

CITY OF LOS ANGELES

Audit Report

INTERAGENCY CHILD ABUSE AND NEGLECT (ICAN) INVESTIGATION REPORTS PROGRAM

Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168
(formerly 11161.7), 11169, 11170, and 11174.34 (formerly
11166.9) as added and/or amended by various legislations

July 1, 1999, through June 30, 2012



BETTY T. YEE
California State Controller

March 2015



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California State Controller

March 27, 2015

The Honorable Eric Garcetti
Mayor of the City of Los Angeles
200 N. Spring Street
Los Angeles, CA 90012

Dear Mayor Garcetti:

The State Controller's Office audited the costs claimed by the City of Los Angeles for the legislatively mandated Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program (Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168 [formerly 11161.7], 11169, 11170, and 11174.34 [formerly 11166.9] as added and/or amended by various legislations) for the period of July 1, 1999, through June 30, 2012.

The city claimed \$52,151,867 for the mandated program. Our audit found that \$20,881,605 is allowable and \$31,270,262 is unallowable. The costs are unallowable because the city overstated the number of Suspected Child Abuse Reports (SCARs) cross-reported, overstated the number of SCARs investigated, overstated the number of SS 8583 report forms prepared and forwarded to the Department of Justice, overstated the number of Child Abuse Central Index notifications sent to suspected child abusers, misstated productive hourly rates, overstated benefit rates, and overstated indirect cost rates. The State made no payments to the city. The State will pay allowable costs claimed, totaling \$20,881,605, contingent upon available appropriations.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, by phone at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/sa

cc: Ron Galperin, City Controller
City of Los Angeles
Laura Luna, Commanding Officer
Los Angeles Police Department
Evelyn Suess, Principal Program Budget Analyst
Mandates Unit, Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Los Angeles for the legislatively mandated Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program (Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168 [formerly 11161.7], 11169, 11170, and 11174.34 [formerly 11166.9] as added and/or amended by various legislations) for the period of July 1, 1999, through June 30, 2012.

The city claimed \$51,151,867 for the mandated program. Our audit found that \$20,881,605 is allowable and \$31,270,262 is unallowable. The costs are unallowable because the city overstated the number of Suspected Child Abuse Reports (SCARs) cross-reported, overstated the number of SCARs investigated, overstated the number of SS 8583 report forms prepared and forwarded to the Department of Justice (DOJ), overstated the number of Child Abuse Central Index (CACI) notifications sent to suspected child abusers, misstated productive hourly rates, overstated benefit rates, and overstated indirect cost rates. The State made no payments to the city. The State will pay allowable costs claimed, totaling \$20,881,605, contingent upon available appropriations.

Background

Various statutory provisions, Title 11 *California Code of Regulations* Section 903, and the Child Abuse Investigation Report Form SS 8583 require cities and counties to perform specific duties for reporting child abuse to the state, as well as record-keeping and notification activities that were not required by prior law, thus mandating a new program or higher level of service.

Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9) were added and/or amended by:

- Statutes of 1977, Chapter 958
- Statutes of 1980, Chapter 1071
- Statutes of 1981, Chapter 435
- Statutes of 1982, Chapters 162 and 905
- Statutes of 1984, Chapters 1423 and 1613
- Statutes of 1985, Chapter 1598
- Statutes of 1986, Chapters 1289 and 1496
- Statutes of 1987, Chapters 82, 531, and 1459
- Statutes of 1988, Chapters 269, 1497, and 1580
- Statutes of 1989, Chapter 153
- Statutes of 1990, Chapters 650, 1330, 1363, and 1603
- Statutes of 1992, Chapters 163, 459, and 1338
- Statutes of 1993, Chapters 219 and 510
- Statutes of 1996, Chapters 1080 and 1081
- Statutes of 1997, Chapters 842, 843, and 844
- Statutes of 1999, Chapters 475 and 1012 and
- Statutes of 2000, Chapter 916

This program addresses statutory amendments to California's mandatory child abuse reporting laws commonly referred to as ICAN. A child abuse reporting law was first added to the Penal Code in 1963, and initially required medical professionals to report suspected child abuse to local law enforcement or child welfare authorities. The law was regularly expanded to include additional professions required to report suspected child abuse (now termed "mandated reporters"), and in 1980, California reenacted and amended the law, entitling it the "Child Abuse and Neglect Reporting Act," or CANRA. As part of this program, the Department of Justice (DOJ) maintains a CACI, which, since 1965, maintains reports of child abuse statewide. A number of changes to the law have occurred, particularly with a reenactment in 1980, and substantive amendments in 1997 and 2000.

The act, as amended, provides for reporting of suspected child abuse or neglect by certain individuals, identified by their profession as having frequent contact with children. The act provides rules and procedures for local agencies, including law enforcement, receiving such reports. The act provides for cross-reporting among law enforcement and other child protective agencies, and to licensing agencies and district attorneys' offices. The act requires reporting to the DOJ when a report of suspected child abuse is "not unfounded." The act requires an active investigation before a report can be forwarded to the DOJ. As of January 1, 2012, the act no longer requires law enforcement agencies to report to the DOJ, and now requires reporting of only "substantiated" reports by other agencies. The act imposes additional cross-reporting and recordkeeping duties in the event of a child's death from abuse or neglect. The act requires agencies and the DOJ to keep records of investigations for a minimum of ten years, and to notify suspected child abusers that they have been listed in the CACI. The act imposes certain due process protections owed to persons listed in the index, and provides certain other situations in which a person would be notified of his or her listing in the index.

On December 19, 2007, the Commission on State Mandates (Commission) adopted a statement of decision finding that the test claim statutes impose a partially reimbursable state-mandated program upon local agencies within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission approved the test claim for the reimbursable activities described in program's parameters and guidelines, section IV, performed by city and county police or sheriff's departments, county welfare departments, county probation departments designated by the county to receive mandated reports, district attorneys' offices, and county licensing agencies. The Commission outlined reimbursable activities relating to the following categories:

- Distributing the suspected child abuse report form,
- Reporting between local departments,
- Reporting to the State Department of Justice,
- Providing notifications following reports to the CACI,
- Retaining records, and
- Complying with due process procedures offered to person listed in CACI

The program's parameters and guidelines establish the State mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on December 6, 2013. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies in claiming mandated program reimbursable costs.

Objectives, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Interagency Child Abuse and Neglect Investigation Reports Program for the period of July 1, 1999, through June 30, 2012.

The objectives of our audit were to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

The legal authority to conduct this audit is provided by Government Code sections 12410, 17558.5, and 17561. We did not audit the city's financial statements. We conducted this performance audit 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. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the city's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures. Our audit scope did not assess the efficiency or effectiveness of program operations.

To achieve our audit objectives, we performed the following audit procedures:

- Interviewed employees, completed the internal control questionnaire, and performed a walk-through of the cost components of each claim.
- Traced costs claimed to supporting documentation that showed when the costs were incurred, the validity of such costs, and their relationship to mandated activities.

Conclusion

Our audit found instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the City of Los Angeles claimed \$52,151,867 for costs of the Interagency Child Abuse and Neglect Investigation Reports Program. Our audit found that \$20,881,605 is allowable and \$31,270,262 is unallowable.

The State made no payments to the city. Our audit found that \$20,881,605 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$20,881,605, contingent upon available appropriations.

**Views of
Responsible
Officials**

We issued a draft audit report on March 6, 2015. Laura Luna, Commanding Officer, Fiscal Operations Division, Los Angeles Police Department, responded by letter dated March 18, 2015 (Attachment), agreeing with the audit results. This final audit report includes the city's response.

Restricted Use

This report is solely for the information and use of the City of Los Angeles, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

March 27, 2015

**Schedule 1—
Summary of Program Costs
July 1, 1999, through June 30, 2012**

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 153,597	\$ 51,472	\$ (102,125)	Finding 1,6
Reporting to State Department of Justice (DOJ)				
Complete an investigation	2,037,466	812,281	(1,225,185)	Finding 2,6
Prepare and submit reports to DOJ	57,546	31,478	(26,068)	Finding 3,6
Providing Child Abuse Central Index (CACI) notifications	24,662	13,492	(11,170)	Finding 4,6
Total direct costs	2,273,271	908,723	(1,364,548)	
Indirect costs	1,081,341	301,524	(779,817)	Finding 5
Total program costs	<u>\$ 3,354,612</u>	1,210,247	<u>\$ (2,144,365)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,210,247</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 139,059	\$ 51,083	\$ (87,976)	Finding 1,6
Reporting to State DOJ				
Complete an investigation	1,844,619	917,007	(927,612)	Finding 2,6
Prepare and submit reports to DOJ	57,750	33,104	(24,646)	Finding 3,6
Providing CACI notifications	24,750	14,189	(10,561)	Finding 4,6
Total direct costs	2,066,178	1,015,383	(1,050,795)	
Indirect costs	638,275	305,097	(333,178)	Finding 5
Total program costs	<u>\$ 2,704,453</u>	1,320,480	<u>\$ (1,383,973)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,320,480</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 146,282	\$ 55,218	\$ (91,064)	Finding 1,6
Reporting to State DOJ				
Complete an investigation	1,940,431	903,264	(1,037,167)	Finding 2,6
Prepare and submit reports to DOJ	58,813	33,076	(25,737)	Finding 3,6
Providing CACI notifications	25,207	14,177	(11,030)	Finding 4,6
Total direct costs	2,170,733	1,005,735	(1,164,998)	
Indirect costs	1,006,027	302,729	(703,298)	Finding 5
Total program costs	<u>\$ 3,176,760</u>	1,308,464	<u>\$ (1,868,296)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,308,464</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
July 1, 2002, through June 30, 2003				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 165,913	\$ 56,975	\$ (108,938)	Finding 1,6
Reporting to State DOJ				
Complete an investigation	2,200,830	943,655	(1,257,175)	Finding 2,6
Prepare and submit reports to DOJ	80,071	33,916	(46,155)	Finding 3,6
Providing CACI notifications	34,317	14,538	(19,779)	Finding 4,6
Total direct costs	2,481,131	1,049,084	(1,432,047)	
Indirect costs	1,037,225	433,394	(603,831)	Finding 5
Total program costs	<u>\$ 3,518,356</u>	<u>1,482,478</u>	<u>\$ (2,035,878)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,482,478</u>		
July 1, 2003, through June 30, 2004				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 171,948	\$ 59,115	\$ (112,833)	Finding 1,6
Reporting to State DOJ				
Complete an investigation	2,280,898	1,001,765	(1,279,133)	Finding 2,6
Prepare and submit reports to DOJ	82,049	35,516	(46,533)	Finding 3,6
Providing CACI notifications	35,163	15,223	(19,940)	Finding 4,6
Total direct costs	2,570,058	1,111,619	(1,458,439)	
Indirect costs	1,204,463	512,446	(692,017)	Finding 5
Total program costs	<u>\$ 3,774,521</u>	<u>1,624,065</u>	<u>\$ (2,150,456)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,624,065</u>		
July 1, 2004, through June 30, 2005				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 191,601	\$ 63,173	\$ (128,428)	Finding 1,6
Reporting to State DOJ				
Complete an investigation	2,541,592	1,061,335	(1,480,257)	Finding 2,6
Prepare and submit reports to DOJ	89,425	37,865	(51,560)	Finding 3,6
Providing CACI notifications	38,324	16,230	(22,094)	Finding 4,6
Total direct costs	2,860,942	1,178,603	(1,682,339)	
Indirect costs	1,362,205	546,981	(815,224)	Finding 5
Total program costs	<u>\$ 4,223,147</u>	<u>1,725,584</u>	<u>\$ (2,497,563)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,725,584</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
July 1, 2005, through June 30, 2006				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 212,522	\$ 63,751	\$ (148,771)	Finding 1,6
Reporting to State DOJ				
Complete an investigation	2,819,101	1,113,118	(1,705,983)	Finding 2,6
Prepare and submit reports to DOJ	98,501	39,451	(59,050)	Finding 3,6
Providing CACI notifications	42,214	16,911	(25,303)	Finding 4,6
Total direct costs	3,172,338	1,233,231	(1,939,107)	
Indirect costs	1,184,098	450,021	(734,077)	Finding 5
Total program costs	<u>\$ 4,356,436</u>	<u>1,683,252</u>	<u>\$(2,673,184)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,683,252</u>		
July 1, 2006, through June 30, 2007				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 234,531	\$ 69,587	\$ (164,944)	Finding 1,6
Reporting to State DOJ				
Complete an investigation	3,111,056	1,195,552	(1,915,504)	Finding 2,6
Prepare and submit reports to DOJ	108,703	42,152	(66,551)	Finding 3,6
Providing CACI notifications	46,587	18,093	(28,494)	Finding 4,6
Total direct costs	3,500,877	1,325,384	(2,175,493)	
Indirect costs	1,094,054	406,643	(687,411)	Finding 5
Total program costs	<u>\$ 4,594,931</u>	<u>1,732,027</u>	<u>\$(2,862,904)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,732,027</u>		
July 1, 2007, through June 30, 2008				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 222,310	\$ 63,127	\$ (159,183)	Finding 1,6
Reporting to State DOJ				
Complete an investigation	2,948,944	827,301	(2,121,643)	Finding 2,6
Prepare and submit reports to DOJ	103,038	32,563	(70,475)	Finding 3,6
Providing CACI notifications	44,159	13,957	(30,202)	Finding 4,6
Total direct costs	3,318,451	936,948	(2,381,503)	
Indirect costs	1,283,226	170,360	(1,112,866)	Finding 5
Total program costs	<u>\$ 4,601,677</u>	<u>1,107,308</u>	<u>\$(3,494,369)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,107,308</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 236,628	\$ 70,796	\$ (165,832)	Finding 1,6
Reporting to State DOJ				
Complete an investigation	3,138,895	938,772	(2,200,123)	Finding 2,6
Prepare and submit reports to DOJ	128,083	55,629	(72,454)	Finding 3,6
Providing CACI notifications	54,894	23,845	(31,049)	Finding 4,6
Total direct costs	3,558,500	1,089,042	(2,469,458)	
Indirect costs	1,535,880	457,214	(1,078,666)	Finding 5
Total program costs	<u>\$ 5,094,380</u>	1,546,256	<u>\$ (3,548,124)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,546,256</u>		
<u>July 1, 2009, through June 30, 2010</u>				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 242,577	\$ 74,788	\$ (167,789)	Finding 1,6
Reporting to State DOJ				
Complete an investigation	3,217,796	1,709,616	(1,508,180)	Finding 2,6
Prepare and submit reports to DOJ	134,347	9,794	(124,553)	Finding 3,6
Providing CACI notifications	57,578	4,199	(53,379)	Finding 4,6
Total direct costs	3,652,298	1,798,397	(1,853,901)	
Indirect costs	1,733,038	830,361	(902,677)	Finding 5
Total program costs	<u>\$ 5,385,336</u>	2,628,758	<u>\$ (2,756,578)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 2,628,758</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 249,901	\$ 5,246	\$ (244,655)	Finding 1,6
Reporting to State DOJ			—	
Complete an investigation	3,314,932	1,704,395	(1,610,537)	Finding 2,6
Prepare and submit reports to DOJ	138,402	85,169	(53,233)	Finding 3,6
Providing CACI notifications	59,315	36,506	(22,809)	Finding 4,6
Total direct costs	3,762,550	1,831,316	(1,931,234)	
Indirect costs	1,341,589	652,080	(689,509)	Finding 5
Total program costs	<u>\$ 5,104,139</u>	2,483,396	<u>\$ (2,620,743)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 2,483,396</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2011, through June 30, 2012</u>				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 122,166	\$ 2,144	\$ (120,022)	Finding 1,6
Reporting to State DOJ			—	
Complete an investigation	1,620,530	791,802	(828,728)	Finding 2,6
Prepare and submit reports to DOJ	66,126	29,204	(36,922)	Finding 3,6
Providing CACI notifications	28,340	12,517	(15,823)	Finding 4,6
Total direct costs	1,837,162	835,667	(1,001,495)	
Indirect costs	425,957	193,623	(232,334)	Finding 5
Total program costs	<u>\$ 2,263,119</u>	<u>1,029,290</u>	<u>\$ (1,233,829)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,029,290</u>		
<u>Summary: July 1, 1999, through June 30, 2012</u>				
Direct costs - salaries and benefits:				
Reporting between local departments	\$ 2,489,035	\$ 686,475	\$ (1,802,560)	Finding 1,6
Reporting to State DOJ			—	
Complete an investigation	33,017,090	13,919,863	(19,097,227)	Finding 2,6
Prepare and submit reports to DOJ	1,202,854	498,917	(703,937)	Finding 3,6
Providing CACI notifications	515,510	213,877	(301,633)	Finding 4,6
Total direct costs	37,224,489	15,319,132	(21,905,357)	
Indirect costs	14,927,378	5,562,473	(9,364,905)	Finding 5
Total program costs	<u>\$ 52,151,867</u>	<u>20,881,605</u>	<u>\$ (31,270,262)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 20,881,605</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Cross-Reporting to County Welfare and the District Attorney’s Office cost component— unallowable salaries and benefits

