AB 1058 Administration & Accounting Training

21st Annual Child Support Training Conference
September 14, 2017

Anna Maves, AB 1058 Program Manager
Paul Fontaine, Supervising Accountant
Abutaha Shaheen, Grant Accountant

Agenda

• Introductions
• Program Manager’s Update
• Program Changes
• Discrepancy Rate and Impacts
• Invoice Cycle
• Administrative and Grant Reporting Requirements
• Cost Treatments and Methods of Allocation
• Program Modifications
• Contract Form Exercises
• General FAQ Session

AB 1058 Program Manager Update
Agenda

- Child Support Program Overview
- Contractual Agreements and Deliverables
- Program Audits
- Program Activities and time reporting
- Program Funding Status and Updates
- Mid-Year Reallocation Process
- Program Budget Implications and Solutions

AB 1058 Program Overview

What is the AB 1058 Program?

- Legislative mandated IV-D program
- Enforce child support cases
- Collection and distribution of payments
- Provide health care coverage to support child

Title IV-D Program Services

- Locate noncustodial parents
- Establish paternity
- Establish child support orders
- Enforce child support orders
- Collection and distribution of support
AB 1058 Program Overview

Government Roles

• Federal (Office Of Child Support Enforcement, OCSE)
  • Funding to establish program
  • Policies & Regulations

• State Administer (DCSS & Judicial Council)
  • Child Support Commissioner (CSC)
  • Family Law Facilitator (FLF)

• Local services provided
  • Courts
  • LCSA

AB 1058 Program Contracts

• Contract between DCSS and Judicial Council

• Contract between Judicial Council and Local Court
  • Block grant subject to expectation of a standard package of “services”
  • Court Deliverables

Standard Service Package

• Expectations
  • CSC calendar time, FTEs and support staff
  • Court reporters & interpreters
  • Security
  • Training Requirements
Court Deliverables

- Plan of Cooperation with Local Child Support Agency (LCSA)
- Disclosure of all funding sources
- Written contract between contracted FLF and CSC
- Quarterly FLF Data Report (customer service statistics)
- Written FLF Office Complaint resolution process

AB 1058 Program Audits

- Historical Audits
  - Office of Child Support Enforcement (OCSE)
  - Judicial Council

- Current Audits
  - Department of Child Support Audit (DCSS)
  - Department of Finance
AB 1058 Program Audits

- Department of Child Support Audit Update
  - Compliance of federal and state regulations
  - Completion of program deliverables
  - Proper accounting records and adequate documentation
  - Program cost efficiencies
  - Consistency of application of cost

DCSS Audits

- Department of Child Support Audit Update
  - Completed 10 on-site audits during FY 2016-2017 of the CSC and FLF program.
  - Where there have been audit findings, courts have submitted corrective action plans.
  - DCSS has not provided a demand letter to the Judicial Council.
  - DCSS has identified addition courts for audits for FY 2017-2018.

Significant Audit Findings

- Documentation of Time Working on the Grant
  - The grant requires that individuals working on the grant specifically identify that time and only submit time worked for reimbursement.
  - Where there has been insufficient support for the timesheets submitted, there have been audit findings.
  - Disallowed personnel costs impact indirect costs.
  - Program staff has provided additional training on the requirements of time studying.
AB 1058 Program Audits

- Department of Finance Audit
  - Financial statements
  - Proper accounting records and adequate documentation
  - Internal control - Segregation of duties
  - Authorized approvals

- Judicial Council Audit
  - Operations/Internal Control
  - Contract Compliance

AB 1058 Program IV-D Services

AB 1058 Commissioner vs. Other Family Law Services

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<thead>
<tr>
<th>AB 1058 Services</th>
<th>Other Family Law Services</th>
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<tr>
<td>Child support cases opened at LCSA</td>
<td>Non-LCSA parentage/child support cases heard by commissioner</td>
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<tr>
<td>Child Support matters</td>
<td>Domestic Violence</td>
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<tr>
<td>Paternity matters</td>
<td>Custody and Visitation</td>
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<tr>
<td>Companion Spousal support matters</td>
<td>Dissolution of marriage issues other than support</td>
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<tr>
<td>Health insurance matters</td>
<td>Adoptions</td>
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<td>Juvenile Delinquency</td>
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**FLF Program Expansion**

