



Joint Legislative Audit Committee
Office of the Auditor General



**FINANCIAL AUDIT REPORT
STATE DEPARTMENT OF SOCIAL SERVICES
INTERSTATE COLLECTION INCENTIVE FUND
YEAR ENDED JUNE 30, 1979**

REPORT TO THE
CALIFORNIA LEGISLATURE

REPORT **F-610.2-919**

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

610.2-919

FINANCIAL AUDIT REPORT
STATE DEPARTMENT OF SOCIAL SERVICES
INTERSTATE COLLECTION INCENTIVE FUND
YEAR ENDED JUNE 30, 1979

OCTOBER 1980



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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S. FLOYD MORI
CHAIRMAN

November 21, 1980

610.2-919

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's financial audit report of the State Department of Social Services Interstate Collection Incentive Fund, year ended June 30, 1979.

The auditors are Curt Davis, CPA; Michael C. Dendorfer, CPA; Ross Luna; Robyn Graves; Lisa Kenyon; and Osman Sanneh.

Respectfully submitted,

S. FLOYD MORI
Chairman, Joint Legislative
Audit Committee

Attachment

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INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the Interstate Collection Incentive Fund. This audit was conducted under the authority vested in the Auditor General by Sections 10527 and 10528 of the Government Code.

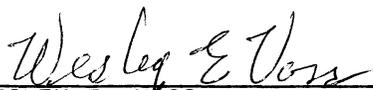
The Interstate Collection Incentive Fund is used by the State Department of Social Services to make incentive payments to California counties and other states for monies they have received or collected from noncustodial parents residing outside of California. Since the money collected reduces or repays welfare assistance, the Federal Government will give the counties an incentive payment equal to 15 percent of all monies they are able to collect from noncustodial parents.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the balance sheet of the Interstate Collection Incentive Fund as of June 30, 1979 and the related statement of changes in assets and liabilities for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Interstate Collection Incentive Fund at June 30, 1979 and the changes in assets and liabilities for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



WESLEY E. VOSS
Assistant Auditor General

Date: September 1, 1980

Staff: Curt Davis, CPA
Michael C. Dendorfer, CPA
Ross Luna
Lisa A. Kenyon
Robyn Graves
Osman Sanneh

STATE DEPARTMENT OF SOCIAL SERVICES
INTERSTATE COLLECTION INCENTIVE FUND
BALANCE SHEET

JUNE 30, 1979

ASSETS

Cash	\$ 99,024
Due from Social Welfare Federal Fund (Note 2)	<u>1,066,590</u>
Total Assets	<u><u>\$1,165,614</u></u>

LIABILITIES

Due to local governments (Note 3)	<u><u>\$1,165,614</u></u>
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The notes to the financial statements are an integral part of this statement.

STATE DEPARTMENT OF SOCIAL SERVICES
 INTERSTATE COLLECTION INCENTIVE FUND
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 1979

<u>ASSETS</u>	Balance July 1, 1978	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 1979
Cash	\$ 82,211	\$2,402,553	\$2,385,740	\$ 99,024
Due from General Fund	379,481	19,763	399,244	--
Due from Social Welfare Federal Fund (Note 2)	<u>484,656</u>	<u>1,534,874</u>	<u>852,940</u>	<u>1,066,590</u>
Total Assets	<u>\$946,348</u>	<u>\$3,957,190</u>	<u>\$3,737,924</u>	<u>\$1,165,614</u>
<u>LIABILITIES</u>				
Due to other governments (Note 3)	<u>\$946,348</u>	<u>\$3,957,190</u>	<u>\$3,737,924</u>	<u>\$1,165,614</u>

The notes to the financial statements are an integral part of this statement.

STATE DEPARTMENT OF SOCIAL SERVICES
INTERSTATE COLLECTION INCENTIVE FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements for the Interstate Collection Incentive Fund reflect its financial position and changes in assets and liabilities. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

The Interstate Collection Incentive Fund is an agency fund primarily established for making incentive payments to California counties and other states for monies they have received or collected from noncustodial parents residing outside of California. The fund is maintained on a modified accrual basis of accounting. Agency Funds are purely custodial (assets equal liabilities) and thus do not involve measurement of operations.

2. DUE FROM SOCIAL WELFARE FEDERAL FUND

This amount represents the federal contribution for incentive payments to counties and other states for monies collected from noncustodial parents.

3. DUE TO OTHER GOVERNMENTS

This amount represents incentive payments owed by the Interstate Collection and Incentive Fund to various local governments and to other states for monies collected from noncustodial parents.

OTHER COMMENTS

As an integral part of our examination, we reviewed the accounting procedures and the related system of internal accounting control to the extent we considered necessary to properly form an opinion concerning the fairness with which the financial statements present financial position and results of operations in accordance with generally accepted accounting principles consistently applied.

Our review enables us to suggest improvements which would result in better operating procedures and controls. A management letter describing the suggested operating improvements was issued to the State Department of Social Services in conjunction with certain recommended adjusting entries necessary to achieve compliance with generally accepted accounting principles.

The department generally concurs with the suggested operating improvements and adjusting entries.

cc: Members of the Legislature
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Legislative Analyst
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