

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



August 23, 2018

Ms. Terrie E. Hardy-Porter, Director
Sacramento County Department of Child Support Services
3701 Power Inn Road
Sacramento, California 95826

**SUBJECT: SACRAMENTO COUNTY DEPARTMENT OF CHILD SUPPORT
SERVICES – FINAL AUDIT REPORT**

Dear Ms. Hardy-Porter:

Enclosed is the California Department of Child Support Services (DCSS), Office of Audits and Compliance (OAC), final report on the Sacramento County Department of Child Support Services state fiscal year 2015-16 local child support agency (LCSA) Administrative Expense Claim. This engagement was performed to satisfy federal and state mandated subrecipient monitoring of the administration of child support funds.

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

DCSS Administrative Services Division will issue 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 the corrective action was taken by the LCSA.

We appreciate the assistance and cooperation of your office and staff during the review. If you have any questions regarding this report, please contact me at (916) 464-5520 or Debbie Villegas at (916) 464-0763.

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**

CS 356 Audit Report

**Sacramento County Department of Child
Support Services**



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

**CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES
OFFICE OF AUDITS AND COMPLIANCE
CS 356 Audit Report
Sacramento County Department of Child Support Services**

TABLE OF CONTENTS

INTRODUCTION.....	3
BACKGROUND	3
OBJECTIVES, SCOPE AND METHODOLOGY.....	4
AUDIT AUTHORITY.....	4
RESTRICTED USE.....	4
FINDINGS AND RECOMMENDATIONS	5
AGENCY RESPONSE	8
EVALUATION OF RESPONSE.....	11
AUDIT STAFF	12

**Sacramento County
Department of Child Support Services
Office of Audits and Compliance
CS 356 Audit Report**

INTRODUCTION

California Department of Child Support Services (DCSS), Office of Audits and Compliance (OAC), conducts fiscal and compliance audits of the local child support agencies (LCSA). These audits are required as part of DCSS subrecipient monitoring responsibilities because the LCSA receives federal and state funds. The expenditures and program income earned from these funds are reported on the Administrative Expenditure Claim (CS 356). In addition to the expenditures and program income reported on the CS 356, the OAC conducts a limited evaluation of the internal controls, the processes for child support walk-in collections and disbursement to the State Disbursement Unit.

This report presents the results of the OAC's review of Sacramento County Department of Child Support Services CS 356 for the state fiscal year (SFY) of July 1, 2015, through June 30, 2016, and the current year's processes for child support walk-in.

BACKGROUND

DCSS was established by state legislation in 1999. The legislation designated DCSS as the single state entity whose duty is to direct, oversee, and supervise Title IV-D services. This includes ensuring that all functions necessary to establish, collect, and distribute child support are effectively and efficiently implemented. DCSS oversees the child support program and works collaboratively with 49 county and regional child support agencies. DCSS has a plan of cooperation with each LCSA that specifies the responsibilities of the LCSA. These LCSAs work with the parents, both custodial and noncustodial, and guardians to ensure children and families receive court-ordered financial and medical support.

In SFY 2015-16, the LCSA received \$31,812,741 for the administration of the child support program as reported on the CS 356. The prior CS 356 review, performed of SFY 2011-12, included findings of unallowable tuition costs and prior period costs claimed. Additionally, the county's single audit report for SFY ending June 30, 2016, did not disclose instances of noncompliance related to the child support program.

OBJECTIVES, SCOPE AND METHODOLOGY

The objective of our audit was limited to determining whether SFY 2015-16 expenditures and abatements reported on the CS 356 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), DCSS policies and procedures outlined in its letters and notices, and the terms and conditions of the Plan of Cooperation. Additionally, the audit included a limited evaluation of the current child support walk-in payments.

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 the CS 356. 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

California Family Code Section 17304 charges DCSS with the responsibility to provide direct oversight and supervision of the Title IV-D operations of the local child support agencies. Title 45 CFR 302.10 requires DCSS to conduct regular planned examination and evaluations of operations in local offices by regularly assigned state staff and the Uniform Requirements Section 200.336 "Access to records" provides DCSS the right to access any pertinent documents.