The city claimed \$2,489,035 in salaries and benefits for the Cross-Reporting to County Welfare and the District Attorney’s Office cost component during the audit period. We found that \$686,475 is allowable and \$1,802,560 is unallowable. Costs claimed are unallowable because the city overstated the number of Suspected Child Abuse Reports (SCARs) it cross-reported as well as the productive hourly rates and related benefit rates.

The following table summarizes the claimed costs, allowable costs, and audit adjustments for the ongoing costs related to cross-reporting by fiscal year:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
Salaries and benefits:			
1999-2000	\$ 153,597	\$ 51,472	\$ (102,125)
2000-01	139,059	51,083	(87,976)
2001-02	146,282	55,218	(91,064)
2002-03	165,913	56,975	(108,938)
2003-04	171,948	59,115	(112,833)
2004-05	191,601	63,173	(128,428)
2005-06	212,522	63,751	(148,771)
2006-07	234,531	69,587	(164,944)
2007-08	222,310	63,127	(159,183)
2008-09	236,628	70,796	(165,832)
2009-10	242,577	74,788	(167,789)
2010-11	249,901	5,246	(244,655)
2011-12	122,166	2,144	(120,022)
Total, salaries and benefits	<u>\$ 2,489,035</u>	<u>\$ 686,475</u>	<u>\$ (1,802,560)</u>

Salaries and Benefits

For the audit period, the city estimated it took city staff six minutes (0.10 hours) to cross-report each SCAR to the Department of Children and Family Services (DCFS) and the District Attorney’s Office. The city multiplied the estimated six minutes to cross-report each SCAR by the total number of SCARs to arrive at the claimed hours. The city used the productive hourly rate and benefit rate for the Police Detective II classification to calculate claimed salaries and benefits.

Number of SCARs Cross-Reported

Claimed

The city estimated the number of SCARs it cross-reported for fiscal year (FY) 1999-2000 through FY 2008-09. For FY 2009-10 through FY 2011-12, the city obtained the claimed number of cross-reported

SCARs from the Los Angeles County’s database, E-SCARS. The city claimed all SCARs reported in the county’s database that fall within the city’s jurisdiction.

Allowable

Based on the procedures in place during the audit period, we found that the city did not cross-report all SCARs. Therefore, we requested that the city provide support for the actual number of SCARs it cross-reported or provide an analysis for consideration. The city provided an acceptable analysis for the number of SCARs cross-reported for FY 1999-2000 through FY 2009-10.

For FY 1999-2000 through FY 2008-09 the city explained that most of the SCARs came to the city’s Investigative Control Unit (ICU) first. The city explained that prior to the implementation of the E-SCARS system and the 1-800 hotline that centralizes all the SCARs, the department received a vast majority of the suspected child abuse allegations from the community. The city projected that 95% of the SCARs were received by the city’s ICU and had to be manually cross-reported.

For FY 2009-10 (the first year the city joined E-SCARS), the ICU provided the number of SCARs maintained in both the E-SCARS database and the number of SCARs maintained internally in Microsoft Excel spreadsheets.

The city suggested that 95% of the total number of SCARs maintained internally by the ICU in an Excel spreadsheet for FY 2007-08, FY 2008-09, and FY 2009-10 should be the number of SCARs cross-reported for these three years. The city also indicated that the average number of SCARs cross-reported for these three years is a good approximation of the number of SCARs most likely manually cross-reported by the city’s ICU for FY 1999-2000 through FY 2006-07. We concurred with the city’s suggestion and analysis based on our understanding and review of the process.

The following table outlines the city’s proposal for the number of SCARs cross-reported for FY 1999-2000 through FY 2009-10:

	FY 1999-2000 Through			
	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
Total Number of Manual SCARs	Not available	19,841	21,475	22,127
City's Estimate of SCARs Cross-Reported (95%)	20,090	18,849	20,401	21,021

For FY 2010-11 and FY 2011-12 (after the city joined E-SCARS), we found that the cross-reporting was almost completely eliminated by the implementation of the E-SCARS and the 1-800 hotline. The ICU provided a count of SCARs maintained through the E-SCARS database and the SCARs maintained in its internal system. The SCARs maintained in the city’s internal system are the SCARs that still arrive in paper form, typically from schools that chose to bypass the E-SCARS

system and preferred to mail in their SCAR to the city's ICU department. We found that 1,307 SCARs were manually cross-reported in FY 2010-11 and 502 (1,004 divided by two as only part of the year is eligible) were cross-reported in FY 2011-12.

The following table summarizes the number of claimed SCARs cross-reported, the allowable number of SCARs cross-reported, and the adjusted number of SCARs cross-reported:

<u>Fiscal Year</u>	<u>Number of of SCARs Cross-Reported Claimed</u>	<u>Number of of SCARs Cross-Reported Allowable</u>	<u>Adjusted Number of of SCARs Cross-Reported</u>
1999-2000	24,887	20,090	(4,797)
2000-01	22,199	20,090	(2,109)
2001-02	23,893	20,090	(3,803)
2002-03	24,116	20,090	(4,026)
2003-04	23,232	20,090	(3,142)
2004-05	24,922	20,090	(4,832)
2005-06	25,900	20,090	(5,810)
2006-07	26,661	20,090	(6,571)
2007-08	23,574	18,849	(4,725)
2008-09	25,118	20,401	(4,717)
2009-10	24,687	21,021	(3,666)
2010-11	23,981	1,307	(22,674)
2011-12	11,771	502	(11,269)
	<u>304,941</u>	<u>222,800</u>	<u>(82,141)</u>

Time Increments

Claimed

The city claimed six minutes per case to cross-report every SCAR. The city did not provide any source documentation based on actual data to support the estimated time allowance. The city indicated that its claim-preparation consultant interviewed the ICU lieutenant, detectives, and subject matter experts to arrive at the estimated and claimed time increment for cross-reporting.

Allowable

Based on our review of the cross-reporting procedures, we found that the six minutes claimed is reasonable. We conducted an interview with an ICU detective who explained the procedures in place for cross-reporting during the audit period. The detective explained that the ICU received many copies of the SCARs prior to joining the county's E-SCARS in 2009. A clerk typist would collect the SCARs from the mail and segregate each of the carbon copies into separate trays: one for the ICU, one for the DCFS, one for the District Attorney's office, and one for the DOJ. After the carbon copies were segregated, the clerk typist would manually hand-write and address the envelopes to each respective department. The ICU staff would also call the DCFS and the District

Attorney's office to ensure that the SCAR was in its system. After joining E-SCARS, the city receives fewer carbon copies of the SCARs. The copies that were received after joining E-SCARS are primarily from school districts who bypass the E-SCARS. However, the cross-reporting process is still the same; the city segregates and mails carbon copies of the SCARs to each respective department.

The following table summarizes the claimed hours, allowable hours, and adjusted hours based on the adjustments made to the number of SCARs cross-reported as described above:

<u>Fiscal Year</u>	<u>Hours Claimed</u>	<u>Hours Allowable</u>	<u>Adjusted Hours</u>
1999-2000	2,488.7	2,009.0	(479.7)
2000-01	2,219.9	2,009.0	(210.9)
2001-02	2,389.3	2,009.0	(380.3)
2002-03	2,411.6	2,009.0	(402.6)
2003-04	2,323.2	2,009.0	(314.2)
2004-05	2,492.2	2,009.0	(483.2)
2005-06	2,590.0	2,009.0	(581.0)
2006-07	2,666.1	2,009.0	(657.1)
2007-08	2,357.4	1,884.9	(472.5)
2008-09	2,511.8	2,040.1	(471.7)
2009-10	2,468.7	2,102.1	(366.6)
2010-11	2,398.1	130.7	(2,267.4)
2011-12	1,177.1	50.2	(1,126.9)
	<u>30,494.1</u>	<u>22,280.0</u>	<u>(8,214.1)</u>

Productive Hourly Rate

The city used the Police Detective II classification to calculate costs to comply with this component. However, we found that the Clerk Typist classification performs the reimbursable activity. This is a civilian classification; therefore, we obtained the city's civilian productive hour analysis along with salary information in order to calculate the productive hourly rate based on the employee classification that actually performs the reimbursable activity. As explained in Finding 6—Misstated productive hourly rates, we recalculated the classification's productive hourly rates using the productive hours and the bi-weekly salary reports provided during the audit.

The following table summarizes the claimed and allowable productive hourly rates for the Cross-Reporting cost component:

Fiscal Year	Police Detective II	Clerk Typist	Difference
	Productive Hourly Rate Claimed	Productive Hourly Rate Allowable	
1999-2000	\$ 45.01	\$ 20.85	\$ (24.16)
2000-01	45.93	20.23	(25.70)
2001-02	47.11	19.87	(27.24)
2002-03	53.70	23.01	(30.69)
2003-04	56.38	23.45	(32.93)
2004-05	56.36	23.21	(33.15)
2005-06	59.28	22.91	(36.37)
2006-07	61.27	24.20	(37.07)
2007-08	63.89	23.64	(40.25)
2008-09	63.38	25.33	(38.05)
2009-10	65.58	25.75	(39.83)
2010-11	69.23	28.93	(40.30)
2011-12	66.96	29.65	(37.31)

Benefit Rate

As the city's Cost Allocation Plan (CAP) rates were approved by the federal government, we did not perform any testing to verify the benefit rates. We reviewed detailed documentation for the city's CAPs for each fiscal year and accepted the benefit rates supported by the city's CAPs. However, as mentioned above, the city used the Police Detective II classification to calculate costs to comply with this component instead of the Clerk Typist classification, which actually performs the reimbursable activity.

The city's CAPs identify different benefit rates for sworn and civilian classifications. Therefore, we used the civilian benefit rate for the Clerk Typist classification instead of the claimed sworn benefit rate to calculate allowable costs for the Cross-Reporting component.