- Increase merge of Family Law Facilitator and Self-Help offices
- Separation of Funding
  - IV-D Program funds
  - Self Help funds
  - Other court program funds
- Understanding of activities between AB 1058 facilitator, self help and other family law functions

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**AB 1058 Family Law Facilitator Functions**

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<th>Title IV-D</th>
<th>Outreach Activities</th>
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<td>Child support cases opened at LCSA</td>
<td>Child support cases not yet filed at the LCSA.</td>
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<td>Child Support matters</td>
<td>Providing information &amp; referral services</td>
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<td>Paternity matters</td>
<td>Distributing court forms</td>
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<td>Companion Spousal support matters</td>
<td>Brief Explanation of court process</td>
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<tr>
<td>Health insurance matters</td>
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**Self-Help and other family Law Functions**

- Domestic Violence
- Custody and Visitation
- Dissolution of marriage issues other than support
- Adoptions
- Juvenile Delinquency
- Non-Child Support Related Activities
- Other non-grant activities, i.e. General court administration
**FLF Reimbursability Decision Tree**

1. **Does the customer have an open IV-D case?**
   - **Yes**: Proceed to the next step.
   - **No**: Proceed to the next step.

2. **Is the service provided regarding a IV-D issue?**
   - **Yes**: Proceed to the next step.
   - **No**: Not Title IV-D reimbursable.

3. **Is the workshop providing information regarding the availability of IV-D services?**
   - **Yes**: Proceed to the next step.
   - **No**: Not Title IV-D reimbursable.

4. **Do one of the following exceptions apply?**
   - **Yes**: Title IV-D reimbursable.
   - **No**: Not Title IV-D reimbursable.

*Note: If more than one service is being provided, the service(s) is/are only Title IV-D reimbursable to the extent that time is spent on IV-D issues.*

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**AB 1058 Program Funding Update**

**AB 1058 Program Funding**

- Program Funding Sources:
  - Title IV-D Funding
    - 2/3 Feds & 1/3 State
  - Trial Court Trust Fund
    - Expanded Services (DV, Custody-Visitation-Dissolutions)
    - Self Help
  - Other grant and non-grant funds
    - Interpreter, security, court construction funds
Federal Drawdown Option

• Short term alternative began FY 07-08
• Additional federal funds
• Requires court contribution
• Subject to a cap

AB 1058 Program Funding

Federal Drawdown Option

Mechanism for the courts to recover two-thirds of additional program costs beyond the base maximum

Example:
Court expenses exceed base allocation by $300.

Court Share (1/3) - $100
Federal Share (2/3) - $200

AB 1058 Program Funding

• The contract between the Judicial Council and DCSS has not been signed for FY2017-2019, but DCSS has indicated program funding will be flat.

• Decrease in Child Support Program base funding for FY 08-09 + increase in federal draw down option

• Flat funded in Child Support Program for FY 07-08 + federal draw down option
Expenditure Categories

- Expenditure categories are consistent for both the CSC and FLF Programs
  - Salaries
  - Benefits
  - Operating Expenses
  - Indirect

AB 1058 Program Mid-Year Reallocation

- Annual Court Questionnaire
  - Assume current program level
  - Exclude program expansion
  - Exclude program enhancements and new facility leases
  - Expenditures to date (used to calculate funding for remainder of year)
- Review and evaluation by Judicial Council
- Requires Judicial Council-Court contract amendment to move the funding between courts
- Continue reimbursement process using amended budget amounts

Administrative Mid-Year Reallocation Process

- At the end of the FY Judicial Council staff provide a financial analysis with spending projections for remainder of the fiscal year.
- Courts certify budgets, verify matching funds and return funds it will not use.
- Administrative Director authorized to move funds to courts who have already exhausted or projected to exhausted grant funds.
- Contract amendments sent to courts to execute.
AB 1058 Funding Allocation Joint Subcommittee Update