RESTRICTED USE

This audit report is intended solely for the information and use of the DCSS and LCSA 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 – Under Reported Interest Abatements – \$99,921

Condition

The LCSA failed to abate interest earned on child support program funds during SFY 2015-16 and the County Pooled Investment Fund apportionment included interest allocation errors. As a result, we expanded our testing to include SFY 2009-10 through SFY 2016-17 to account for all the interest earned and interest adjustments by the Sacramento County Department of Finance (SCDOF).

The LCSA has two child support accounts earning pooled interest known as Subvention Trust Fund – 081A0810795 (795) and DCSS Residual Equity – 081A0810794 (794). In October 2014, the LCSA was notified by SCDOF of an over allocation of pooled interest funds to County departments. Consequently, SCDOF adjusted overstated interest earnings in the amount of \$29,955. The LCSA’s Fiscal Lead reports the LCSA did not abate interest during SFY 2014-15 through 2016-17 due to the discovered over allocation by SCDOF.

We determined the LCSA under reported \$66,250 in interest in account 795 after reconciling the total interest earned including the LCSA abatements and SCDOF adjustment. Additionally, during SFY 2009-10 through SFY 2016-17, the LCSA earned \$33,671 in interest associated with account 794 but did not abate the interest on the CS 356 claim. Federal regulations require the LCSA report all interest earned on child support program funds.

As a result, the LCSA failed to properly report on CS 356 all the interest earned in the total amount of \$99,921 as shown on the schedule below:

Account: 081A0810795

Fiscal Year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	Total
Interest Earned	71,128	37,147	20,620	26,636	12,881	14,090	13,988	67,269	263,759
LCSA Abatement	(71,028)	(37,177)	(20,620)	(26,636)	(12,881)	0	0	0	(168,342)
*SCDOF Adj.							(29,167)		(29,167)
Under Reported	(100)	30				(14,090)	15,179	(67,269)	(66,250)

Account: 081A0810794

Fiscal Year	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	Total
Interest Earned	863	952	589	984	909	3,785	9,261	17,116	34,459
LCSA Abatement	0	0	0	0	0	0	0	0	0
*SCDOF Adj.							(788)		(788)
Under Reported	(863)	(952)	(589)	(984)	(909)	(3,785)	(8,473)	(17,116)	(33,671)

Under Reported Interest (99,921)

**SCDOF letter dated April 18, 2016 - County Adjusted \$29,955.*

Criteria

45 CFR 304.50 Treatment of program income requires the LCSA to report all interest earned during the quarter resulting from services provided under the IV-D State plan.

LCSA Letter 02-36 requires LCSAs to establish and maintain accounts which identify child support funds and maximize interest earnings. All interest earned on Child Support Enforcement program funds must be reported on the Administrative Expense Claim CS 356 series as an abatement.

CSS Letter 04-20 Clarification of Child Support Administrative Claiming and Financial Policies, Section III – Abatements requires all monies received to administer the child support program must be deposited into interest-bearing accounts. Further, all interest earned on child support funds and child support collections must be abated on the CS 356.

Recommendation

The LCSA should have abated \$99,921 in interest during SFY 2009-10 through SFY 2016-17 on the CS 356 claim. In the future, the LCSA must report all interest earned on child support program funds.

Finding 2 – Lack of Time Certification

Condition

During our review, we found the Sacramento County LCSA staff worked solely on child support program activities; however, the LCSA did not maintain time certification forms or have a process in place to collect time certifications for its employees. As a result, there is no assurance the LCSA employees are working 100 percent directly related to the child support program.

Criteria

2 CFR Part 200.430 Compensation-personal services, (i) Standards for Documentation of Personnel Expenses requires the charges to Federal awards for salaries and wages be based on records that accurately reflect the work performed and comply with the established accounting policies and practices of the non-Federal entity.

The Local Child Support Agency Fiscal Administrative Manual dated January 2013, Time Certification or Time Study requires all LCSA employees to either time certify or time study. The policy requires time certifications for staff who work 100% of the time in child support program activities and further specifies that employees are required to complete time certifications twice per year.

Recommendation

The LCSA should have all LCSA employees sign and date a semi-annual time certification designating the percentage of time they work directly in the child support program. The time certifications must be signed by management as evidence that all employees are working directly in the child support program.

Finding 3 – Inadequate Controls over Property

Condition

The LCSA does not adequately track or inventory its assets. For example, the LCSA has property that is not properly tagged, and the inventory listing is incomplete. As a result, child support assets were not maintained in accordance with federal guidelines, were not adequately tracked, and were not adequately safeguarded to prevent loss or theft.