The following table summarizes the benefit rates claimed using the sworn classification, and the appropriate benefit rate for the civilian classification and the related benefit rate adjustment:

Fiscal Year	Benefit Rate	Benefit Rate	Difference
	Claimed (Sworn)	Allowable (Civilian)	
1999-2000	37.11%	22.88%	-14.23%
2000-01	36.38%	25.69%	-10.69%
2001-02	29.96%	25.56%	-4.40%
2002-03	28.12%	23.25%	-4.87%
2003-04	31.27%	25.48%	-5.79%
2004-05	36.41%	35.48%	-0.93%
2005-06	38.43%	38.51%	0.08%
2006-07	43.58%	43.12%	-0.46%
2007-08	47.61%	41.67%	-5.94%
2008-09	48.63%	37.00%	-11.63%
2009-10	49.84%	38.22%	-11.62%
2010-11	50.52%	38.74%	-11.78%
2011-12	55.01%	44.10%	-10.91%

We made no adjustment to the claimed benefit rate. The following table shows the adjustment to the benefit costs claimed as a result of using the civilian benefit rate instead of the sworn benefit rates claimed:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Benefits:			
1999-2000	\$ 41,572	\$ 9,584	\$ (31,988)
2000-01	37,095	10,441	(26,654)
2001-02	33,723	11,241	(22,482)
2002-03	36,415	10,748	(25,667)
2003-04	40,960	12,004	(28,956)
2004-05	51,141	16,544	(34,597)
2005-06	58,999	17,725	(41,274)
2006-07	71,186	20,969	(50,217)
2007-08	71,704	18,568	(53,136)
2008-09	77,422	19,120	(58,302)
2009-10	80,686	20,680	(60,006)
2010-11	83,876	1,465	(82,411)
2011-12	43,354	656	(42,698)
Total, benefits	<u>\$ 728,133</u>	<u>\$ 169,745</u>	<u>\$ (558,388)</u>

Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of SCARs cross-reported by the allowable time increment per SCAR. We then applied the audited productive hourly rate and the audited benefit rates to the allowable hours. We found that the city overstated costs by \$1,802,560 for the audit period.

The following table summarizes the salary and benefit audit adjustment per fiscal year as described in the finding above:

Fiscal Year	Hour Related Adjustment	Productive Hourly Rate Adjustment	Benefit Rate Adjustment	Audit Adjustment
Salaries and benefits adjustment:				
1999-2000	\$ (21,600)	\$ (48,537)	\$ (31,988)	\$ (102,125)
2000-01	(9,691)	(51,631)	(26,654)	(87,976)
2001-02	(17,915)	(50,667)	(22,482)	(91,064)
2002-03	(21,615)	(61,656)	(25,667)	(108,938)
2003-04	(17,721)	(66,156)	(28,956)	(112,833)
2004-05	(27,233)	(66,598)	(34,597)	(128,428)
2005-06	(34,429)	(73,068)	(41,274)	(148,771)
2006-07	(40,254)	(74,473)	(50,217)	(164,944)
2007-08	(30,180)	(75,867)	(53,136)	(159,183)
2008-09	(29,904)	(77,626)	(58,302)	(165,832)
2009-10	(24,035)	(83,748)	(60,006)	(167,789)
2010-11	(156,977)	(5,267)	(82,411)	(244,655)
2011-12	(75,451)	(1,873)	(42,698)	(120,022)
Total, salaries and benefits adjustment	<u>\$ (507,005)</u>	<u>\$ (737,167)</u>	<u>\$ (558,388)</u>	<u>\$ (1,802,560)</u>

Criteria

The parameters and guidelines (section IV-Reimbursable Activities) require claimed costs to be supported by source documents. The parameters and guidelines state, in part, that:

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

The parameters and guidelines (section IV-B.2.c) allow ongoing activities related to costs for reporting between local departments, as follows:

Cross-Reporting of Suspected Child Abuse or Neglect from the Law Enforcement Agency to the County Welfare and Institutions Code Section 300 Agency, County Welfare, and the District Attorney's Office:

City and county police or sheriff's departments shall:

- 1) Report by telephone immediately, or as soon as practically possible, to the agency given responsibility for investigation of cases under Welfare and Institutions Code section 300 and to the district attorney's office every known or suspected instance of child abuse reported to it, except acts or omissions coming within Penal Code section 11165.2(b), which shall be reported only to the county welfare department (Penal Code section 11166(i) (As added by Stats. 1980, ch. 1071; amended by Stats. 1981, ch. 435; Stats. 1982, ch. 905; Stats. 1984, ch. 1423; Stats. 1986, ch. 1289; Stats. 1987, ch. 1459; Stats. 1988, chs. 269 and 1580; Stats. 1990, ch. 1603; Stats. 1992, ch. 459; Stats. 1993, ch. 510; Stats. 1996, chs. 1080 and 1081; and Stats. 2000, ch. 916 (AB 1241)). Renumbered at subdivision (j) by Statutes 2004, chapter 842 (SB 1313), and renumbered again at subdivision (k) by Statutes 2005, chapter 42 (AB 299)).
- 2) Report to the county welfare department every known or suspected instance of child abuse reported to it which is alleged to have occurred as a result of the action of a person responsible for the child's welfare, or as the result of the failure of a person responsible for the child's welfare to adequately protect the minor from abuse when the person responsible for the child's welfare knew or reasonably should have known that the minor was in danger of abuse.
- 3) Send a written report thereof within 36 hours of receiving the information concerning the incident to any agency to which it is required to make a telephone report under Penal Code section 11166.

As of January 1, 2006, initial reports may be made by fax or electronic transmission, instead of by telephone, and will satisfy the requirement for a written report within 36 hours (Ibid).

Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City's Response

The city concurs with the finding and recommendation.

FINDING 2— Completing an Investigation cost component— unallowable salaries and benefits

The city claimed \$33,017,090 in salaries and benefits for the Completing an Investigation cost component during the audit period. We found that \$13,919,863 is allowable and \$19,097,227 is unallowable. The costs are unallowable because the city overstated the number of SCARs it investigated, overstated its productive hourly rates, and overstated its related benefit costs.

The following table summarizes the claimed costs, allowable costs, and audit adjustments for the ongoing costs related to completing an investigation by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
Salaries and benefits:			
1999-2000	\$ 2,037,466	\$ 812,281	\$ (1,225,185)
2000-01	1,844,619	917,007	(927,612)
2001-02	1,940,431	903,264	(1,037,167)
2002-03	2,200,830	943,655	(1,257,175)
2003-04	2,280,898	1,001,765	(1,279,133)
2004-05	2,541,592	1,061,335	(1,480,257)
2005-06	2,819,101	1,113,118	(1,705,983)
2006-07	3,111,056	1,195,552	(1,915,504)
2007-08	2,948,944	827,301	(2,121,643)
2008-09	3,138,895	938,772	(2,200,123)
2009-10	3,217,796	1,709,616	(1,508,180)
2010-11	3,314,932	1,704,395	(1,610,537)
2011-12	1,620,530	791,802	(828,728)
Total, salaries and benefits	<u>\$ 33,017,090</u>	<u>\$ 13,919,863</u>	<u>\$ (19,097,227)</u>

Salaries and Benefits

For the audit period, the city estimated that it took police detectives 79.59 minutes (1.3265 hours) to complete an initial investigation, including making a report of the findings (69.09 minutes to conduct the in-person interviews and an additional 10.50 minutes to make a report of those interviews). The city multiplied the estimated 79.59 minutes to conduct the initial investigation for each SCAR by the total number of

SCARs to calculate the claimed hours. The city then used the productive hourly rate and benefit rate of the Police Detective II classification to calculate the claimed salaries and benefits for this component.

Number of SCARs Investigated

Claimed

The city estimated the number of SCARs it investigated for FY 1999-2000 through FY 2008-09. For FY 2009-10 through FY 2011-12, the city obtained the claimed number of SCARs it investigated from the county's database, E-SCARS. The city claimed all SCARs reported in the county's database that fall within the city's jurisdiction. The city did not exclude SCARs initiated by the LAPD as the mandate reporter nor did the city exclude the SCARs that were not investigated.

Allowable

We found that the city does not investigate all SCARs. The city indicated that it responds to SCARs where the child is in eminent danger. However, the city indicated that it could not respond to all SCARs. The city's ICU detectives evaluate all SCARs to determine if an in-person investigation is warranted. SCARs in which the child is in less severe danger were those indicating general neglect, mental neglect, or emotional abuse.

The city used two different systems to track the SCARs during the audit period. From FY 1999-2000 to FY 2008-09, the city tracked the SCARs in Excel. Starting in FY 2009-10, the city used the county's new database system, E-SCARS, to centralize and maintain SCAR information. The city continued to receive a much smaller number of SCARs from schools even though the E-SCARS system was implemented. These SCARs received from schools bypassed the E-SCARS online reporting system were evaluated and maintained in Excel for tracking purposes.

SCARs Analysis – Number of Investigations

During the course of the audit, the city provided us SCARs maintained in an Excel spreadsheet and E-SCARS summaries from the county's database. The city's summaries of the SCARs data is divided into three groups; "Crime Suspected," "No Crime Suspected," and "No Investigation." The SCARs within the "Crime Suspected" and "No Crime Suspected" categories were investigated by the LAPD.

- For FY 1999-2000 through FY 2006-07, the city did not provide actual data supporting the number of SCARs that were investigated. Therefore, we either took the average of the eligible investigations for five of the later years for which data was available or we found eligible investigations through analysis.
- For FY 2007-08 and FY 2008-09, the city provided partial data from its internal Excel SCARs and E-SCARS database. The city did not provide the number of SCARs generated by the LAPD; these SCARs should be excluded per the parameters and guidelines. Therefore, the city suggested, and we agreed, that we exclude 13.11% of SCARs,

the average percent of total SCARs for which the LAPD was the mandated reporter in later years (13.31% in FY 2010-11 and 12.91% in FY 2011-12).

- For FY 2009-10, the city provided a summary of its SCARs maintained in an Excel spreadsheet and a “Clearance Status Report” from E-SCARS. As this was the first year the city joined the county’s E-SCARS database system, the cases in which the LAPD was the mandated reporter were not available. Most of the SCARs were still captured in the ICU’s Excel spreadsheets. For this year, we also excluded 13.11% of SCARs, which is the average percent of total SCARs in which the LAPD was the mandated reporter for FY 2010-11 and FY 2011-12.
- For FY 2010-11 and FY 2011-12, the city was able to provide complete data. The city provided a summary of its manual SCARs, a “Clearance Status Report” from E-SCARS, and a summary that identifies the number of SCARs generated by the LAPD (listed as “LEA Generated” in the city’s summary).

The following table summarizes the methodology for determining the eligible number of investigations for the audit period:

Fiscal Year	Investigation			Less LAPD as Mandated Reporter	Number of Eligible Investigations	% of Eligible Investigations Per Sample Selection
	Total SCARs & E-SCARS Investigations	General, Mental, Emotional Neglect	Total "Crime Suspected" & "No Crime Suspected"			
FY 1999-2000 through FY 2006-07	N/A	N/A	N/A	N/A	13,546 ⁽²⁾	100.00%
FY 2007-08	19,841	8,258	11,583	(2,601)	8,982	100.00%
FY 2008-09	21,475	8,814	12,661	(2,815)	9,846	100.00%
FY 2009-10	26,988	6,525	20,463	(3,538)	16,925	100.00%
FY 2010-11 ⁽¹⁾	25,288	5,169	20,119	(3,192)	16,927	100.00%
FY 2011-12 ⁽¹⁾	12,273	3,229	9,044	(1,520)	7,524	100.00%

¹ Note: The city only had complete SCARs and E-SCARS data available for FY 2010-11 and FY 2011-12. The Investigations for the remaining years were determined through analysis and averages of the only two years of SCARs and E-SCARS data.

² 13,546 is the average number of eligible investigations for later 5 years, FY 2007-08 through FY 2011-12.

Sample Selection

As the city did not provide an actual count of the initial investigations for FY 1999-2000 through FY 2006-07, we relied on analysis of the SCARs and E-SCARS data provided by the city and the results of the sample selection to project the eligible initial investigations for years for which the city lacked data. In order to determine if the data provided by the city was reliable, we randomly selected 150 SCARs (50 for FY 2008-09, 50 for FY 2009-10, and 50 for FY 2010-11). These SCARs were selected from the “Crime Suspected” and “No Crime Suspected” categories. All files selected from the “Crime Suspected” and “No

Crime Suspected” categories included a copy of an “Injury Report,” an “Investigative Report,” or a combined “Arrest and Crime Report.”

- **Injury Reports:** The city provided us with copies of SCARs it identified as having the police officers’ investigation documented in an “Injury Report.” The injury reports documented the police officers’ response to a SCAR where there was no truth to the allegation, the victim denied the abuse, or the allegation of abuse seemed to be isolated and not threatening to a child, and no further investigation was necessary. Injury Reports are made, for example, when a child claimed to have been abused to a mandated reporter, but then denied the abuse to a police officer. If the police officer determined that the child appeared to have been telling the truth, there were no visible injuries, and the child indicated not being afraid of the person suspected of the abuse, then the police officer was required to simply document his or her investigation in an Injury Report. The program’s statement of decision, page 25, has identified this as a reimbursable activity: “Level 2: Patrol Officer Investigation, No Child Abuse.”
- **Investigative Reports:** The city provided us with copies of the SCARs with the investigations documented in an “Investigative Report” or a combined “Arrest and Crime Report” form. The investigations documented on these reports are reimbursable under the mandate, ending with the police officer’s report indicating that child abuse is suspected (ultimately may be substantiated or inconclusive).

