STATE OF CALIFORNIA - HEALTH AND HUMAN SERVICES AGENCY Gavin Newsom, Governor

CALIFORNIA DEPARTMENT OF CHILD SUPPORT SERVICES
P.O. Box 419064, Rancho Cordova, CA 95741-9064

February 27, 2026

Mr. Dalen Fredrickson, Director
Sacramento County Department of Child Support Services
3701 Power Inn Road
Sacramento, CA 95826

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

Dear Mr. Fredrickson:

Enclosed is the final audit report for the administrative expense claim of Sacramento County Department of Child Support Services (Sacramento County DCSS) for state fiscal year 2021-2022. This audit was performed to satisfy federal and state mandated subrecipient monitoring of the administration of child support funds.

Office of Audits and Compliance reviewed Sacramento County DCSS' response to the draft audit report, as summarized in the evaluation of response. California Department of Child Support Services' Administrative Services Division will issue a letter regarding the findings and corrective action plan noted in this report.

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

Sincerely,

Deepshikha Kumar

DEEPSHIKHA KUMAR
Audit Chief
Office of Audits and Compliance
California Department of Child Support Services

Enclosure

CALIFORNIA
CHILD SUPPORT SERVICES

Office of Audits and Compliance

Final Audit Report

Sacramento County
Department of Child Support Services

E024-004

February 2026

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

TABLE OF CONTENTS

INTRODUCTION

California Department of Child Support Services (CA DCSS), Office of Audits and Compliance (OAC), conducts performance audits of the local child support agencies (LCSA). These audits are required as part of CA DCSS subrecipient monitoring responsibilities because LCSAs receive federal and state funds. The expenditures and program income earned from these funds are reported monthly by each LCSA in the Budget and Expenditure Claiming Application (BECA). In addition to the expenditures and program income reported in BECA, OAC conducts a limited evaluation of the internal controls as it relates to our audit objective, reviews the current processes for child support walk-in collections and disbursement to the State Disbursement Unit, and the current processes for maintaining and monitoring fixed assets.

This report presents the results of OAC's audit of Sacramento County Department of Child Support Services (Sacramento County DCSS) for state fiscal year (SFY) July 1, 2021, through June 30, 2022, and the current year's processes for child support walk-in collections.

BACKGROUND

CA DCSS was established by state legislation in 1999. The legislation designated CA DCSS as the single state entity whose duty is to direct, oversee, and supervise Title IV-D services. This includes ensuring all functions necessary to establish, collect, and distribute child support are effectively and efficiently implemented. CA DCSS oversees the Child Support Program and works collaboratively with a network of 47 LCSAs, operated at the county level. CA DCSS has a plan of cooperation that specifies the responsibilities of each LCSA. These include, working with both the Person Ordered to Receive Support and Parent Ordered to Pay Support, ensuring children and families receive court-ordered financial and medical support.

AUDIT AUTHORITY

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

OBJECTIVES AND SCOPE

Our audit objectives were to determine whether:

- Expenditures and abatements reported in BECA were directly related to the operation of the Child Support Program.

- Claims were properly supported, reasonable, and complied with applicable laws, rules, and regulations, including Office of Management and Budget, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards set forth in Title 2 Code of Federal Regulations (C.F.R.) Subtitle A Chapter II, Part 200 (Uniform Requirements), CA DCSS policies and procedures outlined in its letters and notices, and the terms and conditions of the Plan of Cooperation.

- Current processes for child support walk-in collections and disbursement to the State Disbursement Unit are accounted for accurately and complied with federal requirements and applicable laws and regulations.

- Fixed asset purchases and dispositions complied with applicable regulations, and assets were properly maintained and tracked.

In addition, we conducted a limited evaluation of the internal controls as related to our audit objectives.

The scope of our audit covered Sacramento County DCSS claims reported in BECA totaling $38,161,129 for the administration of the Child Support Program for the audit period of July 1, 2021, through June 30, 2022.

METHODOLOGY

To plan the audit, we gained an understanding of the auditee’s operations. We identified relevant criteria and reviewed CA DCSS policies and procedures, the terms and conditions of the Plan of Cooperation, the CA DCSS LCSA Fiscal Administrative Policy Manual, the Government Code, and the policies and operating procedures of Santa Cruz-San Benito County Regional DCSS. We also reviewed the County’s single audit report for SFY ending June 30, 2022, and determined no instances of noncompliance related to the Child Support Program were reported.