Criteria

CSS Letter 04-20, Section I, Equipment, A. Equipment must be recorded in the Property Ledger, Equipment – DCSS defines equipment as personal property having a useful life of more than one year and an acquisition cost of \$500 or more per unit. B. Tagging and Inventory of Acquired Equipment, Tags – Property with a unit price of \$500 or more must be tagged with county tags after acquisition.

2 CFR 200.313 (d) Management requirements (1) – Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or the theft of the property. Any loss, damage, or theft shall be investigated.

Recommendation

The LCSA should ensure all assets purchased with program funds are properly recorded on the inventory list and show date of purchase, equipment cost, and properly tagged for identification.

Agency Response

**Department of Child Support
Services**

Terrie E. Porter, Director



County of Sacramento

June 27, 2018

Karen Dailey
Audit Chief
Office of Audits and Compliance
Department of Child Support Services
P.O. Box 419064
Rancho Cordova, CA 95741-9064

RE: SACRAMENTO COUNTY DEPARTMENT OF CHILD SUPPORT SERVICES AUDIT RESPONSE

Dear Ms. Dailey,

I have reviewed the California Department of Child Support Services (CDCSS), Office of Audits and Compliance, draft report on the Sacramento County Department of Child Support Services state fiscal year 2015-16 local child support agency (LCSA) Administrative Expense Claim received April 20, 2018. In reviewing the draft document CDCSS asserts three findings pertaining to non-compliance with applicable federal and state codes and regulations. Below is Sacramento County LCSA's response to each finding.

Regarding Finding 1 – Under Reported Interest Abatements - \$99,921

Sacramento LCSA **acknowledges this finding in part** and requests further clarification in part.

1. Sacramento LCSA acknowledges the finding that there were interest abatement errors from SFY 2009-10 through SFY 2016-17 resulting in under reported interest of \$66,250 from the 081A0810795 (IV-D) Subvention Trust.

Sacramento LCSA has taken corrective action to ensure that interest from the 081A0810795 (IV-D) Subvention Trust is properly abated on the CS 356 claim. A standard operating procedure titled "Determining Interest to Abate on the CS 356 Claim" has been developed and implemented. Please see Attachment I.

2. Sacramento LCSA requests further clarification regarding the finding related to interest abatement errors in the 081A0810794 (794) DCSS Residual Equity Trust. Sacramento LCSA sent inquiries to SCDCSS requesting clarification as to the applicable federal and state codes and regulations that require interest to be abated on county funds set aside for the Child Support Program. Although SCDCSS referred Sacramento LCSA to 2 CFR Section 200.305, 45 CFR Section 304.50, LCSA Letter 02-36, and CSS Letter 04-20 in response to our request for clarification.

Sacramento LCSA reviewed applicable federal and state codes and regulations and found that 2 CFR Section 200.305(5) and 45 CFR Section 92.25 (a) provide conflicting guidance in the area of program income. In addition, 2 CFR Section 304.50 does not seem to apply to our question since it specifically identifies “interest . . . resulting from services provided under the IV-D State plan”. The interest in question does not result from Child Support Services. Sacramento LCSA requests further clarification, specifically regarding what federal and state codes and regulations require interest to be abated on county funds set aside for the Child Support Program.

Regarding Finding 2 – Lack of Time Certification

Sacramento LCSA **disagrees** with this finding. According to the Handbook for Cost Plan Procedures for California Counties, dated August 2016, and including Federal guidance, 2 CFR Part 200, effective on or after December 26, 2014, ““Electronic signatures” are acceptable if a department that uses automated time reporting can prove that only the actions of the individual preparing a personnel activity report would produce entries on that report or the report includes a digital signature that identified a unique individual as the preparer of the electronic report.”

Sacramento LCSA has been using the automated time reporting system SAP MySacCounty – Time Sheets, which includes 100% continuous time studies for all activities, since spring of 2012. SAP MySacCounty – Time Sheets records the unique digital signature of each individual that prepares, modifies, and submits the electronic report and the unique digital signature of the supervisor that reviews and approves the electronic report each pay period. When employees enter their time in SAP MySacCounty – Time Sheets they designate whether time worked was on child support activities or Non-Title IV-D activities. Personnel Activity Reports are produced by the automated time reporting system when preparing the CS 356 claim to ensure only salaries and wages for child support activities are claimed.