The following table summarizes the claimed, allowable, and adjusted number of SCARs investigated:

Fiscal Year	Claimed Number of SCARS Investigated	Allowable Number of SCARS Investigated	Adjusted Number of SCARS
1999-2000	24,887	13,546	(11,341)
2000-01	22,199	13,546	(8,653)
2001-02	23,893	13,546	(10,347)
2002-03	24,116	13,546	(10,570)
2003-04	23,232	13,546	(9,686)
2004-05	24,922	13,546	(11,376)
2005-06	25,900	13,546	(12,354)
2006-07	26,661	13,546	(13,115)
2007-08	23,574	8,982	(14,592)
2008-09	25,118	9,846	(15,272)
2009-10	24,687	16,925	(7,762)
2010-11	23,981	16,927	(7,054)
2011-12	11,771	7,524	(4,247)
	<u>304,941</u>	<u>168,572</u>	<u>(136,369)</u>

Time Increments

Claimed

The city claimed 79.59 minutes per case (1.3265 hours) to perform the initial investigation of every SCAR (69.09 minutes to conduct the in-person interviews and 10.50 minutes to make a report of those interviews). The city did not provide any source documentation based on actual time data to support the estimated time allowance. The city indicated that its consultant interviewed the ICU lieutenant, detectives, and subject matter expert to arrive at the estimated time increment claimed for initial investigations.

Allowable

We found that the time claimed to perform the initial investigation and make a report of the in-person interviews is reasonable, based on discussions with ICU staff, police officers who respond to child abuse reports, and our review of the police reports documented for the sampled SCARs.

We interviewed ICU staff regarding general procedures relating to SCAR investigations. We also reviewed the LAPD's written policies and procedures related to the police officers who respond to SCARs. If the ICU detectives determined that a police officer was needed to respond to the SCAR, the detectives assigned the individual SCAR to an officer to investigate the SCAR, conduct in-person interviews, and make a report of those interviews to determine if further investigation was necessary.

We conducted interviews with three police officers who respond to suspected child abuse reports. We inquired about the officer's procedures and specific duties as they relate to conducting the initial investigation in order to assess the mandated related activities.

The officers explained that the ICU detectives assigned the SCARs to each individual officer based on each officer's current workload. The officers explained that they each have three to four SCARs assigned to them at any given time; however, when school is in session, the officers may each have twice as many SCARs assigned. The officers indicated that they typically have the least amount of SCARs assigned to them during the summer, when kids are out of school.

The police officer assigned to the SCAR is responsible for interviewing the victims, parents, suspects, and/or witnesses, if any. The police officers typically conduct the interviews with a partner because the LAPD assigns two-man cars. However, each officer is assigned to an individual SCAR and is responsible for conducting the interviews and also for making a report of those interviews. The officers also conduct the interviews alone when their partners call in sick or are not available for the day, if doing so appears to be safe. The officers explained that in some instances, it is safer to conduct interviews with a partner, especially if the suspect has a criminal record, has a history of violence, or may have a gang affiliation. The officers explained that having a partner, with

whom to conduct the interviews may also result in additional details gathered during the investigation. The officers stated that most interviews are complete in an hour. They explained that SCARs that take longer are usually those involving allegations of sexual abuse.

We also reviewed 99 police reports (Injury Reports and Investigative Reports/Combined Arrest Reports) that contained a total of 234 in-person interviews. The time to conduct the initial investigations varies by case. We found that the police officers assigned to investigate each SCAR conduct, on average, 2.25 in-person interviews when investigating a SCAR. The city, therefore, claimed on average of 30.71 minutes per in-person interview (69.09 minutes to conduct the in-person interviews divided by 2.25 the average number of in-person interviews). We found that this time increment is reasonable to comply with the requirement of the mandate.

Possible Exclusions Not Taken

During our review of the 150 SCARs selected for review, we noted the following:

- **Domestic Violence Incidents:** For FY 2009-10, we noted that at least 8.00% of the SCARs involved instances of domestic violence. Investigation of domestic violence cases is already reimbursed by another mandated program. Specifically, the domestic violence program reimburses the department 29 minutes for investigating both parties involved in the domestic violence and a fraction of that time if only one party is interviewed. Therefore, only the additional in-person interviews conducted for the ICAN program not already reimbursed would be eligible for reimbursement. However, making an exclusion to avoid excessive reimbursement for the same investigation would require additional audit procedures.
- **Duplicates:** In FY 2009-10, we found that the SCARs data was duplicated by at least 18%. Some of the duplicates were identified by the ICU staff, and others were identified through audit review. The duplicates indicate that at least a second SCAR was created for the same incident for “at risk siblings.” In these instances, one initial investigation for the duplicate SCAR is typically sufficient to determine if there is any truth to the SCAR. Excluding the duplicates would have required additional review of the files, including the review of the other two years selected as samples, and possible expansion of the sample selection.

We concluded that it was reasonable to keep these cases in our population at this time, rather than excluding them from the sample population. We did not believe that expanding our sample and performing additional testing would be a plausible or effective solution at this time.

The following table summarizes the claimed, allowable, and adjusted hours based on the adjustment to the number of investigations noted above:

<u>Fiscal Year</u>	<u>Hours Claimed</u>	<u>Hours Allowable</u>	<u>Adjusted Hours</u>
1999-2000	33,012.61	17,968.77	(15,043.84)
2000-01	29,446.98	17,968.77	(11,478.21)
2001-02	31,694.07	17,968.77	(13,725.30)
2002-03	31,989.87	17,968.77	(14,021.10)
2003-04	30,817.25	17,968.77	(12,848.48)
2004-05	33,059.03	17,968.77	(15,090.26)
2005-06	34,356.35	17,968.77	(16,387.58)
2006-07	35,365.82	17,968.77	(17,397.05)
2007-08	31,270.91	11,914.62	(19,356.29)
2008-09	33,319.03	13,060.72	(20,258.31)
2009-10	32,747.31	22,451.02	(10,296.29)
2010-11	31,810.80	22,453.67	(9,357.13)
2011-12	15,614.24	9,980.59	(5,633.65)
	<u>404,504.27</u>	<u>223,610.78</u>	<u>(180,893.49)</u>

Productive Hourly Rates

The city used the Police Detective II classification to calculate costs to comply with this component. However, we found that the Police Officer II classification actually performs the reimbursable activity. We obtained the city’s sworn employee productive hour analysis and Police Officer II salary information in order to calculate the productive hourly rate based on the employee classification that actually is involved in the reimbursable activity. As explained in Finding 6—Misstated productive hourly rates, we recalculated the classification’s productive hourly rates using the productive hours and the bi-weekly salary reports provided during the audit.

The following table summarizes the claimed and allowable productive hourly rates for the Completing the Investigation cost component:

<u>Fiscal Year</u>	<u>Police Detective II Claimed Productive Hourly Rate</u>	<u>Police Officer II Audited Productive Hourly Rate</u>	<u>Difference</u>
1999-2000	\$ 45.01	\$ 32.97	\$ (12.04)
2000-01	45.93	37.42	(8.51)
2001-02	47.11	38.68	(8.43)
2002-03	53.70	40.99	(12.71)
2003-04	56.38	42.47	(13.91)
2004-05	56.36	43.30	(13.06)
2005-06	59.28	44.75	(14.53)
2006-07	61.27	46.34	(14.93)
2007-08	63.89	47.04	(16.85)
2008-09	63.38	48.36	(15.02)
2009-10	65.58	50.82	(14.76)
2010-11	69.23	50.43	(18.80)
2011-12	66.96	51.18	(15.78)

Benefit Rate

As the city's CAP rates were approved by the federal government, we did not perform any testing to verify the benefit rates. We reviewed detailed documentation for the city's CAPs for each fiscal year and accepted the benefit rates supported by the city's CAPs. As mentioned above, the city used the Police Detective II classification to calculate costs to comply with this component instead of the Police Officer II classification that actually performs the reimbursable activity. However, both classifications are sworn employees and we made no adjustment to the benefit rates claimed.

The following table summarizes the benefit rates claimed and allowable:

<u>Fiscal Year</u>	<u>Claimed and Allowable (Sworn)</u>
1999-2000	37.11%
2000-01	36.38%
2001-02	29.96%
2002-03	28.12%
2003-04	31.27%
2004-05	36.41%
2005-06	38.43%
2006-07	43.58%
2007-08	47.61%
2008-09	48.63%
2009-10	49.84%
2010-11	50.52%
2011-12	55.01%

We made no adjustment to the claimed benefit rate; however, the following table shows the adjustment to the benefit costs claimed as a result of the adjusted salaries:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
Benefits:			
1999-2000	\$ 551,458	\$ 219,851	\$ (331,607)
2000-01	492,061	244,616	(247,445)
2001-02	447,332	208,232	(239,100)
2002-03	483,042	207,115	(275,927)
2003-04	543,336	238,632	(304,704)
2004-05	678,391	283,287	(395,104)
2005-06	782,620	309,016	(473,604)
2006-07	944,281	362,879	(581,402)
2007-08	951,150	266,837	(684,313)
2008-09	1,027,010	307,155	(719,855)
2009-10	1,070,308	568,665	(501,643)
2010-11	1,112,612	572,057	(540,555)
2011-12	575,094	280,995	(294,099)
Total, benefits	<u>\$ 9,658,695</u>	<u>\$4,069,337</u>	<u>\$ (5,589,358)</u>

Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of police officer investigations by the allowable time increment per investigation. We then applied the audited product hourly rate and the audited benefit rates to the allowable hours. We found that the city overstated costs by \$19,097,227 for the audit period.

The following table summarizes the salary and benefit audit adjustment per fiscal year as described in the finding above:

Fiscal Year	Hour Related Adjustment	Productive Hourly Rate Adjustment	Benefit Costs Adjustment	Audit Adjustment
Salaries and benefits adjustment:				
1999-2000	\$ (677,234)	\$ (216,344)	\$ (331,607)	\$ (1,225,185)
2000-01	(527,253)	(152,914)	(247,445)	(927,612)
2001-02	(646,590)	(151,477)	(239,100)	(1,037,167)
2002-03	(752,865)	(228,383)	(275,927)	(1,257,175)
2003-04	(724,482)	(249,947)	(304,704)	(1,279,133)
2004-05	(850,481)	(234,672)	(395,104)	(1,480,257)
2005-06	(971,293)	(261,086)	(473,604)	(1,705,983)
2006-07	(1,065,828)	(268,274)	(581,402)	(1,915,504)
2007-08	(1,236,569)	(200,761)	(684,313)	(2,121,643)
2008-09	(1,284,096)	(196,172)	(719,855)	(2,200,123)
2009-10	(675,150)	(331,377)	(501,653)	(1,508,180)
2010-11	(647,853)	(422,129)	(540,555)	(1,610,537)
2011-12	(377,136)	(157,493)	(294,099)	(828,728)
Total, salaries and benefits adjustment	<u>\$ (10,436,830)</u>	<u>\$ (3,071,029)</u>	<u>\$ (5,589,368)</u>	<u>\$ (19,097,227)</u>

Criteria

The parameters and guidelines (section IV-Reimbursable Activities) require claimed costs to be supported by source documents. The parameters and guidelines state in part that:

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

The parameters and guidelines (section IV-B.3.a.1.) allow ongoing activities related to costs for reporting to the State Department of Justice. For the following reimbursable activities:

From July 1, 1999 to December 31, 2011, city and county police or sheriff's departments, county probation departments if designated by the county to receive mandated reports, and county welfare departments shall: (Pursuant to amendments to Penal Code section 11169(b) enacted by Statutes 2011, chapter 468 (AB 717), the mandate

to report to DOJ for law enforcement agencies only ends on January 1, 2012. In addition, the duty for all other affected agencies is modified to exclude an “inconclusive” report.)

1) Complete an investigation for purposes of preparing the report

Complete an investigation to determine whether a report of suspected child abuse or severe neglect is unfounded, substantiated or inconclusive, as defined in Penal Code section 11165.12, for purposes of preparing and submitting the state “Child Abuse Investigation Report” Form SS 8583, or subsequent designated form, to the Department of Justice. (Penal Code section 11169(a) (Stats. 1997, ch. 842, § 5 (SB 644); Stats. 2000, ch. 916 (AB 1241); Stats. 2011, ch. 468, § 2 (AB 717)); Code of Regulations, Title 11, section 903; “Child Abuse Investigation Report” Form SS 8583.) Except as provided in paragraph below, this activity includes review of the initial Suspected Child Abuse Report (Form 8572), conducting initial interviews with parents, victims, suspects, or witnesses, where applicable, and making a report of the findings of those interviews, which may be reviewed by a supervisor.

Reimbursement is not required in the following circumstances:

- i. Investigative activities conducted by a mandated reporter to complete the Suspected Child Abuse Report (Form SS 8572) pursuant to Penal Code section 11166(a).
- ii. In the event that the mandated reporter is employed by the same child protective agency required to investigate and submit the “Child Abuse Investigation Report” Form SS 8583 or subsequent designated form to the Department of Justice, pursuant to Penal Code section 11169(a), reimbursement is not required if the investigation required to complete the Form SS 8572 is also sufficient to make the determination required under section 11169(a), and sufficient to complete the essential information items required on the Form SS 8583, pursuant to Code of Regulations, title 11, section 903 (Register 98, No. 29).
- iii. Investigative activities undertaken subsequent to the determination whether a report of suspected child abuse is substantiated, inconclusive, or unfounded, as defined in Penal Code section 11165.12, for purposes of preparing the Form SS 8583, including the collection of physical evidence, the referral to a child abuse investigator, and the conduct of follow-up interviews.

Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City’s Response

The city concurs with the finding and recommendation.

**FINDING 3—
Preparing and
Forwarding the SS
8583 Reports to the
Department of Justice
cost component—
unallowable salaries
and benefits**

The city claimed \$1,202,854 in salaries and benefits for the Preparing and Submitting the SS 8583 Reports to the Department of Justice cost component during the audit period. We found that \$498,917 is allowable and \$703,937 is unallowable. The costs are unallowable because the city overstated the number of SS 8583 reports that were forwarded to the DOJ, misstated its productive hourly rates, and overstated its related benefit costs.

The following table summarizes the claimed costs, allowable costs, and audit adjustments for the ongoing costs related to preparing and submitting the SS 8583 reports to the DOJ:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
Salaries and benefits:			
1999-2000	\$ 57,546	\$ 31,478	\$ (26,068)
2000-01	57,750	33,104	(24,646)
2001-02	58,813	33,076	(25,737)
2002-03	80,071	33,916	(46,155)
2003-04	82,049	35,516	(46,533)
2004-05	89,425	37,865	(51,560)
2005-06	98,501	39,451	(59,050)
2006-07	108,703	42,152	(66,551)
2007-08	103,038	32,563	(70,475)
2008-09	128,083	55,629	(72,454)
2009-10	134,347	9,794	(124,553)
2010-11	138,402	85,169	(53,233)
2011-12	66,126	29,204	(36,922)
	<u>\$ 1,202,854</u>	<u>\$ 498,917</u>	<u>\$(703,937)</u>

Salaries and Benefits

For the audit period, the city estimated that it took police detectives 14 minutes (0.2333 hours) to prepare and submit the SS 8583 report form to the DOJ. The city multiplied the estimated 14 minutes to prepare and submit the SS 8583 report form by the total number of SCARs that it found to be substantiated to calculate the claimed hours. The city then used the productive hourly rate and the benefit rate of the Police Detective II classification to calculate the claimed salaries and benefits for this component.

Number of SS 8583 Report Forms Sent to DOJ

Claimed

For the audit period, the city estimated the claimed number of “substantiated” SCARs in which an SS 8583 report form was sent to the DOJ. The city did not have any support for the actual number of SS 8583 report forms sent to the DOJ. We requested in an email dated December 11, 2014, that the city provide the actual number of SS 8583 report forms prepared and forwarded to the DOJ. We found that the city does not keep track of the actual SS 8583 report forms prepared and sent to the DOJ.

Allowable

In the absence of the actual number of SS 8583 reports prepared and submitted, we relied upon analysis of the SCARs and E-SCARS data provided by the city and the results of the sample selection to project the eligible number of SS 8583 reports prepared and sent to the DOJ for the audit period.

As mentioned in Finding 2, we randomly selected 150 SCARs (50 for FY 2008-09, 50 for FY 2009-10, and 50 for FY 2010-11). These SCARs were selected from the “Crime Suspected” and “No Crime Suspected” categories. All files selected from the “Crime Suspected” and “No Crime Suspected” categories included a copy of an “Injury Report,” an “Investigative Report,” or a combined “Arrest and Crime Report.”

- Injury Reports: The SCARs in which the police officer investigation was documented in an Injury Report did not have an SS 8583 report form generated. The Injury Reports documented the police officer’s response to a SCAR where there was no truth to the allegation, the victim denied the abuse, or the allegation of abuse seemed to be isolated and not threatening to a child, and no further investigation was necessary.
- Investigative Reports: The investigation documented on Investigative Reports may have had an SS 8583 report form generated. The city provided copies of SCARs with the investigation documented on an Investigative Report or a combined Arrest and Crime Report form.

We reviewed the files and documented those containing copies of the SS 8583 report forms. We noted some SCARs in which the incident appeared to have resulted in an SS 8583 report form being filed with the DOJ, but for which we were unable to locate a copy of the form. We provided the city the opportunity to provide additional support, which included checking its database for copies of SS 8583 report forms or identifying information in the Detective’s Case Progress Log pertaining to SS 8583 report forms sent to the DOJ. City staff indicated that the city did not have procedures in place to ensure consistency in ensuring that an SS 8583 report form was filed.

The following table summarizes the SCARs from the 150 files selected for sampling that contained a copy of the SS 8583 report form, as confirmed by the city:

	Fiscal Year			Weighted Average
	2008-09	2009-10	2010-11	
Included a copy of SS 8853 report form	10	1	9	
Sampled SCARs	50	50	50	
Percentage	20%	2%	18%	13.33%

SCARs Analysis – Number of SS 8583 Reports Prepared and Forwarded to the DOJ

As mentioned in Finding 2, during the course of the audit, the city provided SCARs maintained in an Excel spreadsheet and summaries of the E-SCARs from the county's database. The city's summaries of the SCARs data is divided into three groups; "Crime Suspected," "No Crime Suspected," and "No Investigation." The SCARs within the "Crime Suspected" and "No Crime Suspected" categories were investigated by the LAPD. Therefore, we applied the percentages obtained from the sampling of the 150 files to the total indicated in the columns labeled "Crime Suspected" and "No Crime Suspected," including those SCARs generated by the LAPD.

- For FY 1999-2000 through FY 2006-07, we determined that approximately 2,104 SS 8583 report forms were generated per year. We took the average of the eligible SS 8583 reports for the five later years (FY 2007-08 through FY 2011-12) to arrive at the eligible number of SS 8583 reports for the earlier eight years in which the city did not have any SCARs data for analysis (FY 1999-2000 through FY 2006-07).
- For FY 2007-08, we determined that approximately 1,544 SS 8583 report forms were generated. We took the 13.33% weighted average determined through the sampling results and applied it to the total indicated in the columns labeled "Crime Suspected" and "No Crime Suspected," including those SCARs generated by the LAPD.
- For FY 2008-09, we determined that approximately 2,532 SS 8583 report forms were generated. We took the 20.00% average determined through the sampling results for this fiscal year and applied it to the total indicated in the columns labeled "Crime Suspected" and "No Crime Suspected" including those SCARs generated by the LAPD.
- For FY 2009-10, we determined that approximately 409 SS 8583 report forms were generated. We took the 2.00% average determined through the sampling results for this fiscal year and applied it to the total indicated in the columns labeled "Crime Suspected" and "No Crime Suspected" including those SCARs generated by the LAPD.
- For FY 2010-11, we determined that approximately 1,206 SS 8583 report forms were generated. We took the 13.33% weighted average determined through the sampling results and applied it to the total indicated in the columns labeled "Crime Suspected" and "No Crime Suspected" including those SCARs generated by the LAPD.

The following table summarizes the analysis of the allowable number of SS 8583 report forms based on the city's SCARs and E-SCARS data provided and the results of the sample selection:

Fiscal Year	No Investigation			% of 8583 Reports Per Sample Selection	Allowable Number of 8583 Reports Forwarded to DOJ
	Total SCARs & E-SCARS Investigations	General, Mental, Emotional Neglect	Total "Crime Suspected," "No Crime Suspected," (Including LAPD as Mandated Reporter)		
FY 1999-2000 through FY 2006-07	N/A	N/A	N/A		2,104 ²
FY 2007-08	19,841	8,258	11,583	13.33%	1,544
FY 2008-09	21,475	8,814	12,661	20.00%	2,532
FY 2009-10	26,988	6,525	20,463	2.00%	409
FY 2010-11 ¹	25,288	5,169	20,119	¹ 18.00%	3,621
FY 2011-12 ¹	12,273	3,229	9,044	¹ 13.33%	1,206

¹ Note: The city only had complete SCARs and E-SCARS data for FY 2010-11 and FY 2011-12.

The remaining years were determined through analysis and averages of available data.

² 2,104 is the average number of 8583 reports forwarded to DOJ for later 5 years (FY 2007-08 through FY 2011-12).

The following table summarizes the claimed, allowable, and adjusted number of SS 8583 report forms forwarded to the DOJ:

Fiscal Year	Number of 8583 Reports Forwarded to DOJ Claimed	Number of 8583 Reports Forwarded to DOJ Allowable	Adjusted Number of 8583 Reports Forwarded to DOJ
1999-2000	3,996	2,104	(1,892)
2000-01	3,951	2,104	(1,847)
2001-02	4,117	2,104	(2,013)
2002-03	4,988	2,104	(2,884)
2003-04	4,751	2,104	(2,647)
2004-05	4,985	2,104	(2,881)
2005-06	5,145	2,104	(3,041)
2006-07	5,296	2,104	(3,192)
2007-08	4,683	1,544	(3,139)
2008-09	5,827	2,532	(3,295)
2009-10	5,860	409	(5,451)
2010-11	5,692	3,621	(2,071)
2011-12	2,731	1,206	(1,525)
	<u>62,022</u>	<u>26,144</u>	<u>(35,878)</u>

*Time Increments*Claimed

As mentioned previously, the city claimed 14 minutes per case (0.2333 hours) to prepare and submit the SS 8583 report forms. The city did not provide any source documentation based on actual data to support the estimated time allowance. The city indicated that its consultant interviewed subject matter experts within the LAPD to arrive at the estimated time increments used in the claim.

Allowable

The ICU is no longer required to forward SS 8853 reports to the DOJ. However, we were able to determine that the time claimed for this component is reasonable, based on an ICU detective's description of the procedures that were performed in the past. The detective demonstrated the procedures for preparing and forwarding SS 8583 report forms to the DOJ for both substantiated and inconclusive cases. The detective assigned to the case was responsible for reviewing the initial SCAR, the police report, and the comments from the District Attorney at the conclusion of an investigation. Following the review, the detective assigned to the case was responsible for preparing the SS 8583 report form and determining if the case was either substantiated or inconclusive. The detective then would forward the form to the DOJ for all cases that substantiated or inconclusive via mail.

The following table summarizes the hours claimed, and the allowable hours based on the adjustments made to the number of SS 8583 reports forwarded to the DOJ as described above:

<u>Fiscal Year</u>	<u>Hours Claimed</u>	<u>Hours Allowable</u>	<u>Adjusted Hours</u>
1999-2000	932.27	490.86	(441.41)
2000-01	921.77	490.86	(430.91)
2001-02	960.50	490.86	(469.64)
2002-03	1,163.70	490.86	(672.84)
2003-04	1,108.41	490.86	(617.55)
2004-05	1,163.00	490.86	(672.14)
2005-06	1,200.33	490.86	(709.47)
2006-07	1,235.56	490.86	(744.70)
2007-08	1,092.54	360.22	(732.32)
2008-09	1,359.44	590.72	(768.72)
2009-10	1,367.14	95.42	(1,271.72)
2010-11	1,327.94	844.78	(483.16)
2011-12	637.14	281.36	(355.78)
	<u>14,469.74</u>	<u>6,099.38</u>	<u>(8,370.36)</u>

Productive Hourly Rate

The city used the Police Detective II classification to calculate costs for this component. We confirmed that the Police Detective II classification does in fact perform the claimed activity. This classification is for a sworn employee; therefore, we obtained and reviewed the city's sworn employee productive hour analysis along with the salary information in order to calculate the productive hourly rate necessary for the component. Our review found that the city used incorrect productive hours and annual salary information, which resulted in misstated productively hourly rates. As explained in Finding 6—Misstated productive hourly rates, we recalculated the classification's productive hourly rates using the productive hours and the bi-weekly salary reports provided during the audit.

The following table summarizes the claimed and allowable productive hourly rate for the Preparing and Submitting the SS 8583 Reports to the DOJ cost component:

Fiscal Year	Police Detective II		Difference
	Claimed	Audited	
	Average	Average	
	Productive	Productive	
	Hourly Rate	Hourly Rate	
1999-2000	\$ 45.01	\$ 46.77	\$ 1.76
2000-01	45.93	49.45	3.52
2001-02	47.11	51.85	4.74
2002-03	53.70	53.93	0.23
2003-04	56.38	55.12	(1.26)
2004-05	56.36	56.55	0.19
2005-06	59.28	58.06	(1.22)
2006-07	61.27	59.81	(1.46)
2007-08	63.89	61.24	(2.65)
2008-09	63.38	63.36	(0.02)
2009-10	65.58	68.50	2.92
2010-11	69.23	66.98	(2.25)
2011-12	66.96	66.96	-

Benefit Rate

As the city's CAP rates were approved by the federal government, we did not perform any testing to verify the benefit rates. We reviewed detailed documentation for the city's CAPs for each fiscal year and accepted the benefit rates supported by the city's CAPs. As mentioned previously, the city used the Police Detective II classification to calculate costs to comply with this component instead of the Police Officer II classification that actually performs the reimbursable activity. However, both are sworn classifications and we made no adjustment to the benefit rates claimed.