- Joint Subcommittee comprised of representatives from three Judicial Council Advisory Committees and DCSS
- Charged by the Judicial Council to reconsider the funding allocation to the trial courts. This includes:
  - Beginning of the FY allocations, and
  - Reallocation of funds at Mid-year

Significant Program Changes

Changes to the Budget Forms
Budget Forms are locked

- Enter only in green cells.
- IND – New column to collect individuals
- FTE – Total time billed into the program
- Condensed Categories with 3 optional personnel categories available
- Salaries and Benefits are new sum of total salaries for each classification

Impact to Invoicing

- New budget forms will not change the current invoicing process
- The AB1058 program is still a reimbursable grant
- Courts should continue to submit itemized invoices
**Budget Modification**

- Budget modification can be submitted at any time during the year
- Budget modification should be sent to this email address: ab1058@jud.ca.gov
- CFCC staff will process budget modification at the end of each month and request any additional documentation from courts at that time

**Prior Reimbursement Process**

Court incurs monthly expenses

- Court summarizes data and invoices Judicial Council
- Judicial Council receives invoice
- Judicial Council Grant Accountant combines invoice with other invoices for review and approval
- Judicial Council accounts payable unit processes and produces claim schedules

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<th>Description</th>
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<td>July 1 – July 30</td>
<td>August 20th</td>
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<td>August 20th</td>
<td>August 24th (2-3 days)</td>
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<td>August 24th</td>
<td>September 7th (2 weeks)</td>
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<td>September 7th</td>
<td>September 12th (4-5 days)</td>
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**Prior Reimbursement Process**

- Judicial Council Grant Accountant summarizes transactions for the week and submit a request to DCSS for reimbursement
- DCSS reviews and processes invoices
- DCSS sends reimbursement to Judicial Council

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<tr>
<td>September 13th</td>
<td>September 20th (1 week)</td>
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<tr>
<td>September 20th</td>
<td>October 11th (3 weeks)</td>
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</table>
Prior Reimbursement Process

- Judicial Council releases claim schedules to State Controller’s Office (SCO)  
  October 12th

- SCO receives claim schedules and combines with claims from other agencies  
  October 15th  
  (2-3 days)

Prior Reimbursement Process

- SCO reviews claim schedules  
  October 19th  
  (1 week)

- SCO processes check payments  
  October 26th  
  (1 week)

- SCO sends checks to courts  
  November 5th  
  (2-3 days)

- Court receives payment  
  November 8th  
  (2-3 days)

More than THREE months before court receives payment

Factors that may delay reimbursement:

- Errors
- Omissions
- Late Submissions
- Vacations
- Monetary Thresholds
- Budget Implications
- Cash Implications
- Contract Implications
- Court Issues
New Reimbursement Process

Court incurs monthly expenses

- Court summarizes data and invoices Judicial Council
- Judicial Council summarizes all invoices received and notifies Grantor
- Grantor transfers funds to SCO
- Judicial Council processes and produces claim schedules

July 1 – July 30
August 20th
August 20th
September 1st
August 21st – September 15th

New Reimbursement Process

Judicial Council releases claim schedules to State Controller's Office (SCO)

- SCO receives claim schedules and combines claims with other agencies

September 15th
September 17th

New Reimbursement Process

SCO reviews claim schedules
- SCO processes check payments
- SCO sends checks to courts
- Court receives payment

September 10 - 24th (1 week)
September 17 – 30th (1 week)
September 19th – October 2nd (3 days)
September 21st – October 4th (3 days)
New Reimbursement Process

- Judicial Council advises Grantor of claims released from July cycle September 20th
- Judicial Council advises Grantor of claims received for August cycle September 20th
- Grantor transfers net funds to SCO October 1st

New Reimbursement Process

Invoice Cycle
Decreased by at least 4 to 6 weeks

* DSCC Allows 1 Billing per Month

New Reimbursement Process

- Factors that may delay reimbursement:
  - All factors included in existing process
  - Missed deadlines
- All delayed claims revert to old processing method
- Advance funding is a one time opportunity Per Cycle
New Reimbursement Process