Regarding Finding 3 – Inadequate Controls over Property

Sacramento LCSA **acknowledges** this finding. Corrective action has been taken to ensure that Sacramento LCSA’s equipment and assets are properly tracked and inventoried. A standard operating procedure titled “Tracking & Inventory of Equipment, Fixed Assets, & IT Assets” has been developed and implemented. Please see Attachment II.

Sacramento LCSA has ensured that staff responsible for preparing and reviewing the CS 356 claim have a clear understanding of the federal and state codes and regulations regarding appropriate interest abatement and claiming. Sacramento LCSA has also addressed property controls and has put in place procedures to ensure equipment and assets are properly tagged, recorded, tracked, and inventoried.

If there are questions with regard to Sacramento LCSA’s responses, please contact Sue Wittorff, Administrative Services Officer III, at wittorffs@saccounty.net or by phone at 916-875-7765.

Sincerely,



Terrie Porter, Director
Sacramento County Department of Child Support Services
3701 Power Inn Road
Sacramento, CA 95826

On April 20, 2018, OAC issued a draft report for the LCSA's review and response. We received the LCSA's written response to the draft report on June 27, 2018. The LCSA concurs with Finding 3 but does not concur with all our findings below:

Finding 1 – Under Reported Interest Abatements – \$99,921

Partial agreement to Finding 1 as follows:

The LCSA agrees the interest earned from (795) in the amount of \$66,250 should be abated.

The LCSA requests further clarification with the finding of abating \$33,671 in interest from the 081A0810794 (794) DCSS Residual Equity Account. The LCSA maintains the funds in (794) are county funds set aside for the Child Support Program. However, we determined the account is used and identified specifically as a child support account fund 081A. In addition, child support administrative funds are transferred between the (794) account and the (795) – Subvention Trust, also a child support account. The LCSA has not provided fiscal records or other documentation to support the funds are County General Funds. Therefore, the finding identified remains unchanged.

We appreciate the corrective action taken to ensure interest is properly abated in the future.

Finding 2 – Lack of Time Certification

The LCSA disagrees with the finding, stating electronic signatures using SAP MySacCounty is sufficient to meet the time certification requirement. However, during the audit period, the LCSA did not have completed time certifications for staff as required by DCSS policy. DCSS is expected to update its policy regarding the need for time certifications in the near future, allowing the LCSA staff to demonstrate they work full time in the IV-D program by using automated processes. Therefore, the automated time reporting described will be sufficient in complying with the anticipated policy changes related to time certifications in the future. For SFY 2015-16, the finding remains unchanged.

For the remaining finding, the LCSA provided a corrective action which should be sufficient to fully address the findings. We will follow up in six months for the progress of the corrective action plan.

Debbie Villegas, Auditor in Charge
Associate Management Auditor
Office of Audits and Compliance
Department of Child Support Services

Jeff Bulacan
Staff Services Management Auditor
Office of Audits and Compliance
Department of Child Support Services

Scott Smith
Staff Services Management Auditor
Office of Audits and Compliance
Department of Child Support Services

Scott Hunter
Audit Manager
Office of Audits and Compliance
Department of Child Support Services

Karen Dailey
Audit Chief
Office of Audits and Compliance
Department of Child Support Services

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



September 26, 2018

Ms. Terrie E. Hardy-Porter, Director
Sacramento County Department of Child Support Services
3701 Power Inn Road
Sacramento, California 95826

**SUBJECT: CS 356 AUDIT REPORT DEMAND LETTER – SACRAMENTO COUNTY
DEPARTMENT OF CHILD SUPPORT SERVICES**

Dear Ms. Hardy-Porter:

On August 23, 2018 the Department of Child Support Services (DCSS), Office of Audits and Compliance, issued the final CS 356 Audit Report for state fiscal year (SFY) 2015-16 to the Sacramento County Department of Child Support Services (Sacramento County DCSS). Below are the findings identified during the review.

Non-monetary findings:

Finding 1 – Under Reported Interest Abatements

In SFY 2015-16, Sacramento County DCSS failed to abate interest on their Administrative Expenditure Claim (CS 356). Additionally, the County Pooled Investment Fund apportionment included interest allocations errors, resulting in an expansion of the review period to include SFY 2009-10 through SFY 2016-17.