The following table summarizes the claimed and allowable benefit rates:

<u>Fiscal Year</u>	<u>Benefit Rate Claimed and Allowable (Sworn)</u>
1999-2000	37.11%
2000-01	36.38%
2001-02	29.96%
2002-03	28.12%
2003-04	31.27%
2004-05	36.41%
2005-06	38.43%
2006-07	43.58%
2007-08	47.61%
2008-09	48.63%
2009-10	49.84%
2010-11	50.52%
2011-12	55.01%

We made no adjustments to the claimed benefit rate; however, the following table shows the adjustments to benefits claimed as a result of the adjusted salaries:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
Benefits:			
1999-2000	\$ 15,575	\$ 8,520	\$ (7,055)
2000-01	15,405	8,831	(6,574)
2001-02	13,558	7,625	(5,933)
2002-03	17,574	7,444	(10,130)
2003-04	19,545	8,460	(11,085)
2004-05	23,869	10,107	(13,762)
2005-06	27,345	10,952	(16,393)
2006-07	32,994	12,794	(20,200)
2007-08	33,234	10,503	(22,731)
2008-09	41,907	18,201	(23,706)
2009-10	44,687	3,258	(41,429)
2010-11	46,453	28,586	(17,867)
2011-12	23,467	10,364	(13,103)
Total, benefits	<u>\$ 355,613</u>	<u>\$ 145,645</u>	<u>\$ (209,968)</u>

Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of “substantiated” and “inconclusive” SCARs in which an SS 8583 report form was prepared and forwarded to the DOJ by the allowable time increment per report. We then applied the audited productive hourly rates and the audited benefit rates to the allowable hours. We found that the city overstated costs by \$703,937 for the audit period.

The following table summarizes the salary and benefit audit adjustment per fiscal year as described in the finding above:

Fiscal Year	Hour Related Adjustment	Productive Hourly Rate Adjustment	Benefit Costs Adjustment	Audit Adjustment
Salaries and benefits adjustment:				
1999-2000	\$ (19,877)	\$ 864	\$ (7,055)	\$ (26,068)
2000-01	(19,800)	1,728	(6,574)	(24,646)
2001-02	(22,131)	2,327	(5,933)	(25,737)
2002-03	(36,138)	113	(10,130)	(46,155)
2003-04	(34,829)	(619)	(11,085)	(46,533)
2004-05	(37,891)	93	(13,762)	(51,560)
2005-06	(42,058)	(599)	(16,393)	(59,050)
2006-07	(45,634)	(717)	(20,200)	(66,551)
2007-08	(46,790)	(954)	(22,731)	(70,475)
2008-09	(48,736)	(12)	(23,706)	(72,454)
2009-10	(83,402)	278	(41,429)	(124,553)
2010-11	(33,465)	(1,901)	(17,867)	(53,233)
2011-12	(23,819)	-	(13,103)	(36,922)
Total, salaries and benefits adjustment	\$ (494,570)	\$ 601	\$ (209,968)	\$ (703,937)

Criteria

The parameters and guidelines (section IV-Reimbursable Activities) require claimed costs to be supported by source documents. The parameters and guidelines state, in part, that:

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

The parameters and guidelines (section IV-B.3.a.2.) allow ongoing activities related to costs for reporting to the State Department of Justice. For the following reimbursable activities:

2) Forward [SS 8583]reports to the Department of Justice

Prepare and submit to the Department of Justice a report in writing of every case it investigates of known or suspected child abuse or severe neglect which is determined to be substantiated or inconclusive, as defined in Penal Code section 11165.12. Unfounded reports, as defined in Penal Code section 11165.12, shall not be filed with the Department of Justice. If a report has previously been filed which subsequently proves to be unfounded, the Department of Justice shall be notified in writing of that fact. The reports required by this section shall be in a form approved by the Department of Justice (currently form 8583) and may be sent by fax or electronic transmission. (Penal Code section 11169(a) (Stats. 1997, ch. 842, § 5 (SB 644); Stats. 2000, ch. 916

(AB1241); Stats. 2011, ch. 468, § 2 (AB 717)); Code of Regulations, Title 11, section 903; “Child Abuse Investigation Report” Form SS 8583)

This activity includes costs of preparing and submitting an amended report to DOJ, when the submitting agency changes a prior finding of substantiated or inconclusive to a finding of unfounded or from inconclusive or unfounded to substantiated.

Reimbursement is not required for the costs of the investigation required to make the determination to file an amended report.

Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City’s Response

The city concurs with the finding and recommendation.

**FINDING 4—
Notifications to
Suspected Child
Abuser cost
component—
unallowable salaries
and benefits**

The city claimed \$515,510 in salaries and benefits for the Notifications to Suspected Child Abuser cost component during the audit period. We found that \$213,877 is allowable and \$301,633 is unallowable. The costs are unallowable because the city overstated the number of notifications sent to suspected child abusers, misstated its productive hourly rates, and overstated its related benefits.

The following table summarizes the claimed costs, allowable costs, and audit adjustments for the ongoing costs related to notifications to suspected child abusers by fiscal year:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
Salaries and benefits:			
1999-2000	\$ 24,662	\$ 13,492	\$ (11,170)
2000-01	24,750	14,189	(10,561)
2001-02	25,207	14,177	(11,030)
2002-03	34,317	14,538	(19,779)
2003-04	35,163	15,223	(19,940)
2004-05	38,324	16,230	(22,094)
2005-06	42,214	16,911	(25,303)
2006-07	46,587	18,093	(28,494)
2007-08	44,159	13,957	(30,202)
2008-09	54,894	23,845	(31,049)
2009-10	57,578	4,199	(53,379)
2010-11	59,315	36,506	(22,809)
2011-12	28,340	12,517	(15,823)
	<u>\$ 515,510</u>	<u>\$ 213,877</u>	<u>\$ (301,633)</u>

Salaries and Benefits

For the audit period, the city estimated it took city staff six minutes to prepare and send each CACI notification to suspected child abusers of “substantiated” SCARS. The city multiplied the estimated six minutes to prepare and send each notification by the number of CACI notifications to arrive at the claimed hours. The city used the productive hourly rate and the benefit rate of the Police Detective II classification to calculate the salaries and benefits for this component.

Number of CACI Notifications

Claimed

We found that the city estimated the number of “substantiated” SCARs, as well as the related CACI notifications it sent to each person entered into the CACI system for the audit period. The city did not have support for the actual number of CACI notifications sent to suspected child abusers. We requested that the city provide the actual number of SS 8583 report forms prepared and forwarded to the DOJ, along with the actual number of CACI notifications sent. We found that the city does not keep track of the actual number of CACI notifications prepared and sent to suspected child abusers.

Allowable

In absence of the actual number of CACI notifications sent to suspected child abusers, we relied upon analysis of the SCARs and E-SCARS data provided by the city and the results of the sample selection to project the eligible number of CACI notifications sent to suspected child abusers for the audit period.

As described in Finding 2 and Finding 3, we used the 150 randomly selected SCARs (50 for FY 2008-09, 50 for FY 2009-10, and 50 for FY 2010-11) selected from the “Crime Suspected” and “No Crime Suspected” categories that included a copy of an “Injury Report,” or an “Investigative Report,” or combined “Arrest and Crime Report.”

- **Injury Reports:** The SCARs in which the police officer investigation was documented in an Injury Report did not have an SS 8583 report form nor a CACI notification generated. The injury reports documented the police officer’s response to a SCAR where there was no truth to the allegation, the victim denied the abuse, or the allegation of abuse seemed to be isolated and not threatening to a child, and no further investigation was necessary.
- **Investigative Reports:** The investigation documented on Investigative Reports may have had a CACI notification sent to the suspected child abuser. The city provided copies of SCARs with the investigation documented on an Investigative Report or a combined Arrest and Crime Report form.

We reviewed the files and documented those containing copies of the CACI notifications sent to suspected child abusers. We noted SCARs in which the incident appeared to have resulted in an SS 8583 report form being filed with the DOJ and a related CACI notifications, but we were unable to locate copies of either form. We provided the city with the opportunity to provide additional support, which included checking its database system for copies of CACI notifications or identifying information in the Detective’s Case Progress Log pertaining to the CACI forms being sent to the suspected child abusers.

As described in Finding 3, we found that the city did not have consistent procedures pertaining to CACI notifications. The following table summarizes the SCARs from the 150 files selected for sampling that contained a copy of the CACI notification sent to suspected child abusers, as confirmed by the city:

	Fiscal Year			Weighted Average
	2008-09	2009-10	2010-11	
Included a copy of CACI notification	10	1	9	
Sampled SCARs	50	50	50	
Percentage	20%	2%	18%	13.33%

SCARs Analysis – Number of CACI Notifications Sent

As mentioned in Finding 2, during the course of the audit, the city provided SCARs maintained in Excel spreadsheets and summaries of the E-SCARS from the county’s database. The city’s summaries of the SCARs data is divided into three groups: “Crime Suspected,” “No Crime Suspected,” and “No Investigation.” The SCARs within the “Crime Suspected” and “No Crime Suspected” categories were investigated by the LAPD. Therefore, we applied the percentages obtained from the sampling of the 150 files to the total indicated in the columns labeled “Crime Suspected” and “No Crime Suspected,” including those SCARs generated by the LAPD.

The allowable number of CACI notifications is the same as that of the allowable number of SS 8583 reports prepared and sent to the DOJ. If we found a copy of either an SS 8583 report form or a CACI notification in the file, we concluded that both were prepared and sent to the appropriate parties.

- For FY 1999-2000 through FY 2006-07, we determined that approximately 2,104 CACI notifications were sent to suspected child abusers per year. We used the average of the eligible CACI notifications for the five later years (FY 2007-08 through FY 2011-12) to arrive at the eligible CACI notifications for the earlier eight years (FY 1999-2000 through FY 2006-07) for which the city did not have SCARs data for analysis.
- For FY 2007-08, we determined that approximately 1,544 CACI notifications were generated. We used the 13.33% weighted average determined through the sampling results and applied it to the total

indicated in the columns labeled “Crime Suspected” and “No Crime Suspected,” including those SCARs generated by the LAPD.

- For FY 2008-09, we determined that approximately 2,532 CACI notifications were generated. We used the 20% average determined through the sampling results for this fiscal year and applied it to the total indicated in the columns labeled “Crime Suspected” and “No Crime Suspected,” including those SCARs generated by the LAPD.
- For FY 2009-10, we determined that approximately 409 CACI notifications were generated. We used the 2% average determined through the sampling results for this fiscal year and applied it to the total indicated in the columns labeled “Crime Suspected” and “No Crime Suspected,” including those SCARs generated by the LAPD.
- For FY 2010-11, we determined that approximately 1,206 CACI notifications were generated. We used the 13.33% weighted average determined through the sampling results and applied it to the total indicated in the columns labeled “Crime Suspected” and “No Crime Suspected,” including those SCARs generated by the LAPD.

The following table summarizes the analysis of the allowable number of CACI notifications based on the city’s SCARs and E-SCARS data provided and the results of the sample selection:

Fiscal Year	Investigation Total SCARs & E-SCARS Investigations	Investigation General, Mental, Emotional Neglect	Total "Crime Suspected," "No Crime Suspected," (Including LAPD as Mandated Reporter)	% of CACI Notices Per Sample Selection	Allowable Number of CACI Notices Forwarded to DOJ
FY 1999-2000 through FY 2006-07	N/A	N/A	N/A		2,104 ²
FY 2007-08	19,841	8,258	11,583	13.33%	1,544
FY 2008-09	21,475	8,814	12,661	20.00%	2,532
FY 2009-10	26,988	6,525	20,463	2.00%	409
FY 2010-11 ¹	25,288	5,169	20,119	¹ 18.00%	3,621
FY 2011-12 ¹	12,273	3,229	9,044	¹ 13.33%	1,206

¹ Note: The city only had complete SCARs and E-SCARS data for FY 2010-11 and FY 2011-12.

The remaining years were determined through analysis and averages of available data.

² 2,104 is the average number of CACI notices allowable for the later 5 years (FY 2007-08 through FY 2011-12).

The following table summarizes the claimed, allowable, and the adjusted number of CACI notifications reported:

<u>Fiscal Year</u>	<u>Number of CACI Notifications Claimed</u>	<u>Number of CACI Notifications Allowable</u>	<u>Adjusted Number of CACI Notifications</u>
1999-2000	3,996	2,104	(1,892)
2000-01	3,951	2,104	(1,847)
2001-02	4,117	2,104	(2,013)
2002-03	4,988	2,104	(2,884)
2003-04	4,751	2,104	(2,647)
2004-05	4,985	2,104	(2,881)
2005-06	5,145	2,104	(3,041)
2006-07	5,296	2,104	(3,192)
2007-08	4,683	1,544	(3,139)
2008-09	5,827	2,532	(3,295)
2009-10	5,860	409	(5,451)
2010-11	5,692	3,621	(2,071)
2011-12	2,731	1,206	(1,525)
	<u>62,022</u>	<u>26,144</u>	<u>(35,878)</u>

Time Increments

Claimed

The city claimed six minutes per case to send out notifications to persons entered into CACI system. The city did not provide any source documentation based on actual data to support the estimated time allowance for this component. The city's consultant interviewed the ICU lieutenant, detectives, and subject matter experts to arrive at the estimated time increments for preparing CACI notifications.

Allowable

Based on the procedures explained for preparing CACI notifications, we found that the six minutes claimed is reasonable. The department is no longer required to enter suspected child abusers into the CACI system. We conducted an interview with an ICU detective who explained the procedures in place for preparing the child abuser notifications during the audit period. The detective explained that the ICU detective assigned to the case prepared a notification for every person who was entered into CACI system and was reported to the DOJ. The ICU detective was responsible for reporting the suspected abuser to the DOJ and for preparing the CACI notification. The CACI notification letter template was completed with the information found on the SS 8583 report form. The CACI notifications were sent via mail.

The following table summarizes the claimed, allowable, and adjusted hours based on the adjustments made to the number of CACI notifications prepared as described above:

<u>Fiscal Year</u>	<u>Hours Claimed</u>	<u>Hours Allowable</u>	<u>Adjusted Hours</u>
1999-2000	399.60	210.40	(189.20)
2000-01	395.10	210.40	(184.70)
2001-02	411.70	210.40	(201.30)
2002-03	498.80	210.40	(288.40)
2003-04	475.10	210.40	(264.70)
2004-05	498.50	210.40	(288.10)
2005-06	514.50	210.40	(304.10)
2006-07	529.60	210.40	(319.20)
2007-08	468.30	154.40	(313.90)
2008-09	582.70	253.20	(329.50)
2009-10	586.00	40.90	(545.10)
2010-11	569.20	362.10	(207.10)
2011-12	273.10	120.60	(152.50)
	<u>6,202.20</u>	<u>2,614.40</u>	<u>(3,587.80)</u>

Productive Hourly Rate

The city used the Police Detective II classification to calculate costs to comply with the component. In discussions with city staff from the ICU, we confirmed that the Police Detective II classification does in fact perform this reimbursable activity. As explained in Finding 6—Misstated productive hourly rates, we recalculated the classification’s productive hourly rates using the productive hours and the bi-weekly salary reports provided during the audit.

The following table summarizes the claimed and allowable productive hourly rates for this component:

<u>Fiscal Year</u>	<u>Police Detective II Productive Hourly Rate Claimed</u>	<u>Police Detective II Productive Hourly Rate Allowable</u>	<u>Difference</u>
1999-2000	\$45.01	\$46.77	\$ 1.76
2000-01	45.93	49.45	3.52
2001-02	47.11	51.85	4.74
2002-03	53.70	53.93	0.23
2003-04	56.38	55.12	(1.26)
2004-05	56.36	56.55	0.19
2005-06	59.28	58.06	(1.22)
2006-07	61.27	59.81	(1.46)
2007-08	63.89	61.24	(2.65)
2008-09	63.38	63.36	(0.02)
2009-10	65.58	68.50	2.92
2010-11	69.23	66.98	(2.25)
2011-12	66.96	66.96	-

Benefit Rate

As the city’s CAP rates were approved by the federal government, we did not perform any testing to verify the benefit rates. We reviewed detailed documentation for the city’s CAP for each fiscal year and accepted the benefit rates supported by the city’s CAP. As mentioned above, we found that the city used the correct Police Detective II classifications to calculate costs to comply with this component.

The city’s CAPs identify a benefit rate specifically for sworn and civilian classifications. The Police Detective II is a sworn classification; therefore, for the Notifications to Suspected Child Abusers component we used the sworn benefit rate.

The following table summarizes the benefit rates claimed and allowable for sworn employee classification for each fiscal year:

<u>Fiscal Year</u>	<u>Benefit Rate Claimed and Allowable (Sworn)</u>
1999-2000	37.11%
2000-01	36.38%
2001-02	29.96%
2002-03	28.12%
2003-04	31.27%
2004-05	36.41%
2005-06	38.43%
2006-07	43.58%
2007-08	47.61%
2008-09	48.63%
2009-10	49.84%
2010-11	50.52%
2011-12	55.01%

We made no adjustments to the claimed benefit rate; however, the following table shows the adjustments to the benefit costs claimed as a result of the adjusted salaries:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
Benefits:			
1999-2000	\$ 6,675	\$ 3,652	\$ (3,023)
2000-01	6,602	3,785	(2,817)
2001-02	5,811	3,268	(2,543)
2002-03	7,532	3,191	(4,341)
2003-04	8,376	3,626	(4,750)
2004-05	10,229	4,332	(5,897)
2005-06	11,719	4,695	(7,024)
2006-07	14,140	5,492	(8,648)
2007-08	14,243	4,502	(9,741)
2008-09	17,961	7,802	(10,159)
2009-10	19,152	1,397	(17,755)
2010-11	19,908	12,253	(7,655)
2011-12	10,057	4,442	(5,615)
Total, benefits	\$ 152,405	\$ 62,437	\$ (89,968)

Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of CACI notifications by the allowable time increment per notification. We then applied the audited product hourly rate and the audited benefit rates to the allowable hours. We found that the city overstated costs by \$301,633 for the audit period.

The following table summarizes the salary and benefit audit adjustment per fiscal year as described in the finding above:

Fiscal Year	Hour Related Adjustment	Productive Hourly Rate Adjustment	Benefit Cost Adjustment	Audit Adjustment
Salaries and benefits adjustment:				
1999-2000	\$ (8,517)	\$ 370	\$ (3,023)	\$ (11,170)
2000-01	(8,484)	740	(2,817)	(10,561)
2001-02	(9,484)	997	(2,543)	(11,030)
2002-03	(15,487)	49	(4,341)	(19,779)
2003-04	(14,925)	(265)	(4,750)	(19,940)
2004-05	(16,237)	40	(5,897)	(22,094)
2005-06	(18,022)	(257)	(7,024)	(25,303)
2006-07	(19,556)	(290)	(8,648)	(28,494)
2007-08	(20,051)	(410)	(9,741)	(30,202)
2008-09	(20,885)	(5)	(10,159)	(31,049)
2009-10	(35,744)	120	(17,755)	(53,379)
2010-11	(14,339)	(815)	(7,655)	(22,809)
2011-12	(10,208)	-	(5,615)	(15,823)
Total, salaries and benefits adjustment	<u>\$ (211,939)</u>	<u>\$ 274</u>	<u>\$ (89,968)</u>	<u>\$ (301,633)</u>

Criteria

The parameters and guidelines (section IV-Reimbursable Activities) require claimed costs to be supported by source documents. The parameters and guidelines state, in part, that:

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

The parameters and guidelines (section IV-A.2) allow ongoing activities related to costs for providing notifications to suspected child abusers for the following activities:

- a. City and county police or sheriff’s departments, county probation departments if designated by the county to receive mandated reports, and county welfare departments shall:

- 1) Notify in writing the known or suspected child abuser that he or she has been reported to the Child Abuse Central Index, in any form approved by the Department of Justice, at the time the "Child Abuse Investigation Report" is filed with the Department of Justice. (Penal Code section 11169(c) (Stats. 1997, ch. 842, § 5 (SB 644); Stats. 2000, ch. 916 (AB1241)))

This activity includes, where applicable, completion of the Notice of Child Abuse Central Index Listing form (SOC 832), or subsequent designated form.

For law enforcement agencies only, this activity is eligible for reimbursement from July 1, 1999 until December 31, 2011, pursuant to Penal Code section 11169(b), as amended by Statutes 2011, chapter 468 (AB 717), which ends the mandate to report to DOJ for law enforcement agencies.

- 2) Make relevant information available, when received from the Department of Justice, to the child custodian, guardian ad litem appointed under section 326, or counsel appointed under section 317 or 318 of the Welfare and Institutions Code, or the appropriate licensing agency, if he or she is treating or investigating a case of known or suspected child abuse or severe neglect. (Penal Code section 11170 (Added by Stats. 1980, ch. 1071 § 4; amended by Stats. 1981, ch. 435, § 5; Stats. 1982, ch. 162, § 3; Stats. 1984, ch. 1613, § 3; Stats. 1985, ch. 1598, § 8.5; Stats. 1986, ch. 1496, § 3; Stats. 1987, ch. 82, § 4; Stats. 1989, ch. 153, § 2; Stats. 1990, ch. 1330 § 2 (SB 2788); Stats. 1990, ch. 1363, § 15.7 (AB 3532); Stats. 1992, ch. 163, § 113 (AB 2641); Stats. 1992, ch. 1338, § 2 (SB 1184); Stats. 1993, ch. 219, § 221.1 (AB 1500); Stats. 1996, ch. 1081, § 5 (AB 3354); Stats. 1997, ch. 842, § 6 (SB 644); Stats. 1997, ch. 843, § 5 (AB 753); Stats. 1997, ch. 844, § 2.5 (AB 1065); Stats. 1999, ch. 475, § 8 (SB 654); Stats. 2000, ch. 916, 28 (AB 1241)))
- 3) Inform the mandated reporter of the results of the investigation and of any action the agency is taking with regard to the child or family, upon completion of the child abuse investigation or after there has been a final disposition in the matter. (Penal Code section 11170(b) (Added by Stats. 1980, ch. 1071 § 4; amended by Stats. 1981, ch. 435, § 5; Stats. 1982, ch. 162, § 3; Stats. 1984, ch. 1613, § 3; Stats. 1985, ch. 1598, § 8.5; Stats. 1986, ch. 1496, § 3; Stats. 1987, ch. 82, § 4; Stats. 1989, ch. 153, § 2; Stats. 1990, ch. 1330 § 2 (SB 2788); Stats. 1990, ch. 1363, § 15.7 (AB 3532); Stats. 1992, ch. 163, § 113 (AB 2641); Stats. 1992, ch. 1338, § 2 (SB 1184); Stats. 1993, ch. 219, § 221.1 (AB 1500); Stats. 1996, ch. 1081, § 5 (AB 3354); Stats. 1997, ch. 842, § 6 (SB 644); Stats. 1997, ch. 843, § 5 (AB 753); Stats. 1997, ch. 844, § 2.5 (AB 1065); Stats. 1999, ch. 475, § 8 (SB 654); Stats. 2000, ch. 916, 28 (AB 1241)))
- 4) Notify, in writing, the person listed in the Child Abuse Central Index that he or she is in the index, upon receipt of relevant information concerning child abuse or neglect investigation reports contained in the index from the Department of Justice when investigating a home for the placement of dependent children. The notification shall include the name of the reporting agency and the date of the report. Ibid

- b. City and county police or sheriff's departments, county probation departments if designated by the county to receive mandated reports, county welfare departments, county licensing agencies, and district attorney offices shall:

Obtain the original investigative report from the agency that submitted the information to the CACI pursuant to Penal Code section 11169(a), and objectively review the report, when information regarding an individual suspected of child abuse or neglect, or an instance of suspected child abuse or neglect, is received from the CACI while performing existing duties pertaining to criminal investigation or prosecution, or licensing, or placement of a child. (Penal Code section 11170(b)(6) (Stats. 2000, ch. 916 (AB 1241)); now subdivision (b)(10), as amended by Statutes 2012, chapter 848 (AB 1707))

Reimbursement for this activity does not include investigative activities conducted by the agency, either prior to or subsequent to receipt of the information that necessitates obtaining and reviewing the investigative report.

- c. City and county police or sheriff's departments, county probation departments, and county welfare departments shall:

Notify, in writing, the person listed in the Child Abuse Central Index that he or she is in the index, upon receipt of relevant information concerning child abuse or neglect reports contained in the index from the Department of Justice regarding placement with a responsible relative pursuant to Welfare and Institutions Code sections 281.5, 305, and 361.3. The notification shall include the location of the original investigative report and the submitting agency. The notification shall be submitted to the person listed at the same time that all other parties are notified of the information, and no later than the actual judicial proceeding that determines placement. (Penal Code section 11170(c) (Added by Stats. 1980, ch. 1071 § 4; amended by Stats. 1981, ch. 435, § 5; Stats. 1982, ch. 162, § 3; Stats. 1984, ch. 1613, § 3; Stats. 1985, ch. 1598, § 8.5; Stats. 1986, ch. 1496, § 3; Stats. 1987, ch. 82, § 4; Stats. 1989, ch. 153, § 2; Stats. 1990, ch. 1330 § 2 (SB 2788); Stats. 1990, ch. 1363, § 15.7 (AB 3532); Stats. 1992, ch. 163, § 113 (AB 2641); Stats. 1992, ch. 1338, § 2 (SB 1184); Stats. 1993, ch. 219, § 221.1 (AB 1500); Stats. 1996, ch. 1081, § 5 (AB 3354); Stats. 1997, ch. 842, § 6 (SB 644); Stats. 1997, ch. 843, § 5 (AB 753); Stats. 1997, ch. 844, § 2.5 (AB 1065); Stats. 1999, ch. 475, § 8 (SB 654); Stats. 2000, ch. 916, 28 (AB 1241)))

Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City's Response

The city concurs with the finding and recommendation.

**FINDING 5—
Unallowable indirect
costs**

The city claimed indirect costs during the audit period totaling \$14,927,378. We found that \$ 5,562,473 is allowable and \$9,364,905 is unallowable. The costs are unallowable because the city overstated its indirect cost rates for FY 1999-2000 , FY 2001-02, and FY 2007-08; the city used the sworn-employee indirect cost rates for the Cross-Reporting Between Local Agencies cost component instead of the civilian indirect cost rate; and the city applied its indirect cost rates to overstated salaries and benefits.