• Priority given to complete accurate claims
• Claims with errors/omissions reviewed after complete claims processed
• Priority given to claims submitted on time

New Reimbursement Process

• Major Assumption With New Invoice Process
  • Audit of claims - Grantor requirement
  • Grantor will accommodate payments to claimants with history of no adjustments
  • New process only applies with Federal funds

New Reimbursement Process

Process Treatment for Errors or Omissions

• Claims with simple and obvious errors will be adjusted and processed
  (Courts notified of adjustment by email at time of claim submission)
• Claims with missing or incomplete data will revert to standard process
  (Courts notified by email that claim is stayed until error or omission is cleared)
New Reimbursement Process

Process Treatment for Errors or Omissions

- Claims submitted for payment are deemed complete once received by SCO
- No further payments can be made on a submitted claim

New Reimbursement Process
July 2016 Data

- Total number of Contracts (FLF and CSC) 109 $ 53,949,062
- Total Contracts Not Received by August 20 98 91%
- Number of July Claims Received by August 20th 11 10%
- Claims Received with Outstanding Issues 1 1%
- Number of Claims Payable 10 10%

If deemed that JC/AOC retains unreimbursed funds, new reimbursement process will be discontinued

New Reimbursement Process
July 2016 Data

- Estimated Overall July Expenses $ 4,495,755
- Expenses Reflected on Claims Received $ 410,922 11%
  Amount Received from Grantor on Sept 15th
- Expenses Submitted to State Controller on Sept 17th $ 390,505 9%
- Funds returned to Grantor $ 20,417 1%

If deemed that JC/AOC retains unreimbursed funds, new reimbursement process will be discontinued
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<th>Jan</th>
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**New Contract Cycle Timeline**

**New Reimbursement Timeline**

**Contract Cycle Decreased by 2 to 7 Months**

**Initial Invoice Cycle Decreased by 2 to 7 Months**
New Reimbursement Timeline

Claims Received
On Time
Error Free

Funding Cycle Reduced
by 4 to 6 Weeks

New Reimbursement Timeline

Error Tracking and
Management

AB 1058 Funding Impacts

Examples of claim deficiencies

- Payroll summary form
  - Wrong pay period
  - Pay period not matching time sheets
  - Reported hours not matching time sheets
  - Altered formulas
  - Manual entry over-ride on formulas
  - Missing approver title and signature
  - Certification clause missing
- Summary form
  - Changing budget line items
  - Moving categories without approval
  - Altered forms
  - Missing court name
AB 1058 Funding Impacts
Examples of claim deficiencies
- AB 1058 contract not active
- Invoice Form
  - Altered form
  - Contract number wrong or missing
  - Program period wrong
  - Court address wrong
  - Contact information wrong
- Timesheet Form
  - Not reporting 100% of time
  - Non-program hours missing
  - Altered certification
  - Missing signatures
  - Program titles missing

AB 1058 Funding Impacts
Examples of claim deficiencies
- Missing expenses on operating recap form
- Claims in excess of amount on summary
- Excessive Documents
- Electronically Submitted
  - Cannot be used to substantiate claims
  - Network cannot support claims (storing/transmitting)
  - Blocked on entry

Examples of operating Expenses Errors
- Publications
- Membership dues
- Bar/dues donations
- Child support calculator
- Missing documentation
- Missing contracts
- Contractor activity log
- Non-program training
- Phoenix Printouts
- Calculations wrong
- Duplicate indirect cost
- Expenses over $5k
- Missing Payment information
- No program benefit
- Avoidable Costs
Grant Reimbursement Improvements

- Faster Funding from DCSS
- Contract Cycle Decrease
- Error Tracking / Management
Proposed Grant Improvements
At Judicial Council’s Request
Provide Data Necessary To:
• Modified Mid-Year Reallocation
• Provides Additional Contract Options For Review

AB 1058 Funding Impacts
• Impacts to the Grant Processing
  • More frequent claims submissions
  • More new charges
  • More audit items

AB 1058 Funding Impacts
• Impacts to the Courts
  • Program audit requirements
  • Federal audit requirements
  • State audit requirements
  • DCCS audit require
  • Increase in processing time
AB 1058 Program Reporting Forms