The review identified two separate child support accounts labeled as Subvention Trust Fund – 081A0810795 (795) and DCSS Residual Equity – 081A0810794 (794). Upon reconciliation of these accounts, it was determined that interest totaling \$99,921 had not been abated.

The local child support agency (LCSA) must abate \$99,921 on their first quarter claim for SFY 2018-19, due October 15, 2018. Furthermore, the LCSA is reminded that interest earned on all child support monies must be abated on the CS356.

Sacramento County DCSS has recognized its internal process deficiencies and has developed and implemented processes to mitigate future occurrences.

Finding 2 – Lack of Time Certification

It was determined that Sacramento DCSS staff work exclusively on child support program activities. However, the LCSA could not provide time certifications to document staff activities nor could procedural documents identifying their time certification collection process be provided for the review period.

The LCSA provided a written response to the draft audit report, dated April 20, 2018, voicing their disagreement with this finding. Sacramento County DCSS asserts the use of an automated time keeping system (SAP MySacCouty), implemented and utilized since 2012, meets all electronic signature and time certification requirements, therefore, negating the need for paper time certifications.

DCSS acknowledges the LCSA's position and does anticipate updating this policy in the near future. Since the use of the SAP MySacCouty system meets the applicable electronic signature and time certification requirements of 2 CFR Part 200.430, this audit finding is considered satisfied by DCSS.

Finding 3 – Inadequate Controls over Property

The LCSA does not adequately track and record its assets, resulting in an incomplete inventory listing, improperly tagged assets, and inadequate protection of assets against loss or theft.

The LCSA must track and record acquired assets, maintain a complete property ledger, tag assets with a unit price of \$500 or more, and adequately safeguard assets against loss or theft. In addition, the LCSA must perform an annual reconciliation of inventory.

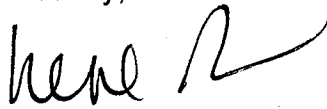
In a written response, the LCSA concurred with the finding and provided a corrective action plan to perform a complete inventory reconciliation and ensure all items are properly tagged and listed on the ledger.

The Office of Audits and Compliance will follow-up within six months of the release of the final audit report to ensure corrective action has been fully implemented.

Ms. Terrie E. Hardy-Porter
September 26, 2018
Page 3

If you have any questions or concerns regarding this matter, please contact
Donna Kruger at (916) 464-5015.

Sincerely,

A handwritten signature in black ink, appearing to read "Irene Briggs", with a stylized flourish at the end.

IRENE BRIGGS
Deputy Director
Administrative Services Division

cc: David Kilgore, Director, Department of Child Support Services
Mark Beckley, Chief Deputy Director, Department of Child Support Services
Janissa Boesch, Regional Administrator, Department of Child Support Services
Karen Dailey, Audit Chief, Department of Child Support Services

**Department of Child Support
Services**

Terrie E. Porter, Director



County of Sacramento

October 23, 2018

Irene Briggs
Deputy Director
Administrative Services Division
Department of Child Support Services
P.O. Box 419064
Rancho Cordova, CA 95741-9064

RE: CS 356 Audit Report Demand Letter – Finding 1 – Under Reported Interest Abatements

Dear Ms. Briggs,

I have reviewed the California Department of Child Support Services (CDCSS), Administrative Services Division CS 356 Audit Report Demand Letter, dated September 26, 2018, resulting from the Final CS 356 Audit Report for state fiscal year (SFY) 2015-16, dated August 23, 2018.

The Audit Report Demand Letter stated that Sacramento DCSS must abate \$99,921 in under reported interest on the 1st quarter CS 356 claim for SFY 2018-19. The \$99,921 in under reported interest is located in two trust accounts, \$66,250 in account 081A 0810795 (IV-D) and \$33,671 in account 081A 0810794 (Residual Equity).

When Sacramento DCSS reconciled interest posted to these trust accounts as well as abated on past CS 356 claims, the total of unabated interest equaled \$70,894, a \$29,027 difference from the Audit Report Demand Letter. Below is an explanation of how this modified total of under reported interest was determined.

Account 081A 0810795 (IV-D)

The Audit Report noted that \$66,250 of interest was under reported. Some of this interest has already been abated. In FY 16/17, \$3,447 was abated on the 2nd quarter CS 356 claim, \$10,301 was abated on the 3rd quarter CS 356 claim, and \$14,234 was abated on the 4th quarter CS 356 claim, for a total of \$27,982. In FY 17/18, \$14,088 in interest from FY 14/15 was abated on the 3rd quarter CS 356 claim. The total interest already abated equals \$42,070. When this amount is subtracted from the Audit Report amount of \$66,250, a balance of \$24,180 remains. This remaining balance was abated on the FY 18/19 1st quarter CS 356 claim. The attached file titled "IV-D Acct Detail For 0809-1718 Interest Abatement" includes a worksheet showing the differences and the trust account report.

Account 081A 0810794 (Residual Equity)

The Audit Report noted that \$33,671 was under reported. The amount of under reported Residual Equity interest Sacramento DCSS abated in the 1st quarter FY 18/19 CS 356 claim is \$46,714, a difference of \$13,043. This difference is due to variances in amounts listed in the Audit Report and actual amounts posted to the trust account and the addition of interest from FY 17/18 that was not included in the Audit Report but was also under reported. The details are below:

- The amount listed in the Audit Report for FY 09/10 differs from the trust account report by (\$1).
- The amount listed in the Audit Report for FY 15/16 differs from the trust account report by (\$1).
- The amount listed in the Audit Report for FY 13/14 is \$909 but the actual amount posted to the trust account was \$931, a difference of \$22. The \$931 was posted to the trust account in FY 17/18. The \$22 difference is due to the addition of compounded interest through January 2018.
- The amount listed in the Audit Report for FY 16/17 was \$17,116. This amount is comprised of \$68,375 that was posted to the trust account in FY 16/17 and a FY 16/17 correction of (\$51,259) that was posted to the trust account in FY 17/18.
- Under reported interest for FY 17/18 was (\$37,305). This amount is comprised of the FY 16/17 correction of (\$51,259), the FY 13/14 interest of \$931 that was posted in FY 17/18, and \$13,023 (\$1,471+(\$44)+\$4,393+\$7,203) of FY 17/18 interest that was not included in the Audit Report.

The attached file titled "ResidEq Acct Detail For 0809-1718 Interest Abatement" includes a worksheet showing the differences and the trust account report.

Total CS 356 1st Qtr. FY 18/19 Interest Abatement

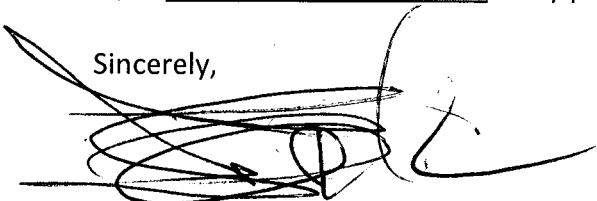
A total of \$184,496 in interest was abated on the 1st quarter FY 18/19 CS 356 claim. The total includes under reported (prior year) interest and 1st quarter FY 18/19 interest that was posted to the trust accounts. Below are the details.

CS 356 1st Qtr. FY 18/19 Interest Abatement

1 st Qtr IV-D Interest:	\$99,594
<u>1st Qtr. Residual Equity Interest:</u>	<u>\$14,008</u>
Subtotal 1 st Qtr Interest	\$113,602
Prior Year IV-D Interest:	\$24,180
<u>Prior Year Residual Equity Interest:</u>	<u>\$46,714</u>
Subtotal Prior Year Interest	\$70,894
Total 1st Qtr. Abated FY 18-19	184,496

Sacramento DCSS has satisfied the Audit Report Demand Letter by abating \$70,894 in prior year interest on the 1st quarter CS 356 claim for SFY 2018-19. If there are questions with regard to the explanations above or the attached files, please contact Sue Wittorff, Administrative Services Officer III, at wittorffs@saccounty.net or by phone at 916-875-7765.