The following table summarizes the claimed, allowable, and the audit adjustment for the indirect costs:

Fiscal Year	Claimed Indirect Cost	Allowable Indirect Cost	Audit Adjustment
1999-2000	\$ 1,081,341	\$ 301,524	\$ (779,817)
2000-01	638,275	305,097	(333,178)
2001-02	1,006,027	302,729	(703,298)
2002-03	1,037,225	433,394	(603,831)
2003-04	1,204,463	512,446	(692,017)
2004-05	1,362,205	546,981	(815,224)
2005-06	1,184,098	450,021	(734,077)
2006-07	1,094,054	406,643	(687,411)
2007-08	1,283,226	170,360	(1,112,866)
2008-09	1,535,880	457,214	(1,078,666)
2009-10	1,733,038	830,361	(902,677)
2010-11	1,341,589	652,080	(689,509)
2011-12	425,957	193,623	(232,334)
Total, indirect costs	<u>\$ 14,927,378</u>	<u>\$ 5,562,473</u>	<u>\$ (9,364,905)</u>

Indirect Cost Rates Claimed

Indirect cost rates and benefit rates are supported by the annual citywide CAP. The City Controller prepares annual CAPs, which provide details for approved fringe benefit rates and indirect cost rates for each of the city's departments. The rates indicated in each CAP are approved by the U.S. Department of Health and Human Services under the contract with the city's cognizant federal agency, the U.S. Department of Housing and Urban Development.

The city adds up the rates indicated in two forms, the Department Administration and Support rate from the approved CAP and a General City Overhead rate from the State and Local Rate Agreement, to arrive at the claimed rate. The city calculates rates separately for both civilian and sworn employee positions.

As the city's CAP rates are approved by the federal government, we did not perform any testing to verify the rate calculations. We reviewed supporting documentation for the city's indirect costs for each fiscal year and accepted the rates as supported.

Issues noted

For FY 1999-2000, FY 2001-02, and FY 2007-08, the support provided for sworn positions did not match the claimed indirect costs rates. The rates were overstated. We also noted that for FY 2007-08, in the summary, the city shows 34.45% as the Department Administrative Rate. However, the support shows 3.50% (which is the lowest percentage of the audit period). The Department Administrative Rate did not match the city’s summary of the claimed rate. We asked the city to clarify this discrepancy and asked the city for both supporting forms in order to confirm that the summarized rate is correct and supported. The city confirmed that the summary sheet was in error and that the Department Administrative rate for FY 2007-08 was actually 3.50%.

For the audit period, the city used the indirect cost rates for the Police Detective II classification. During the audit we found that both the Police Officer II and the Clerk Typist positions are involved in performing some of the reimbursable activities. The Clerk Typist is a civilian classification with a different benefit rate and indirect cost rate. Therefore, we requested that the city provide, for the audit period, the summary sheet that shows the indirect cost rate for both civilian and sworn classifications, along with support for its summary sheets that support the Department Administration and Support Rate and its State and Local Rate Agreement.

We applied the supported civilian indirect cost rates to the Reporting Between Local Departments cost component and applied the supported sworn indirect cost rates to the Reporting to State Department of Justice and Providing Notifications Following Reports to CACI cost components.

The following table summarizes the claimed, allowable, and the audit adjustment for the indirect cost rates:

Fiscal Year	Sworn Employees			Civilian Employees		
	Indirect Cost Rate	Indirect Cost Rate	Difference	Indirect Cost Rate	Indirect Cost Rate	Difference
	Claimed	Allowable		Claimed	Allowable	
1999-2000	65.22%	46.81%	-18.41%	65.22%	21.14%	-44.08%
2000-01	42.13%	42.13%	0.00%	42.13%	17.74%	-24.39%
2001-02	60.23%	39.62%	-20.61%	60.23%	29.45%	-30.78%
2002-03	53.56%	53.56%	0.00%	53.56%	40.73%	-12.83%
2003-04	61.52%	61.52%	0.00%	61.52%	40.73%	-20.79%
2004-05	64.95%	64.95%	0.00%	64.95%	34.06%	-30.89%
2005-06	51.67%	51.67%	0.00%	51.67%	29.34%	-22.33%
2006-07	44.87%	44.87%	0.00%	44.87%	29.20%	-15.67%
2007-08	57.08%	26.13%	-30.95%	57.08%	35.18%	-21.90%
2008-09	64.15%	64.15%	0.00%	64.15%	34.31%	-29.84%
2009-10	71.10%	71.10%	0.00%	71.10%	23.10%	-48.00%
2010-11	53.67%	53.67%	0.00%	53.67%	25.64%	-28.03%
2011-12	35.94%	35.94%	0.00%	35.94%	24.63%	-11.31%

Note: The civilian indirect costs relate to the Reporting Between Local Departments cost component while the sworn indirect cost relates to the Reporting to State Department of Justice and Providing Notifications Following Reports to CACI cost components.

Summary of Audit Adjustment

We calculated the allowable indirect cost rates by multiplying the allowable salaries by the allowable benefit rate. We then applied the audited indirect cost rate to the allowable salaries and benefits. We found that the city overstated indirect costs by \$9,364,905. The audit adjustment for indirect cost rate differences totaled \$591,558. The audit adjustment for applying the indirect cost rate to unallowable salaries and benefits identified in Findings 1 through 4 totaled \$8,773,347.

The following table summarizes the indirect cost adjustment per fiscal year as described above:

Fiscal Year	Rate Difference Adjustment	Unallowable Cost Adjustment	Audit Adjustment
Indirect Cost			
1999-2000	\$ (133,568)	\$ (646,249)	\$ (779,817)
2000-01	(9,913)	(323,265)	(333,178)
2001-02	(164,276)	(539,022)	(703,298)
2002-03	(6,111)	(597,720)	(603,831)
2003-04	(9,794)	(682,223)	(692,017)
2004-05	(14,404)	(800,820)	(815,224)
2005-06	(10,278)	(723,799)	(734,077)
2006-07	(7,618)	(679,793)	(687,411)
2007-08	(192,976)	(919,890)	(1,112,866)
2008-09	(15,420)	(1,063,246)	(1,078,666)
2009-10	(25,972)	(876,705)	(902,677)
2010-11	(1,060)	(688,449)	(689,509)
2011-12	(168)	(232,166)	(232,334)
Total, indirect cost adjustment	<u>\$ (591,558)</u>	<u>\$ (8,773,347)</u>	<u>\$ (9,364,905)</u>

Criteria

The parameters and guidelines (section V.B.-Claim Preparation and Submission-Indirect Cost Rates) state:

Indirect costs are costs that are incurred for a common or joint purpose...

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in 2 CFR Part 225 (Office of Management and Budget (OMB) Circular A-87). Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in 2 CFR Part 225, Appendix A and B (OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in 2 CFR Part 225, Appendix A and B (OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable. The distribution base may be: (1) total direct costs

(excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.); (2) direct salaries and wages; or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by: (1) classifying a department's total costs for the base period as either direct or indirect; and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount of allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by: (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect; and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount of allowable indirect costs bears to the base selected.

Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City's Response

The city concurs with the finding and recommendation.

FINDING 6— Misstated productive hourly rates

For the audit period, the city based salaries and benefits on hours claimed for the Police Detective II classification. We found that the productive hours used to calculate the productive hourly rates (PHR) used in the claim were misstated for FY 1999-2000 through FY 2009-10. We also found that the bi-weekly salary reports used to calculate the PHR did not match the support provided for 10 out of the 13 years of the audit period; therefore, the claimed PHRs for the Police Detective II were misstated for FY 1999-2000 through FY 20011-12.

In addition, during the audit we found that the Police Officer II and the Clerk Typist positions are involved in performing some of the reimbursable components. The city identified the specific Police Officer II (2214-2) and Clerk Typist (1358) classification salaries that would be appropriate to use to calculate rates.

We used the support provided by the city during the audit, the annual productive hours, and bi-weekly salary reports to recalculate the PHR for the Police Detective II, the Police Officer II, and the Clerk Typist classifications.

The following table summarizes the audited PHRs for the Police Detective II, Police Officer II, and Clerk Typist classifications:

Fiscal Year	Police Detective II			Police Officer II	Clerk Typist
	Claimed	Audited	Difference	Audited	Audited
	Average	Average		Average	Average
	PHR	PHR		PHR	PHR
1999-2000	\$ 45.01	\$ 46.77	\$ 1.76	\$ 32.97	\$ 20.85
2000-01	45.93	49.45	3.52	37.42	20.23
2001-02	47.11	51.85	4.74	38.68	21.89
2002-03	53.70	53.93	0.23	40.99	23.01
2003-04	56.38	55.12	(1.26)	42.47	23.45
2004-05	56.36	56.55	0.19	43.30	23.21
2005-06	59.28	58.06	(1.22)	44.75	22.91
2006-07	61.27	59.81	(1.46)	46.34	24.20
2007-08	63.89	61.24	(2.65)	47.04	23.64
2008-09	63.38	63.36	(0.02)	48.36	25.33
2009-10	65.58	68.50	2.92	50.82	25.74
2010-11	69.23	66.98	(2.25)	50.43	26.17
2011-12	66.96	66.96	-	51.18	29.65

Productive Hours

For the audit period, the city claimed productive hours of sworn employees for each fiscal year. However, during the audit we found that both sworn and civilian employees perform reimbursable activities. As a result, we reviewed the productive hours for both sworn and civilian employees separately.

For sworn employees, the city used the standard 1,800 productive hours for the first three years of the audit period, FY 1999-2000 through FY 2001-02. The city used less than 1,800 productive hours for FY 2002-03 through FY 2011-12. We obtained the city's PHR analysis for the audit period, including the first three years of the audit period for which the city had claimed the standard 1,800 productive hours. The productive hours claimed for FY 2002-03 through FY 2009-10 did not match the claimed productive hours. We were unable to determine why the city's PHR analysis provided for each fiscal year did not match the productive hours used to calculate the PHRs in the claim.

For civilian employees, we obtained and reviewed the city's civilian productive hour analysis individually for each fiscal year. The city calculates productive hours for civilian employees separately from the sworn employees. For the audit period, we used the civilian employees productive hours to calculate the audited PHRs for the Clerk Typist classification.

The following table summarizes the productive hours used to calculate the PHRs in the claim for sworn employees, the productive hours supported by the city's annual analysis, the difference between claimed and supported hours, and the supported civilian productive hours:

Fiscal Year	Sworn			Civilian
	Productive Hours	Productive Hours	Difference	Productive Hours
	Claimed	Supported		Supported
1999-2000	1,800	1,611	(189)	1,587
2000-01	1,800	1,587	(213)	1,602
2001-02	1,800	1,602	(198)	1,599
2002-03	1,628	1,621	(7)	1,601
2003-04	1,628	1,616	(12)	1,618
2004-05	1,628	1,618	(10)	1,647
2005-06	1,618	1,652	34	1,701
2006-07	1,628	1,665	37	1,663
2007-08	1,628	1,682	54	1,668
2008-09	1,682	1,686	4	1,687
2009-10	1,686	1,610	(76)	1,689
2010-11	1,593	1,593	-	1,569
2011-12	1,595	1,595	-	1,578

Bi-Weekly Salary Reports

For 10 years out of the 13 years of the audit period, the bi-weekly salary used to calculate the productive hourly rate for the Police Detective II did not match the support provided by the city. The salary reports matched the salaries used to calculate the PHRs in the claim only in FY 2002-03, FY 2005-06, and 2011-12. We were unable to determine why the bi-weekly salary reports provided by the city did not match the bi-weekly salaries used in the claim to calculate the productive hourly rate.

Furthermore, the city claimed the salary of the Police Detective II position for each of the claimed cost components. During the audit, we found that the Police Officer II and Clerk Typist positions also performed some of the claimed activities. We obtained and reviewed the bi-weekly salary reports provided for both sworn and civilian employees.

Application of Audited Productive Hourly Rates

We applied the audited productive hourly rates to the following audited cost components: Cross-Reporting, Conducting an Initial Investigation, Preparing and Submitting the SS 8583 Reports to the DOJ, and Providing Notifications Following Reports to the CACI.

Criteria

The parameters and guidelines (section V-Claim Preparation and Submission-Direct Cost Reporting-Salaries and Benefits) state that, for salaries and benefits, claimants are required to:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

The SCO's local agency mandated cost manual states that one of three options may be used to compute productive hourly rates:

- Actual annual productive hours for each employee,
- The weighted-average annual productive hours for each job title, or
- 1,800 annual productive hours for all employees. (The 1,800 annual productive hours excludes time for paid holidays, vacation earned, sick leave taken, informal time off, jury duty, and military leave taken.)

Recommendation

We recommend that the city ensure that productive hourly rates are calculated in accordance with the guidance provided in the SCO's claiming instructions.

City's Response

The city concurs with the finding and recommendation.

**Attachment—
City’s Response to
Draft Audit Report**

LOS ANGELES POLICE DEPARTMENT



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March 18, 2015

Jim L. Spano
Chief, Mandated Cost Audits Bureau
State Controller's Office, Division of Audits
Post Office Box 942850
Sacramento, California 94250-5874

Subject: City of Los Angeles Interagency Child Abuse and Neglect (ICAN) Audit

Dear Mr. Spano,

Thank you for the opportunity to comment on the draft Interagency Child Abuse and Neglect (ICAN) Audit Report findings. We appreciate the professionalism and courtesy afforded by State Audit staff throughout the course of the audit, as well as the ongoing advice and assistance in allowing the City of Los Angeles to develop and submit appropriate documentation in support of these claims.

The City of Los Angeles has reviewed the draft report and concurs with the summary findings and recommendations indicated in the report. Please contact Management Analyst II Damian A. Pacheco, Fiscal Operations Division, at (213) 486-8590 if you have any questions.

Very truly yours,

CHARLIE BECK
Chief of Police

A handwritten signature in black ink, appearing to read "Laura Luna".

LAURA LUNA, Police Administrator II
Commanding Officer
Fiscal Operations Division

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