We conducted a risk assessment of Sacramento County DCSS’s key internal controls significant to our audit objectives to determine whether they were properly designed, implemented, and operating effectively. Our assessment included conducting interviews, observing processes, performing walkthroughs, and testing transactions. Deficiencies in internal controls identified during our audit and determined to be significant within the context of our audit objectives are included in the Finding and Recommendation section of this report.

Additionally, we assessed the reliability of data obtained from the Sacramento County DCSS's timekeeping system (MySacCounty) and accounting system (COMPASS). We interviewed Sacramento County DCSS staff, examined extracted reports, traced data between differing report formats to verify completeness, traced report data to source documents, and performed a limited evaluation of system controls. We determined that the data were sufficiently reliable to address the audit objectives.

We developed specific methods for gathering evidence to obtain reasonable assurance to address the audit objectives. To achieve our objectives, we did the following:

- Reviewed applicable laws, regulations, policies, and operating procedures applicable to the auditee to gain an understanding of the Child Support Program.

- Reviewed auditee's background information (internet search, legal inquiries, board minutes, fiscal inquiries, etc.) to gain an understanding of the nature of the auditee and its responsibility in administering the Child Support Program.

- Reviewed both Sacramento County's Single Audit Report for SFY 2021-22 and the prior audit of OAC for SFY 2015-16 to determine if the results of other auditors' work may be useful sources of information for planning and conducting the audit.

- Obtained an understanding of the BECA process and various related reports created by the application, which the auditee uses to submit reimbursement claims.

- Obtained an understanding of the auditee's key internal controls relevant to the Child Support Program, such as reviewing the processes for payroll, purchasing, monitoring contracts, Electronic Data Processing (EDP) expenses, depositing and maintaining child support funds, reporting interest earned and program income received, cash walk-in collections, and the purchasing, tracking, maintaining and disposition of assets, and assessed the design, implementation, and operating effectiveness of selected controls that are significant to the audit objective by:

    - Interviewing key personnel and completing an internal control questionnaire;

    - Reviewing the auditee's policies and procedures and assessing their implementation pertaining to the claiming of expenditures;

    - Performing walkthroughs of the various processes completed for submitting the monthly claim in BECA;

    - Tracing selected transactions to source documents.

- Conducted an assessment of internal controls to determine the nature, timing, and extent of substantive testing.

- Assessed significance by performing analyses of expenditure claims data and evaluating program requirements.

- Compared total claimed expenses for the audit period to those for the previous period to identify any notable variances.

- Traced auditee's claims for reimbursement in BECA for SFY 2021-22 to the accounting records (General Ledger and Payroll Register).

- Reviewed the EDP expenses to determine if the EDP expenses claimed were reasonable, allowable, and within the approved allocation.

- Reviewed Sacramento County's Countywide Cost Allocation Plan (CowCAP) to determine if the indirect expenses claimed were approved by the State Controller's Office, reasonable, allowable, charged to the auditee, and within the approved allocation.

- Reviewed terms and conditions of interagency, interdepartmental, and vendor contracts and expenses claimed for contract services to determine if the services provided were valid and directly related to Child Support Program operations.

- Judgmentally selected a non-statistical sample of transactions included in the monthly claims submitted in BECA for SFY 2021-22 and traced sampled transactions to supporting invoices to ensure charges were accurate and adequately supported. For the selected samples, errors found, if any, were not projected to the intended (total) population.

- Performed testing of the following categories:

    - *Personnel Expenses*: Sacramento County DCSS claimed a total of $29,994,552 in Personnel Expenses for SFY 2021-22. We selected a sample of personnel expenses claimed for September 2021, October 2021, and April 2022, totaling $9,058,696 for our testing, including 76 employees out of a total of 294 employees.

    - *Operating Expenses*: Sacramento County DCSS claimed a total of $7,951,211 in Operating Expenses for SFY 2021-22. We selected a sample of 298 transactions out of 2,493 (approximately), totaling $2,115,816 for our testing.

    - *Abatements*: Sacramento County DCSS abated a total of $48,213 in interest income and $0 in program income for SFY 2021-22. We tested the entire total of $48,213 of abatements which included 4 quarterly interest income transactions.