Sincerely,



Terrie Porter, Director
Sacramento County Department of Child Support Services
3701 Power Inn Road
Sacramento, CA 95826

Attached Files: IV-D Acct Detail For 0809-1718 Interest Abatement
ResidEq Acct Detail For 0809-1718 Interest Abatement

CC: Alan Matre, Sr. Accounting Manager, County of Sacramento Department of Finance
Sue Wittorff, Administrative Services Officer III, Sacramento DCSS
David Kilgore, Director, CDCSS
Mark Beckley, Chief Deputy Director, CDCSS
Janissa Boesch, Regional Administrator, CDCSS
Karen Dailey, Audit Chief, CDCSS
Donna Kruger, Manager, LCSA Fiscal and Administrative Support Section, CDCSS
Vicky Brundige, Fiscal Administrative Analyst, CDCSS

Sacramento LCSA Accounting Detail For FY 08/09 - FY 17/18 Interest Abatement Discrepancies

Account: 081A0810795 worksheet from page 5 the State's 2015-16 Audit Report

Fiscal Year	9/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	Total
Interest Earned	71,128	37,147	20,620	26,636	12,881	14,090	13,988	67,269		263,759
LCSA Abatement	(71,028)	(37,177)	(20,620)	(26,636)	(12,881)	-	-	-		(168,342)
SCDOF Adj.							(29,167)			(29,167)
Under Reported	(100)	30	-	-	-	(14,090)	15,179	(67,269)	-	66,250

Interest Posted to 081A 0810795 By Dept. of Finance by Fiscal Year

QTR	8/9	9/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	Total
1st DOF Adj. 4Q 16/17										(134,741)	(134,741)
1st Period 1-3										6,806	6,806
2nd Period 4-6	2,478.00	6,117	15,954	6,048	2,610				3,447		36,654
2nd DOF Adj. 4Q 16/17										(152)	(152)
3rd DOF 2014 Int.										14,088	14,088
3rd Period 7-9	65,922.00	16,661	7,961	4,217	8,108				10,301	18,112	131,282
4th DOF Adj. 09/10								(29,167)			(29,167)
4th Period 10-12	8,853.00	12,387		5,108	9,853				14,234	46,026	96,461
**4th Period 13	35,963.00	13,232	5,247	6,065	12,881	2	13,988	39,287	166,770	99,594	393,029
Total	113,216	48,397	29,162	21,438	33,452	2	13,988	10,120	194,752	49,733	514,260

Minus Amounts Not Claimed (176,847)

Total Claimable 337,413

Interest To Be Claimed by Fiscal Year

Quarter	9/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	Total
P13 Prior Year	35,963	13,232	5,247	6,065	12,881	2	13,988	39,287	166,770	293,435
1st DOF Adj. 4Q 16/17									(134,741)	(134,741)
1st Period 1-3									6,806	6,806
2nd DOF Adj. 4Q 16/17									(152)	(152)
2nd	6,117	15,954	6,048	2,610				3,447		34,176
3rd DOF 2014 Int.									14,088	14,088
3rd	16,661	7,961	4,217	8,108				10,301	18,112	65,360
4th DOF Adj. 09/10								(29,167)		(29,167)
4th	12,387		5,108	9,853				14,234	46,026	87,608
Total	71,128	37,147	20,620	26,636	12,881	2	(15,179)	67,269	116,909	337,413

Interest Abated on CS356 Fiscal Year

Quarter	9/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	Total
1st AP1-3	(35,868)	(13,262)	(5,247)	(6,065)	(12,881)				134,741	61,418
2nd	(6,117)		(6,048)	(2,610)				(3,447)	(6,654)	(24,876)
3rd	(16,661)	(15,954)	(4,217)	(8,108)				(10,301)	(32,200)	(87,441)
4th	(12,382)	(7,961)	(5,108)	(9,853)				(14,234)	(46,026)	(95,564)
1st Supplemental									(166,770)	(166,770)
Total	(71,028)	(37,177)	(20,620)	(26,636)	(12,881)	-	-	(27,982)	(116,909)	(313,233)

Amount under claimed	(100)	30	-	-	-	(2)	15,179	(39,287)	-	(24,180)
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Diff: State and LCSA Acct. Records	-	-	-	-	-	(14,088)	-	(27,982)	-	(42,070)
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Explanation

Abated in
3Q claim
of FY
17/18

Abated in FY 16/17
Claim# 341216C01 = 3,447
Claim# 340317C01 = 10,301
Claim# 340617N02 = 14,234

** Interest posted in Period 13 of 4th quarter is claimed in 1st quarter of the following year due to cash basis claiming.
See 2008-18 IV-D Trust Report for detail.

Sacramento LCSA Accounting Detail For FY 08/09 - FY 17/18 Residual Equity Interest Abatement Discrepancies

Account: 081A0810794 worksheet from page 5 the State's 2015-16 Audit Report

Fiscal Year	9/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	Total
Interest Earned	863	952	589	984	909	3,785	9,261	17,116		34,459
LCSA Abatement										-
SCDOF Adj.							(788)			(788)
Under Reported	(863)	(952)	(589)	(984)	(909)	(3,785)	(8,473)	(17,116)	-	(33,671)

Interest Posted to 081A 0810794 By Dept. of Finance by Fiscal Year

QTR	9/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	Total
1st DOF Adj. 4Q 16/17									(51,259)	(51,259)
1st Period 1-3										-
2nd Period 4-6			201	85				2,278	1,471	4,035
2nd DOF Adj. 4Q 16/17									(44)	(44)
3rd DOF 2014 Int.									931	931
3rd Period 7-9		538	83	244				2,232	4,393	7,490
4th DOF Adj. 09/10							(789)			(789)
4th Period 10-12	367	292	134	281				3,914	7,203	12,191
**4th Period 13	495	122	171	374		3,785	9,261	59,951		74,159
Total	862	952	589	984	-	3,785	8,472	68,375	(37,305)	46,714

Diff: State and LCSA Acct. Records	(1)	-	-	-	(909)	-	(1)	51,259	(37,305)	13,043
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Explanation:

\$931	\$789	Equals	\$13,045	Total Difference
posted in	posted to	\$17,116 if	\$13,045	
FY 17/18, a	acct	(\$51,259)	included	
difference		adj. from	in 15/16	
of \$22.		1st qtr	Audit	
		FY17/18	report.	
		is added		

See 2009-18 ResidEq Trust Report worksheet for detail.

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES

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



December 13, 2018

Ms. Terrie E. Hardy-Porter, Director
Sacramento County Department of Child Support Services
3701 Power Inn Road
Sacramento, California 95826

**SUBJECT: RECONCILIATION OF UNDER REPORTED INTEREST ABATEMENTS
IDENTIFIED IN CS 356 AUDIT DEMAND LETTER**

Dear Ms. Hardy-Porter:

Thank you for providing reconciliation documentation pertaining to two trust accounts 081A0810794 and 081A0810795 identified in the CS356 Audit Demand letter dated September 26, 2018. Audit results discovered these two accounts had a combined total of \$99,921 of under reported interest abatements that was to be claimed on the first quarter claim for state fiscal year (SFY) 2018-19.

DCSS has reviewed the reconciliation details and concurs the revised combined total for the prescribed audit period to be \$57,871. This total reflects under reported interest from account 081A0810795 of \$24,180 and \$33,691 from account 081A0810794. While we concur with the reconciliation details, it is important to note the reconciliation period utilized does not align with the prescribed audit period. The audit period was modified to include SFYs 2009-10 through 2016-17, while the submitted reconciliation documents include transactions occurring in SFY 2017-18. For this reason, transactions pertaining to SFY 2017-18 may be subject to further review and validation during future audit engagements.

Our assessment of the provided documents is outlined below:

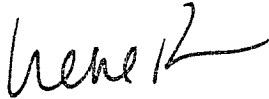
Prior Year IV-D Interest (Not Reported) (SFYs 2009-10 through 2016-17)	\$ (24,180)
Prior Year Residual Equity Interest (Not Reported) (SFYs 2009-10 through 2016-17, including 17-18 entries that pertain to prior years)	\$ (33,691)
Prior Year Residual Equity Interest Outside of Audit Period (Not Reported) (SFY 2017-18)	\$ (13,023)
Total	\$ (70,894)

Ms. Terrie E. Hardy-Porter
December 13, 2018
Page 2

The submission of \$57,871 on the first quarter claim for SFY 2018-19 has satisfied the CS356 Audit Demand requirement.

If you have any questions or concerns regarding this matter, please contact Donna Kruger at (916) 464-5015.

Sincerely,



IRENE BRIGGS
Deputy Director
Administrative Services Division

Attachment

cc: David Kilgore, Director, Department of Child Support Services
Mark Beckley, Chief Deputy Director, Department of Child Support Services
Janissa Boesch, Regional Administrator, Department of Child Support Services
Karen Dailey, Audit Chief, Department of Child Support Services