

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, MS 19-96, Sacramento, California 95814

August 21, 2003

ALL-COUNTY LETTER NO. 03-39

TO: ALL COUNTY WELFARE DIRECTORS  
ALL IHSS PROGRAM MANAGERSSUBJECT: IN-HOME SUPPORTIVE SERVICES/PERSONAL CARE  
SERVICES PROGRAM (IHSS/PCSP) TIMESHEET RETENTION  
(STATEMENT OF EARNINGS AND DEDUCTIONS, SOC 361)

REFERENCE: ALL-COUNTY LETTER 02-12

## REASON FOR THIS TRANSMITTAL

- State Law Change  
 Federal Law or Regulation Change  
 Court Order or Settlement Agreement  
 Clarification Requested by One or More Counties  
 Initiated by CDSS

The purpose of this All-County Letter (ACL) is to instruct county welfare departments regarding the retention schedule for the Statement of Earnings and Deductions Time Sheet (SOC 361). The SOC 361 is the form used by In-Home Supportive Services/Personal Care Services Program (IHSS/PCSP) providers to record the number of hours worked for program payrolling and other accounting purposes.

**RETENTION OF TIMESHEETS**

Counties must physically retain IHSS/PCSP timesheets in their original form for a minimum of five and one-half years. The California Department of Social Services (CDSS) has made this determination based on the need to meet the requirements of State law and State and federal regulations. (Welfare and Institutions Code (WIC) Section 10851(a), Manual of Policies and Procedures (MPP), Division 23-353, and 45 Code of Federal Regulation 74-20; Government Code, Section 14750 (a)(b) and (c)).

**RETENTION SCHEDULES THAT APPLY TO THE SOC 361**

Federal law and regulations require that case records that provide the basis for fiscal claims be retained for 3 years from the date the State submits the expenditure report to the federal Department of Health and Human Services. Since County Fiscal Letter No. 01/02-58 states that adjustment claims are to be received by CDSS by the first working day after the last day of the 9th month from the original claiming quarter, this means a requirement of at least 4 years.

The federal Internal Revenue Service (IRS) record retention requirement for employment taxes specifies that records be kept for four years after employment taxes are due. The State Franchise Tax Board (FTB) retains records for four years from the date a tax return is filed, unless an audit is performed (see exceptions). Therefore, if

someone works January 2000, and a tax return is filed in April 2001, there is a period of 1 year and 4 months after the taxes are filed that the records are retained. The documents must then be retained for 4 years after the filing. The 1 year and 4 months' time frame when added to the 4 years equals 5 years and 4 months. To simplify the retention process, the CDSS has determined that counties retain timesheets for 5 years and 6 months.

## **EXCEPTIONS**

Counties are advised that there are circumstances that will require a longer retention period. These exceptions include federal or State audits and court cases. The Department releases an ACL periodically that provides this information to the counties. In the case of an audit, FTB requires retention of records for an additional 4 years. In the case of an appeal, FTB requires the records be retained for an additional 5 years. CDSS requires retention until the audit is resolved—please see ACL 02-12 and MPP 25.600.1 (retention schedule).

If a county is undergoing an audit, they should retain timesheets in accordance with these time frames. The last notice, ACL 02-12, was released on March 8, 2002. Additionally, if a civil or criminal action is commenced before the expiration of the time sheet retention period the relevant timesheets must be retained until the action is fully adjudicated or dismissed. For example, if an investigation is being conducted regarding an IHSS/PCSP provider who is suspected of fraudulently submitting SOC 361s, these documents must be retained throughout the investigation as well as for any further administrative or legal actions that may follow. Currently, there are no federal or State audits or court cases that affect the retention of the SOC 361. (The Tyler v. Anderson court case does require counties to maintain all IHSS/PCSP recipient files from 1/1/78 forward.)

## **ALTERNATIVE FORMATS**

Counties must store timesheets in their original form for 5 and 1/2 years but if they wish, for convenience sake, counties may store the timesheets in an unalterable electronic format on-site so they may retrieve information needed more easily. The original timesheets must, in all cases, be physically retained for the 5 and 1/2 years in an accessible location.

If you have questions or concerns, you may contact Alan Stelmack, Chief, Adult Programs Branch, at (916) 229-4582.

Sincerely,

***Original Signed by  
Donna L. Mandelstam on 8/21/03***

DONNA L. MANDELSTAM  
Deputy Director  
Disability and Adult Programs Division