- Reviewed the auditee’s current listing of fixed asset inventory and the County Certified Listing and compared both lists to CA DCSS’s master inventory listing to ensure the information provided is complete and up to date.

- Performed testing of 182 fixed assets sampled from a total of 3,377 included in the current fixed asset inventory to determine if the auditee is properly recording and tracking fixed assets.

- Reviewed current walk-in collections transactions and processes to determine if the auditee complied with federal requirements and applicable laws and regulations over cash and cash reporting and accurately accounted for and deposited cash payments.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require us to 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. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance that the auditee’s claims were accurate, properly supported, and for allowable costs and activities in accordance with the applicable criteria.

Due to the limited scope, our audit does not constitute a financial statement audit. Therefore, we do not express an opinion on the financial statements, or on any individual account balances. We considered the auditee’s internal controls only to the extent necessary to plan the audit and achieve our audit objectives. Had we performed additional procedures, or conducted a complete audit of the financial statements, other matters might have come to our attention and may have been reported.

CONCLUSION

Based on the procedures performed, samples tested, and evidence gathered, we found instances of noncompliance with the requirements outlined above for the audit period of July 1, 2021, through June 30, 2022. These instances are described in the Findings and Recommendations section of this audit report.

RESTRICTED USE

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

FINDINGS AND RECOMMENDATIONS

Finding 1 – Overclaimed Indirect Expenses – $4,290

Condition

Sacramento County DCSS claimed $267,869 in indirect expenses for SFY 2021-22, while the Countywide Cost Allocation Plan (COWCAP) allocated only $263,579. As a result, Sacramento County DCSS overclaimed $4,290 in indirect expenses.

Criteria

LCSA Fiscal and Administrative Policy Manual (Revised 2021)

Subsection 1.2 Budget Request Process states, “the COWCAP claimed is limited to the amount approved by the State Controller’s Office and cannot exceed the approved amount…”

Subsection 2.8 Countywide Cost Allocation Plan states, “LCSAs may not claim indirect costs until SCO approves the county’s submitted COWCAP and expenditures are charged to the LCSA. Additionally, LCSAs are responsible for ensuring all charged expense are valid and accurate before they are claimed. If an LCSA claims unapproved COWCAP costs, CA DCSS will reject the associated expenditure claim. Once approved by SCO, indirect costs may be claimed in one of three ways: as they are charged to the LCSA, or prorated monthly, with one-twelfth of the approved COWCAP claimed each month, or prorated quarterly, with one-fourth of the approved COWCAP claimed each quarter.”

2 C.F.R. § 200.1 (2021) Expenditure (2) states, “For reports prepared on a cash basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense charged; the value of third-party in-kind contributions applied; and the amount of cash advance payments and payments made to subrecipients.”

Handbook of Cost Plan Procedures for California Counties (2021) Section 2120: Acceptable Costs states, “In order to be acceptable for reimbursement, costs presented in the countywide cost allocation plan must: (1) be determined in accordance with generally accepted accounting principles and/or governmental generally accepted accounting principles, except as otherwise provided for in 2 CFR Part 200, ASMB C-10, or this handbook, (2) be an amount net of all applicable credits and direct charges for services provided; and (3) be adequately documented.”

Recommendation

Sacramento County DCSS should remit $4,290 in overclaimed indirect expenses to

CA DCSS. Sacramento County DCSS should review all subsequent claims submitted to CA DCSS and ensure the indirect amount claimed does not exceed the approved COWCAP amount.

Finding 2 – Noncompliance with Cash Basis Reporting – Prepayment of Expenses

Condition

Sacramento County DCSS did not follow cash-basis claiming practices and prepaid vendors without receiving services during the SFY 2021-22. Sacramento County DCSS claimed a total prepaid amount of $268,153 for the period under review. The audit did not identify a monetary finding because the costs were supported by vendor invoices and deemed allowable. However, if Sacramento County DCSS continues to prepay expenses in the future, auditors may disallow the costs and issue a monetary finding.

Criteria

LCSA Fiscal and Administrative Policy Manual (Revised 2021)

Subsection 2.2 – Cash Basis Claiming states, "LCSAs are required to follow federal rules for cash basis claiming. This means no accrual accounting. LCSAs must claim expenses in the period in which the expense was paid."

Subsection 4.3 – Contracting states, "Prepayments of multi-year contracts are not allowable. Therefore, it is recommended to include contract language requiring the vendor to bill annually for any support or maintenance agreements when procuring multi-year contracts, not upfront for all the years of the contract."

Subsection 6.5 – Accounting and Record Keeping (g) states, "Each LCSA is responsible for developing and maintaining their own internal fiscal procedures within the following parameters: (g) Maintain cash basis claiming. Cash basis claiming requirements for reporting costs are as follows: A continuous cash flow basis for reporting costs in BECA, Compliance with GAAP and the SCO's Accounting Standards and Handbook of Cost Plan Procedures for California Counties."

45 C.F.R § 304.25 (2021) Treatment of expenditures (a) states, "Expenditures are considered to be made on the date on which the cash disbursements occur or the date to which allocated."

Recommendation

Sacramento County DCSS should follow cash basis claiming, as required, and not continue to prepay expenses. Sacramento County DCSS should review all subsequent claims submitted to CA DCSS to ensure the expenses are based on actual costs incurred for services provided during the period.

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Countywide Services Agency

Department of Child Support Services
Dalen Fredrickson, Director

County of Sacramento

David Villanueva, County Executive
Chevon Kothari, Deputy County Executive

February 2, 2026

Deepshikha Kumar
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. Kumar,

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 2021-22 Local Child Support Agency (LCSA) Administrative Expense Claim received January 6, 2026. In reviewing the draft document CDCSS asserts two 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 – Overclaimed Indirect Expenses – $4,290

Sacramento LCSA **acknowledges this finding**

Sacramento LCSA is working in conjunction with the Sacramento County Department of Finance to correct the overcharged expenses. Sacramento LCSA will remit $4,290 in overclaimed expense back to CA DCSS when we receive instructions, expected to be included in the final audit report.

Regarding Finding 2 - Noncompliance with Cash Basis Reporting – Prepayment of Expenses

Sacramento LCSA **acknowledges this finding**

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3701 Power Inn Road
Sacramento, CA 95826

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Sacramento, CA 95826-9112
http://www.dcss.saccounty.net

CALL CENTER:
Automated Information System:
Toll free (866) 901-3212

PAYMENT PROCESSING CENTER:
State Disbursement Unit
P.O. Box 989067
West Sacramento, CA 95798

Corrective action is being taken to ensure that Sacramento LCSA follows cash basis claiming, as required, and not continue to prepay expenses. Sacramento County DCSS will review all subsequent claims submitted to CA DCSS to ensure the expenses are based on actual costs incurred for services provided during the period. The department is developing guidelines and procedures specifically to review services and purchases that require multiple year contracts or spread over fiscal years to ensure that they adhere to the guidelines outlined in the LCSA fiscal Policies Manual.

Sacramento LCSA has ensured that staff responsible for preparing and reviewing the Budget and Expenditure Claiming Application claim have a clear understanding of the federal and state codes and regulations regarding appropriate expenditure reimbursement guidelines.

If there are questions regarding Sacramento LCSA's responses, please contact Gina Cavender, Administrative Services Officer III, at cavenderg@saccounty.gov or by phone at 916-876-5591.

Sincerely,

Dalen Fredrickson, Director
Sacramento County Department of Child Support Services
3701 Power Inn Rd
Sacramento, CA 95826

Evaluation of Response

On January 6, 2026, OAC issued a draft audit report for Sacramento County DCSS' review and response. OAC received a written response from Sacramento County DCSS on February 3, 2026. OAC's evaluation of the response is as follows:

Finding 1 – Overclaimed Indirect Expenses – $4,290

Sacramento County DCSS acknowledged the audit finding and provided a corrective action plan (CAP). Sacramento County DCSS will work with the Sacramento County Department of Finance to correct the overcharged expenses and remit the overclaimed amount of $4,290 to CA DCSS.

OAC will follow up on June 15, 2026, to ensure the CAP was fully implemented and the funds were remitted.

Finding 2 – Noncompliance with Cash Basis Reporting – Prepayment of Expenses

Sacramento County DCSS acknowledged the audit finding and provided a CAP, which includes the following measures:

- Develop guidelines and procedures for managing multi-year contracts to ensure compliance with the LCSA Fiscal Policies Manual.
- Review all subsequent claims to confirm that expenses are based on actual costs incurred for services during the applicable period.

OAC will follow up on June 15, 2026, to ensure the CAP was fully implemented.

Audit Staff

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