,365) and the Family Law Facilitator grant (\$98,798).

In its report, DCSS concludes that \$203,161, or over 80% percent of the Court's total spending was not adequately supported by documentation such as timesheets, logs and court calendars. While the Court agrees that its documentation for these costs may not have met the administrative standards required in its grant agreement, such activity did in fact take place. In the sections that follow, the Court provides further perspective on the DCSS' audit findings and the Court's current corrective action plans.

In the Court's view, DCSS' recommendation to return \$203,161 will unnecessarily harm the Court's ability to effectively serve litigants who request help in seeking or enforcing child support orders and will harm the very litigants we are trying to serve. We seek to continue to partner with the DCSS and will take the recommendations provided to further improve our documentation processes, while continuing to serve the AB 1058 population as we always have.

## Finding 1 – Unsupported Salary and Benefits

The Court agrees that employees used allocation estimates of their time when completing time sheets for the AB 1058 program. As a very small court with about twenty employees, our employees are cross trained to handle all the Court's workload, rather than having designated staff to complete certain tasks. This does create a more challenging burden on the employee to identify eligible tasks every day for claiming appropriate time against the grant and as such used an estimating model. The Court does agree that using this allocation methodology is currently not in compliance with the Judicial Council's grant rules. The Court appreciates the audit findings and has reviewed our processes to now include staff calculating each day's tasks to the best of their abilities while covering the entire court's workload. Each employee is issued a bi-weekly timesheet at the beginning of each pay period and any time spent on DCSS or Facilitator activities is documented throughout the pay period, on a daily basis on that timesheet.

Federal regulations (2 CFR 200.430) state that costs must both be reasonable for the services rendered and supported by specific levels of documentation. The Court acknowledges the deficiencies in timekeeping practices, however the costs claimed by staff support the workload produced during this fiscal year, which included 3,489 actions and events entered by court staff and 139 new filed cases. While the auditors allowed 161 hours of courtroom clerk time for the 192 hours of court sessions, we would submit that court does not operate without a courtroom clerk. Further, staff time outside of court is required in order for the processes in court to actually occur. Additional paperwork is attached to this response which identifies the actions and events to support additional labor provided by Court staff to service AB 1058 cases (sent overnight to the DCSS's offices due to the volume of paper). We hope after further review that this additional documentation will support the work produced by court staff.

The auditors raised weak internal controls in reporting and claiming salary and benefit costs, specifically identifying \$10,500 in salary (\$1,500 for each employee) arbitrarily paid and in the next fiscal year. The Court acknowledges that earned and bargained compensation was paid to all employees, including the six employees charged to the grant (one employee charges to both FLF and CS) but only as a percentage of the time spent on the grant. This was paid in the last pay period of the fiscal year which covered payroll from June 19 – July 2 and was paid on July 8, 2016, which included 9 days in the FY 15-16. The Court acknowledges that it should have prorated the 9 days, reducing the claimed amount by 1 day for FY 15-16. The Court will review our allocations at year end to assure appropriate entry into the correct fiscal year.

## Finding 2 – Unsupported Operating Expense, Contracted Commissioner

Small courts do not have the volume to sustain and hire an employee Commissioner and therefore must rely on contracting. Further, contracting someone local for only the hours the Court requires would limit this Contractor from performing work as a local family law attorney, making it difficult for someone to sustain a living. As a result three courts collaborated together to share one resource, which would otherwise be difficult to fill. The costs for this resource is

1/3 to each of the three courts, regardless of the workload as this is the cost for the resource as contracted. As required by Federal Regulations 2 CFR 200.403, this is a reasonable cost, necessary and utilized for the proper and efficient performance and administration of this federal award. The Court does agree that the Contractor should complete an activity log and this has been remedied.

The auditors did use alternative documentation to support some of the claimed time, but the Court disputes the travel time, as well as not providing any allowance for chamber time. The auditors indicate it is 47 miles between courthouses and provided only 50 minutes for travel. MapQuest actually identifies the mileage at 48.4 miles and indicates at light traffic 53 minutes. We also note that it does not consider time to leave the building, walk to the car or the encountering of any traffic and believe that the allocation of travel time is too lean.

The audit also indicated that the Court did not seek prior approval, nor submit a copy to the Judicial Council. The Court engaged in the contract with this party in 2008 and included language that the agreement would be ongoing unless canceled by either party. The Judicial Branch Contracting Manual went into effect October 1, 2011 which succeeded the initial date of Glenn's contract for these services. We will assure that the Judicial Council receives a copy of our agreement for these services going forward.

#### Finding 3 Unsupported Operating Expense, Contracted FLF

The Court acknowledges that the timekeeping on the activity logs should be improved to reflect actual time between the programs. Since the audit was conducted the Court located additional documentation created by the previous Family Law Facilitator (FLF) and used that documentation to update the amount of hours that we believe was used to support the Family Law Facilitator program. We are submitting that documentation for your additional review at this time. This documentation identifies a total of 447 hours of contractor time spent on AB 1058 matters. The audit only identified 110 hours. We hope that the additional supplied information will further support the valuable hours of work that was performed by the FLF.

The Court also acknowledges that the Court should seek prior approval before contracting out these services and will comply with this requirement going forward.

#### Finding 4 – Payment in Excess of Contract Agreement

The audit states that the Court reimbursed the Contractor in excess of contract agreement terms. The Court acknowledges that the agreement has not been updated to reflect the annual increases in benefits costs, even though it acknowledged increases in ongoing salary costs, which was an error when the Court initially negotiated this agreement. Any increase in salary costs would increase benefit costs, plus certain benefit costs do increase from year to year. The Court would therefore deny that it overpaid the Contractor, but acknowledges that the agreement did not properly reflect actual benefit increases from year to year. The agreement will be updated to reflect this error. The audit also identified that the contract was outdated, but as submitted above in Finding #2, it was an ongoing agreement until terminated by either party and was negotiated

prior to the requirements of the Judicial Branch contracting manual. The Court will update the agreement and submit as required.

The Court appreciates the work of the auditors to help us identify areas of improvement that are needed. The Court remains committed to supporting the AB 1058 program goals and working with the State DCSS, our local child support agency and the Judicial Council on continued efforts to meet the program objectives and outcomes. We further acknowledge that returning \$203,161, or over 80% percent of the Court's funding, would unnecessarily harm the Court's ability to achieve these goals. Ultimately, the DCSS auditor's monetary recommendations are unnecessarily punitive and misplaced given that the auditors did not conclude that 80% of the work remained unaccomplished. The Court is also hopeful that DCSS and the Judicial Council will continue to explore other alternative methods for documenting personnel costs which would allow smaller courts, such as ours, to continue to be efficient in providing the services to support this valuable program.

Sincerely,



Cindia Martinez  
Interim Court Executive Officer

cc: Hon. Donald Byrd, Presiding Judge, Superior Court of California, County of Glenn  
Anna Maves, Supervising Attorney, Judicial Council of California  
Grant Parks, Manager, Internal Audit Services, Judicial Council of California

## Evaluation of Response

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On April 3, 2018, OAC issued a draft report for the Court's review and response. We received the Court's written response to the draft report on May 1, 2018. The Court concurs with our findings and provided additional documentation to support the contracted facilitator's actual hours, totaling 504 hours of IV-D activity in the FLF program. The Court provided a corrective action plan, if implemented as described, it should be sufficient to fully address these issues in the future. We will follow up in six months for the progress of the corrective action plan.

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