AB 1058 Grant Forms

- Timesheet
- Contractor Activity Log
- Payroll Summary Sheet
- Operating Recap Sheet
- Summary Sheet
- Invoice Face Sheet

AB 1058 Timesheets

- Columns: Date, Hours, Time in, Time out, Break start, Break end, Total Hours
- Rows: Monday, Tuesday, Wednesday, Thursday, Friday
- Instructions: Sign and date timesheet, initial or sign for daily activity.
**AB 1058 Timesheets**

- Timesheet – Court employees (W-2)
- Contract Activity Log – Contractors (1099)
- Positive Reporting- account for 100% of time
- Increments of 15 minutes
- Furlough days not reported on timesheet
- Must be completed and signed by employee and reviewed approved by supervisor

**AB 1058 Payroll Summary Sheet**

- Salaries & Wages
  - Gross salary for the pay period
  - 100% of time distribution for the pay periods being reported
  - Proportional overtime wages related to Title IV-D matters
- Benefits Types
  - Fringe benefits: social security, employee insurance: life, health, unemployment, workers compensation, pension plan costs, and other similar benefits
  - Paid Leave: vacation, annual leave, sick leave, holidays, court leave, and military leave
  - Cannot bill more leave hours than earned while working on the program
100% Reimbursable Expenses

- Contracted Facilitators and Commissioners
- Contracted Temporary Employees
- Court Interpreter Expenses
- Bailiff Expenses (proportionate to Commissioner hrs)
- Travel expenses
- Pre-approved Training/Conferences (1 per year)
- Pre-approved memberships
**Partially Reimbursable Expenses**

- Perimeter security
- Rent
- Office Supplies
- Equipment

**Pre-Approved Expenses**

- Written prior approvals required:
  - Minor Remodeling
  - Equipment Purchases > $5,000

**AB 1058 Summary Sheet**
Administrative and Grants Reporting Requirements

Grant Reporting Requirements

• Codes of Federal Regulation
  • CFR Part 45, Subtitle B, Chapter III, Office of Child Support Enforcement (Child Support Enforcement Program)
  • OMB Circular A-102 (Uniform Administrative Requirements for State and Local Govt. agencies)
  • Cost Principles: 2 CFR Chapter I, Chapter II, Part 200, et al (formerly known as Circular A-87)
• Rules of Court
• Contractual Agreement between JCC and the Courts

Grant Reporting Requirements

• Administrative Requirements
  • Financial and Accounting Records
    • Proper supporting documentation
    • Approval and Authorized signature
    • Recommended/Approved Forms
  • Record Retention and Access to Records
    • Access by Grantor & Auditors
    • Retained for 3 years
Costs Treatment

Direct vs. Indirect Costs

- **Direct Cost** are identified with a particular cost objective
- **Indirect Costs** are incurred for common or joint objectives of an organization and cannot be readily identified with a particular program objective

Direct/Indirect Determination

- Does the cost result in a direct benefit to a federal program?
- Can it be easily and accurately traced to the federal program?
- Does it benefit more than 1 federal program?
- Is it normally charged indirect?
- Have you calculated the proportional benefit?
Costs Allowability Requirements

- Allocable
- Necessary and Reasonable
- Treated Consistently
- Determined according to GAAP
- Net of applicable credits
- Not used for cost sharing/matching on another federal award
- Adequately documented
- Authorized under state/local laws & regulations
- Conforms to limits & exclusions in costs principles, federal laws and award T&C
- Consistent with recipient policies for federally and non-federally funded activities

Costs Allocability

- Must meet ONE of these criteria:
  - Incurred specifically for the program award
  - Benefits both program award and other work and can be distributed in reasonable proportion to benefits received
  - Necessary to organization’s overall operation

Methods of Allocation

- Allocation Methods:
  - Full Time Employee (FTE)
  - Number of Child Support Cases
  - # of Court Departments
  - Other Approved Methods
Note:

A cost which is allocable to an award isn’t necessarily allowable or reasonable

Administrative/Grant Reporting

- Sell-back, Cash out, unproductive time charges, workers compensation, etc.
- Furlough Reporting
- Bailiff/Security costs plans
- Post employment benefits
  - Retirement benefits
  - Medical benefits
  - Unemployment benefits

Request for Program Modifications and Enhancements
Program versus Finance

**Program**
- Key Personnel changes
- Facility changes: lease and relocation
- Funding level changes
- FLFED database reporting
- Leave charges: buy backs and cash outs

**Finance**
- Budget modifications
- Finance reporting inquiries
- Accounting Forms
- Leave charges: buy backs and cash outs
- Reimbursement inquiries

Program Issues

- Creating new budget line item for material changes
- Moderate to high impact
- Affect other courts
- Changes not within funding level
- Approval process – long term
  - Program Manager
  - Finance Review
  - Committee Review
  - Judicial Review

Finance Issues

- Creating new budget line item for minor changes
- Budget category change
- Low impact
- Affect only one court
- Changes within funding level
- Approval process – short term
  - Program Manager
  - Finance Review
Grant Processing versus GL Accounting

Grant Processing
• AB 1058 Program Grant Accountant
• Allowability of program expenditures inquiries
• Program budget inquiries
• Reimbursement inquiries
• Reimbursements through SCO

GL Accounting
• SAP General Ledger Accountant
• Recording financial transactions
  • Accounts Receivable
  • Accounts Payable
  • General Ledger
• Payments through court specific accounts

Grant Discrepancy Processing

• Standardized Communications
  • Consistent Message
  • Response Cycle
  • Claim Adjustment Treatment
• Standardized Form
  • Description of Deficiency
  • Required Action
• Survey

Grant Discrepancy Processing

Standardized Communication

Your claim as described above in the subject line requires additional documentation and correction. These additional documents and corrections are described on the attached Discrepancy Notification Form.

Because of the advance payment cycle time required by the Grantor, we must receive your documentation and correction within 5 days of this email. Should you be unable to provide documentation and corrections within the prescribed 5 days, you may resubmit with proper requirements with your next reimbursement request. Your reimbursement request, per the Grantor, must be reduced for any missing documentation or errors to qualify for the advance payment processing. Payments to your court will be affected if we do not receive the documentation.

This determination has been reviewed by both the Judicial Council Grant Accounting and AB1058 Program Management Staff.

Should you have any questions please contact me or Paul Fontaine, Supervisor at (415) 865-7785 or paul.fontaine@jud.ca.gov or Anna Maves, Program Manager at (916) 263-8624 or anna.maves@jud.ca.gov

Best Regards,
Grant Discrepancy Processing

SURVEY

The Judicial Council Staff strives to provide each court with the tools necessary to maximize grant funding opportunities and also to enable an efficient reimbursement process. Various tools are available to effect this goal including annual grant training, grant contracts, grant manuals, staff, both program and accounting, program committees chartered by the Judicial Council to rebalance funding allocations, reimbursement efficiencies and mid-year re-distributions and Federal and State Grant pronouncements. To this end, the Judicial Council Staff works diligently to provide the best service possible considering the constraints set by the Grantors, California State Controllers, Auditors and Budgeting Offices and by Generally Accepted Accounting Standards adopted by each funding entity.

Considering the above, we are requesting the following:

1) Feedback on when the Judicial Council Staff meets the overall grant allocation and funding objectives.
2) Feedback on when the Judicial Council Staff could facilitate a more effective grant allocation and funding objective.
3) Feedback on when your court could enable or suggest a more effective grant allocation and funding process.

Thank you very much for your feedback.

Anna Maves
Program Manager
Center for Families, Children & the Courts
Phone: (916) 263-8624
Email: anna.maves@jud.ca.gov

Shaheen Abutaha
Grant Accountant
Finance, Grant Accounting Unit
Phone: (415) 865-8958
E-mail: abutaha.shaheen@jud.ca.gov

Paul Fontaine
Supervising Accountant
Finance, Grant Accounting Unit
Phone: (415) 865-7785
E-mail: paul.fontaine@jud.ca.gov

Contact Information: