

SAN DIEGO COUNTY

Audit Report

SEXUALLY VIOLENT PREDATORS PROGRAM

Chapters 762 and 763, Statutes of 1995,
and Chapter 4, Statutes of 1996

*July 1, 2003, through June 30, 2009, excluding
July 1, 2004, through June 30, 2005*



JOHN CHIANG
California State Controller

April 2012



JOHN CHIANG
California State Controller

April 3, 2012

The Honorable Ron Roberts
Chairman, Board of Supervisors
San Diego County
1600 Pacific Highway, Room 335
San Diego, CA 92101

Dear Mr. Roberts:

The State Controller's Office audited the costs claimed by San Diego County for the legislatively mandated Sexually Violent Predators Program (Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) for the period of July 1, 2003, through June 30, 2009, excluding July 1, 2004, through June 30, 2005.

The county claimed \$2,561,143 (\$2,561,295 less a \$152 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$2,528,632 is allowable and \$32,511 is unallowable. The costs are unallowable primarily because the county claimed costs that were not properly supported. The State paid the county \$2,390,949. Allowable costs claimed exceed the amount paid by \$137,683.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's website at www.csm.ca.gov/docs/IRCFORM.pdf.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk

cc: Tracy Sandoval, Assistant Chief Financial Officer/Auditor-Controller
San Diego County
Dorothy Thrush, Finance Director
Public Safety Group
San Diego County
Jeff Carosone, Principal Program Budget Analyst
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Audit Report

Summary

The State Controller's Office audited the costs claimed by San Diego County for the legislatively mandated Sexually Violent Predators Program (Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) for the period of July 1, 2003, through June 30, 2009, excluding July 1, 2004, through June 30, 2005.

The county claimed \$2,561,143 (\$2,561,295 less a \$152 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$2,528,632 is allowable and \$32,511 is unallowable. The costs are unallowable primarily because the county claimed costs that were not properly supported. The State paid the county \$2,390,949. Allowable costs claimed exceed the amount paid by \$137,683.

Background

Welfare and Institutions Code sections 6250 and 6600 through 6608 (added by Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) establish new civil commitment procedures for the continued detention and treatment of sexually violent offenders following their completion of a prison term for certain sex-related offenses. Before detention and treatment are imposed, the county attorney is required to file a petition for civil commitment. A trial is then conducted to determine if the inmate is a sexually violent predator. If the inmate accused of being a sexually violent predator is indigent, the test claim legislation requires counties to provide the indigent with the assistance of counsel and experts necessary to prepare a defense.

On June 25, 1998, the Commission on State Mandates (CSM) determined that Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996, imposed a reimbursable state mandate under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on September 24, 1998 and amended them on October 30, 2009. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Sexually Violent Predators Program for the period of July 1, 2003, through June 30, 2009, excluding July 1, 2004, through June 30, 2005.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the county's financial statements. We conducted the 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 county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed 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, San Diego County claimed \$2,561,143 (\$2,528,632 less a \$152 penalty for filing a late claim) for costs of the Sexually Violent Predators Program. Our audit disclosed that \$2,528,632 is allowable and \$32,511 is unallowable.

For the fiscal year (FY) 2003-04 claim, the State made no payment to the county. Our audit disclosed that \$142,182 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$142,182, contingent upon available appropriations.

For FY 2005-06, FY 2006-07, and FY 2008-09, the State paid the county \$1,628,614. Our audit disclosed that the entire amount is allowable.

For the FY 2007-08 claim, the State paid the county \$762,335. Our audit disclosed that \$757,836 is allowable. The State will offset \$4,499 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

Views of Responsible Official

We issued a draft audit report on February 29, 2012. Tracy Sandoval, Assistant Chief Financial Officer/Auditor and Controller, responded by letter dated March 20, 2012 (Attachment), agreeing in general with the audit results. This final audit report includes the county's response.

Restricted Use

This report is solely for the information and use of San Diego County, 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
Chief, Division of Audits

April 3, 2012

**Schedule 1—
Summary of Program Costs
July 1, 2003, through June 30, 2009, excluding
July 1, 2004, through June 30, 2005**

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustments	Reference ¹
<u>July 1, 2003, through June 30, 2004</u>				
District Attorney:				
Direct costs:				
Salaries	\$ 24,063	\$ 27,776	\$ 3,713	Finding 2
Benefits	10,595	11,657	1,062	Finding 2
Total direct costs	34,658	39,433	4,775	
Indirect costs	3,466	2,778	(688)	Findings 2, 6
Subtotal, District Attorney	38,124	42,211	4,087	
Sheriff:				
Services and supplies	132,070	99,971	(32,099)	Finding 4
Total program costs	<u>\$ 170,194</u>	142,182	<u>\$ (28,012)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 142,182</u>		
<u>July 1, 2005, through June 30, 2006</u>				
District Attorney:				
Direct costs:				
Salaries	\$ 11,135	\$ 12,906	\$ 1,771	Finding 2
Benefits	5,692	6,870	1,178	Finding 2
Total direct costs	16,827	19,776	2,949	
Indirect costs	1,114	1,291	177	Finding 2
Subtotal, District Attorney	17,941	21,067	3,126	
Public Defender:				
Direct costs:				
Salaries	66,484	76,796	10,312	Finding 2
Benefits	34,252	41,723	7,471	Findings 1, 2, 3
Services and supplies	8,346	8,346	-	
Total direct costs	109,082	126,865	17,783	
Indirect costs	10,074	7,680	(2,394)	Findings 1, 2, 6
Subtotal, Public Defender	119,156	134,545	15,389	
Alternate Public Defender:				
Direct costs:				
Salaries	12,325	12,764	439	Findings 1, 2
Benefits	10,917	8,011	(2,906)	Findings 1, 2, 3
Travel and training	162	162	-	
Services and supplies	10,876	10,876	-	
Total direct costs	34,280	31,813	(2,467)	
Indirect costs	2,462	1,276	(1,186)	Findings 1, 2, 6
Subtotal, Alternate Defense	36,742	33,089	(3,653)	
Sheriff:				
Services and supplies	5,846	7,348	1,502	Finding 4
Total direct and indirect costs	179,685	196,049	16,364	
Less late penalty	(152)	(152)	-	
Less allowable costs that exceed costs claimed ²	-	(16,364)	(16,364)	
Total program costs	<u>\$ 179,533</u>	179,533	<u>\$ -</u>	
Less amount paid by the State		(179,533)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ -</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustments	Reference ¹
<u>July 1, 2006, through June 30, 2007</u>				
District Attorney:				
Direct costs:				
Salaries	\$ 34,293	\$ 39,616	\$ 5,323	Finding 2
Benefits	17,593	20,359	2,766	Finding 2
Total direct costs	51,886	59,975	8,089	
Indirect costs	3,429	3,962	533	Finding 2
Subtotal, District Attorney	55,315	63,937	8,622	
Public Defender:				
Direct costs:				
Salaries	108,035	115,247	7,212	Findings 1,2
Benefits	58,340	61,692	3,352	Findings 1,2, 3
Travel and training	223	-	(223)	Finding 5
Services and supplies	129,922	126,768	(3,154)	Finding 5
Total direct costs	296,520	303,707	7,187	
Indirect costs	29,652	11,525	(18,127)	Findings 1,2, 6
Subtotal, Public Defender	326,172	315,232	(10,940)	
Alternate Public Defender:				
Direct costs:				
Salaries	17,165	19,394	2,229	Findings 1, 2
Benefits	9,270	10,667	1,397	Findings 1, 2, 3
Travel and training	437	-	(437)	Finding 5
Services and supplies	3,301	3,301	-	
Total direct cost	30,173	33,362	3,189	
Indirect costs	3,017	1,939	(1,078)	Findings 1, 2, 6
Subtotal, Alternate Public Defender	33,190	35,301	2,111	
Sheriff:				
Services and supplies	159,981	185,446	25,465	Finding 4
Total direct and indirect costs	574,658	599,916	25,258	
Less allowable costs that exceed costs claimed ²	-	(25,258)	(25,258)	
Total program costs	\$ 574,658	574,658	\$ -	
Less amount paid by the State		(574,658)		
Allowable costs claimed in excess of (less than) amount paid		\$ -		
<u>July 1, 2007, through June 30, 2008</u>				
District Attorney:				
Direct costs:				
Salaries	\$ 65,676	\$ 76,001	\$ 10,325	Finding 2
Benefits	33,414	38,716	5,302	Finding 2
Total direct costs	99,090	114,717	15,627	
Indirect costs	6,568	7,600	1,032	Finding 2
Subtotal, District Attorney	105,658	122,317	16,659	
Public Defender:				
Direct costs:				
Salaries	167,052	173,345	6,293	Findings 1, 2
Benefits	93,441	93,398	(43)	Findings 1, 2, 3
Travel and training	1,828	513	(1,315)	Finding 5
Services and supplies	205,929	191,075	(14,854)	Finding 5
Total direct costs	468,250	458,331	(9,919)	
Indirect costs	26,049	17,335	(8,714)	Findings 1, 2, 6
Subtotal, Public Defender	494,299	475,666	(18,633)	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustments	Reference ¹
<u>July 1, 2007, through June 30, 2008 (continued)</u>				
Alternate Public Defender:				
Direct costs:				
Salaries	7,967	8,842	875	Findings 1, 2
Benefits	4,089	4,450	361	Findings 1, 2, 3
Services and supplies	25,953	25,953	-	Finding 3
Total direct costs	38,009	39,245	1,236	
Indirect costs	1,206	884	(322)	Findings 1, 2, 6
Subtotal, Alternate Public Defender	39,215	40,129	914	
Sheriff:				
Direct costs:				
Services and supplies	123,163	119,724	(3,439)	Finding 4
Subtotal, Sheriff	123,163	119,724	(3,439)	
Total program costs	\$ 762,335	757,836	\$ (4,499)	
Less amount paid by the State		(762,335)		
Allowable costs claimed in excess of (less than) amount paid		\$ (4,499)		
<u>July 1, 2008, through June 30, 2009</u>				
District Attorney:				
Direct costs:				
Salaries	\$ 125,064	\$ 97,948	\$ (27,116)	Findings 1, 2
Benefits	61,766	48,442	(13,324)	Findings 1, 2
Total direct costs	186,830	146,390	(40,440)	
Indirect costs	12,506	9,795	(2,711)	Findings 1, 2
Subtotal, District Attorney	199,336	156,185	(43,151)	
Public Defender:				
Direct costs:				
Salaries	194,539	212,583	18,044	Findings 1, 2
Benefits	101,160	110,798	9,638	Findings 1, 2, 3
Travel and training	6,162	528	(5,634)	Finding 5
Services and supplies	195,248	194,720	(528)	Finding 5
Total direct costs	497,109	518,629	21,520	
Indirect costs	19,454	21,258	1,804	Findings 1, 2
Subtotal, Public Defender	516,563	539,887	23,324	
Sheriff:				
Services and supplies	158,524	180,310	21,786	Finding 4
Total direct and indirect costs	874,423	876,382	1,959	
Less allowable costs that exceed costs claimed ²	-	(1,959)	(1,959)	
Total program costs	\$ 874,423	874,423	\$ -	
Less amount paid by the State		(874,423)		
Allowable costs claimed in excess of (less than) amount paid		\$ -		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustments	Reference ¹
<u>Summary: July 1, 2003, through June 30, 2009</u>				
District Attorney:				
Direct costs:				
Salaries	\$ 260,231	\$ 254,247	\$ (5,984)	
Benefits	129,060	126,044	(3,016)	
Total direct costs	389,291	380,291	(9,000)	
Indirect costs	27,083	25,426	(1,657)	
Subtotal, District Attorney	416,374	405,717	(10,657)	
Public Defender:				
Direct costs:				
Salaries	536,110	577,971	41,861	
Benefits	287,193	307,611	20,418	
Travel and training	8,213	1,041	(7,172)	
Services and supplies	539,445	520,909	(18,536)	
Total direct costs	1,370,961	1,407,532	36,571	
Indirect costs	85,229	57,798	(27,431)	
Subtotal, Public Defender	1,456,190	1,465,330	9,140	
Alternate Public Defender:				
Direct costs:				
Salaries	37,457	41,000	3,543	
Benefits	24,276	23,128	(1,148)	
Travel and training	599	162	(437)	
Services and supplies	40,130	40,130	-	
Total direct costs	102,462	104,420	1,958	
Indirect costs	6,685	4,099	(2,586)	
Subtotal, Alternate Public Defender	109,147	108,519	(628)	
Sheriff:				
Services and supplies	579,584	592,799	13,215	
Total direct and indirect costs	2,561,295	2,572,365	11,070	
Less late penalty	(152)	(152)	-	
Less allowable costs that exceed costs claimed ²	-	(43,581)	(43,581)	
Total program costs	<u>\$ 2,561,143</u>	2,528,632	<u>\$ (32,511)</u>	
Less amount paid by the State		(2,390,949)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 137,683</u>		

¹ See the Findings and Recommendations section.

² Government Code section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2005-06, FY 2006-07, and FY 2008-09.

Findings and Recommendations

FINDING 1— Overstated salaries and benefits

The county claimed unallowable salaries and benefits costs totaling \$116,913 for the audit period (\$62,154 by the District Attorney's Office, \$52,561 by the Public Defender's Office, and \$2,198 by the Alternate Public Defender's Office). The costs were unallowable because the county claimed costs for reimbursable activities that were not adequately supported. The related unallowable indirect costs totaled \$7,773.

The following table summarizes the unallowable costs by fiscal year.

Cost Category	Fiscal Year					Total
	2003-04	2005-06	2006-07	2007-08	2008-09	
Salaries	\$ -	\$ (1,279)	\$ (9,088)	\$ (16,595)	\$ (50,757)	\$ (77,719)
Benefits	-	(608)	(4,905)	(8,734)	(24,947)	(39,194)
Subtotal	-	(1,887)	(13,993)	(25,329)	(75,704)	(116,913)
Indirect costs	-	(128)	(909)	(1,660)	(5,076)	(7,773)
Audit adjustment	\$ -	\$ (2,015)	\$ (14,902)	\$ (26,989)	\$ (80,780)	\$ (124,686)

In the narrative below, we have separated the unallowable costs for salaries and benefits by county department and by fiscal year.

District Attorney's Office

The District Attorney's Office (DA) claimed unallowable salaries and benefits totaling \$62,154 during the audit period. The related unallowable indirect costs totaled \$4,022.

The following table summarizes the unallowable costs by fiscal year.

Cost Category	Fiscal Year					Total
	2003-04	2005-06	2006-07	2007-08	2008-09	
Salaries	\$ -	\$ -	\$ -	\$ -	\$ (40,221)	\$ (40,221)
Benefits	-	-	-	-	(21,933)	(21,933)
Subtotal	-	-	-	-	(62,154)	(62,154)
Indirect costs	-	-	-	-	(4,022)	(4,022)
Audit adjustment	\$ -	\$ -	\$ -	\$ -	\$ (66,176)	\$ (66,176)

Fiscal Year 2008-09

The DA claimed salaries and benefits totaling \$186,830 for 2,090.85 hours spent performing mandated activities. We determined that \$124,676 was allowable and \$62,154 was unallowable.

The costs were unallowable because the department claimed costs for 698 hours spent performing mandated activities that were not supported by contemporaneous source documents. Specifically, time was accumulated for certain reimbursable activities over a range of time and posted to DA time logs on specific dates in bulk hour format. Based on the way that the time was posted, it appeared to be based on estimates of time spent performing mandated activities. In addition, the county did not provide corroborating evidence to support the time claimed.

The case logs in question involved the following cases and time postings:

- Case A64007: 250 hours were claimed by the attorney assigned to this case; 150 hours for review of reports and records of the State's recommendation for civil commitment (50 hours for the month of September 2008, and 100 hours for the month of January 2009) and 100 hours for trial preparation during the month of March 2009. These costs were not supported with actual time records. The county provided documentation from the Superior Court showing time spent for a probable cause hearing on July 17, 2008, as well as information from its Case Information System showing hearings that occurred on July 7, 2008, and August 19, 2008, that were attended by the attorney. Hearings on October 8, 2008, and March 17, 2009, were attended by other attorneys from the DA. The remaining court activity documented in these records occurred during other fiscal years. Based on the information provided, we determined that 40 hours were allowable and 210 hours were unallowable because they were not supported by contemporaneous source documentation.
- Case A70249: 250 hours were claimed by the attorney assigned to this case; 50 hours for review of reports and records of the State's recommendation for civil commitment during August 2008, and 200 hours for trial preparation over the time period of October 2008 through June 2009. These costs were not supported with actual time records. The department provided corroborating documentation in the form of its Case Information System which supported 32 hours for the attorney's attendance at various court proceedings during FY 2008-09. We determined that a corresponding number of hours were spent in preparation for these proceedings. The department also provided Superior Court records documenting the attorney's attendance at a nine-day trial which began early in FY 2009-10. Accordingly, 72 hours claimed for trial preparation were allowable for FY 2008-09. The remaining 146 hours were not supported by contemporaneous source documentation.
- Case A70290: 470 hours were claimed by the attorney assigned to this case; 150 hours for review of reports and records of the State's recommendation for civil commitment (50 hours over the time period of July 28, 2008, through August 25, 2008, and 100 hours over the time period of September 9, 2008, through October 6, 2008); 100 hours for trial preparation over the time period of October 6, 2008, through December 31, 2008; 20 hours for pre-trial hearing over the time period of January 1, 2009, through March 2, 2009; and 200 hours for actual trial or hearing over the time period of March 10, 2009, through May 7, 2009. These costs were not supported with actual time records. The department provided corroborating documentation in the form of Superior Court records documenting that a trial began in April 2009 and lasted for seven days. This evidence corroborated 56 hours for the attorney's attendance at the trial and 56 hours for related trial preparation. We also reviewed corroborating documentation obtained from the Public Defender's Office, which supported 16 hours spent for preparation and attendance at pre-trial hearings on July 28, 2008, and August 25, 2008. Accordingly, the remaining 342 hours were not supported by any contemporaneous source documentation.

Public Defender's Office

The Public Defender's Office (PD) claimed salaries and benefits totaling \$823,303 during the audit period. We determined that \$770,742 was allowable and \$52,561 was unallowable. The unallowable costs occurred because the department claimed costs that were unsupported. The related unallowable indirect costs totaled \$3,603.

The following table summarizes the unallowable costs by fiscal year.

Cost Category	Fiscal Year					Total
	2003-04	2005-06	2006-07	2007-08	2008-09	
Salaries	\$ -	\$ -	\$ (8,706)	\$ (16,783)	\$ (10,536)	\$(36,025)
Benefits	-	-	(4,700)	(8,822)	(3,014)	(16,536)
Subtotal	-	-	(13,406)	(25,605)	(13,550)	(52,561)
Indirect costs	-	-	(871)	(1,678)	(1,054)	(3,603)
Audit adjustment	\$ -	\$ -	\$(14,277)	\$ (27,283)	\$(14,604)	\$(56,164)

Fiscal Year 2006-07

The PD claimed \$166,375 for salaries and benefits. We determined that \$152,969 was allowable and \$13,406 was unallowable. The costs were unallowable because the PD claimed costs for 218 hours spent performing mandated activities that were not adequately supported.

The case logs in question involved the following cases and time postings:

- Case P07CMH1251: 116.7 hours were posted to the case time log on May 1, 2007, by the attorney assigned to this case for the activity of "close case." However, the county did not provide contemporaneous documentation showing how the time claimed was determined.
- Case P06CMH0800: 25.7 hours were claimed for time spent by the attorney assigned to this case. However, the case log provided supported that the attorney spent 23.7 hours on the case. The remaining 2 hours were unsupported.
- Case P06CMH1673: 131 hours were claimed for time spent by the attorney assigned to this case. However, the Attorney Activity Log provided by the county only supported that the attorney spent 128.5 hours on the case during the year. The remaining 2.5 hours were unsupported.
- Case P07CMH1107: 62.5 hours were claimed for time spent by the attorney assigned to this case. However, the case time log provided only supported 30.7 hours spent by this attorney and the remaining 31.8 hours were unsupported. In addition, 7.45 hours were claimed for time spent by another attorney who assisted with this case. However, the time log provided only supported 5.85 hours and the remaining 1.6 hours were unsupported.
- Case P07CMH0071: 37.6 hours were claimed for time spent by the attorney assigned to this case. However, the case time log provided showed that 19.9 of these hours were spent on the case during FY 2007-08. Therefore, 19.9 hours were unallowable.

Fiscal Year 2007-08

The PD claimed \$260,493 for salaries and benefits. We determined that \$234,888 was allowable and \$25,605 was unallowable. The costs were unallowable because the department claimed costs for 269.2 hours that were not adequately supported, and underclaimed 9.5 hours spent performing mandated activities.

The case logs in question involved the following cases and time postings:

- Case P08SVP0624: Based on additional documentation provided by the county after the audit exit conference, we determined that the attorney assigned to this case spent 9.5 hours on reimbursable activities that were not included in the county's claim.
- Case P06SVP2724: The county claimed 148.05 hours for time spent on this case. We determined that 84.3 hours were allowable and 24.5 hours were unallowable. The Attorney Activity Log provided only supported 108.8 hours spent on the case during FY 2007-08. In addition, we noted that time in excess of 8 hours per day was posted in the log on four dates in March 2008. Specifically, 56.5 total hours were included in the log for these four dates. As county attorneys are salaried employees and the calculated productive hourly rates do not include additional hours worked, we deducted the additional 24.5 hours claimed.
- Case P07SVP1150: The Attorney Time Log provided showed that 15.7 of the 19.1 hours claimed for this case were spent during FY 2008-09. Therefore, the 15.7 hours were unallowable as claimed.
- Case P07SVP0439: The attorney assigned to this case posted 120 hours to the Attorney Activity Log on December 31, 2007, for the activities of "reviewed case, went to Atascadero, and review reports." However, the county did not provide any contemporaneous or corroborating documentation showing how the time claimed was determined. We determined that the time claimed was unallowable because it appeared to be based on an estimate of time spent performing mandated activities.
- Case P07SVP0942: The attorney assigned to this case posted 189 hours to the Attorney Activity Log on May 1, 2008, for the activity of "close case." The county provided Superior Court documents supporting 40 hours spent for trial and 40 hours related to trial preparation. The remaining 109 hours claimed were unallowable because they were not supported with any contemporaneous or corroborating documentation showing how the time claimed was determined.

Fiscal Year 2008-09

The PD claimed \$295,699 for salaries and benefits. We determined that \$282,149 was allowable and \$13,550 was unallowable. The costs were unallowable because the department claimed costs for 209.2 hours that were not adequately supported, and underclaimed 33.6 hours spent performing mandated activities.

The case logs in question involved the following cases and time postings:

- Case P08SVP0688: The county claimed 246.7 hours spent by the attorney assigned to this case. We determined that 156.7 hours were allowable and 90 hours were unallowable. The Attorney Activity Log provided for this case supported only 204.7 hours spent by the attorney during the fiscal year, leaving 42 hours unsupported. In addition, we noted that time in excess of 8 hours per day was posted in the log on 12 dates in February 2009. Specifically, 144 total hours were included in the log for these 12 dates. As county attorneys are salaried employees and the calculated productive hourly rates do not include additional hours worked, we deducted the additional 48 additional hours claimed.

- Case P08SVP0900: The county claimed 377.85 hours for time spent on this case; we determined that 372.85 hours were allowable and 5 hours were unallowable.

The county claimed 198.2 hours spent by the attorney primarily assigned to this case. However, the Attorney Activity Log provided supported only 193.2 hours; therefore, 5 hours claimed were unsupported.

The county also claimed 56.85 hours for time spent by another attorney who assisted on this case. However, the Attorney Activity Log provided supported only 48.2 hours spent by this attorney, leaving 8.65 hours unsupported. However, we noted that the 8.65 hours claimed were actually performed by two additional attorneys who were not included in the county's claim. Therefore, we revised the allowable costs by taking into account the productive hourly rates and employee benefit rates for these two employees.

- Case P08SVP0410: The county claimed 71.6 hours for the attorney assigned to this case. However, the Attorney Activity Log provided supported only 26.6 hours spent on the case by this attorney during the fiscal year. Therefore, 45 hours were unsupported.
- Case P07SVP0071: The county claimed 165.70 hours for the attorney assigned to this case. However, the Attorney Activity Log provided supported only 131 hours spent on the case by this attorney during the fiscal year. Therefore, 34.7 hours were unsupported.
- Case A08SVP0197: The county claimed 167.6 hours for time spent by the attorney assigned to this case. We determined that 157.6 hours were allowable and 10 hours were unallowable. We noted that 15 hours were posted to the Attorney Activity Log on February 9, 2009, for the activity of trial preparation and 11 hours were posted on February 27, 2009, for the activities of trial/trial preparation. We

limited the allowable time to eight hours each for these two dates because county attorneys are salaried employees and the calculated productive hourly rates do not include additional hours worked. Therefore, we deducted the additional ten hours claimed.

- Case A07SVP0443: The county claimed 95.1 hours for time spent by the attorney assigned to this case. However, the Attorney Activity Log provided supported only 91.1 hours spent by the attorney. Therefore, 4 hours claimed were unsupported.
- Case A09SVP0419: The county claimed 99.2 hours for time spent by the attorney assigned to this case. However, the Attorney Activity Log provided to support the time claimed showed that 10 hours were claimed on November 10, 2008, for the activity of “pre-hearing,” and that 12.2 hours were claimed on December 1, 2008, and 9.2 hours were claimed on May 1, 2009, for the activity of “client contact.” We limited the allowable time to 8 hours each for these three dates because county attorneys are salaried employees and the calculated productive hourly rates do not include additional hours worked. Therefore, we deducted the additional 7.4 hours claimed.
- Case A06SVP0478: The county claimed 92 hours for time spent by the attorney assigned to this case. We determined that 125.6 hours were allowable and the county underclaimed time spent by 33.6 hours.

The Attorney Activity Log provided by the county supported that the attorney actually spent 127 hours on this case during the fiscal year. However, the log also showed that 1.4 total hours were claimed for time spent beyond 8 hours on each of four days in April 2009. We limited the allowable time to 8 hours each for these four dates because county attorneys are salaried employees and the calculated productive hourly rates do not include additional hours worked. Therefore, we deducted the additional 1.4 hours claimed.

- Case A08SVP0133: The county claimed 163.9 total hours for time spent by three attorneys on this case during the fiscal year. We determined that 150.8 hours were allowable and 13.1 hours were unallowable.

We noted that time posted in the Attorney Activity Log exceeded 8 hours per day twice for one attorney and once for another attorney. Specifically, the first attorney claimed 17.2 hours spent on September 29, 2008, for the activity of “Att/Locate/Int/Supb” and 8.9 hours spent on February 12, 2009 for the activities of “Att/Locate/Int/Supb” and “Records.” The second attorney claimed 11 hours on January 13, 2009, for the activities of “hearing” and “trial preparation.” We limited the allowable time to 8 hours each for these three dates because county attorneys are salaried employees and the calculated productive hourly rates do not include additional hours worked. Therefore, we deducted the additional 13.1 hours claimed.

Alternate Public Defender's Office

The Alternate Public Defender's Office (APD) claimed salaries and benefits totaling \$61,732 during the audit period. We determined that \$59,534 was allowable and \$2,198 was unallowable. The unallowable costs occurred because the APD claimed costs that were not incurred. The related unallowable indirect costs totaled \$147.

The following table summarizes the unallowable costs by fiscal year.

Cost Category	Fiscal Year					Total
	2003-04	2005-06	2006-07	2007-08	2008-09	
Salaries	\$ -	\$ (1,279)	\$ (382)	\$ 188	\$ -	\$ (1,473)
Benefits	-	(608)	(205)	88	-	(725)
Subtotal	-	(1,887)	(587)	276	-	(2,198)
Indirect costs	-	(128)	(38)	19	-	(147)
Audit adjustment	\$ -	\$ (2,015)	\$ (625)	\$ 295	\$ -	\$ (2,345)

Fiscal Year 2005-06

The APD claimed \$23,242 for salaries and benefits based on 226.95 hours spent performing mandated activities. We determined that \$21,355 was allowable and \$1,887 was unallowable. The costs were unallowable because the county claimed costs for 22.75 hours spent on mandated activities for work performed by salaried employees who were not subject to overtime costs.

The case logs in question involved the following cases and time postings:

- Case A05CAF1216MH: The county claimed 100 hours for time spent by the attorney assigned to this case. We determined that 89.5 hours were allowable and 10.5 hours were unallowable.

The Attorney Activity Log provided to support the time claimed showed that 100.5 hours were spent by the attorney during the year. However, we also noted that 12 hours were posted on November 14, 2008, and November 15, 2008, and 11 hours were posted on November 16, 2008, for the activities of "hearing/trial/prep." We limited the allowable time to eight hours each for these three dates because county attorneys are salaried employees and the calculated productive hourly rates do not include additional hours worked. Therefore, we deducted the additional 10.5 hours claimed.

- Case A06CAH0221: The county claimed 98.4 hours for time spent by the attorney assigned to this case. We determined that 86.15 hours were allowable and 12.25 hours were unallowable.

The Attorney Activity Log provided to support the time claimed showed that 10 hours were posted on March 4, 2006, and March 5, 2006, for the activities of "trial/prep." In addition, the log postings included 12 hours on March 7, 2006, 10.25 hours on March 8, 2006, and ten hours on March 9, 2006 for the activities of "hearing/trial/prep." We limited the allowable time to eight hours each for these five dates because county attorneys are salaried employees and the calculated productive hourly rates do not include additional hours worked. Therefore, we deducted the additional 12.25 hours claimed.

Fiscal Year 2006-07

The APD claimed salaries and benefits totaling \$26,435 based on 343.25 hours spent performing mandated activities. We determined that \$25,848 was allowable and \$587 was unallowable. The unallowable costs occurred because the county claimed costs for 6.5 hours spent on mandated activities for work performed by salaried employees who were not subject to overtime costs.

The case log in question involved the following case and time postings:

- Case A06CAH0017: The county claimed 72.6 hours for time spent by the attorney assigned to this case. We determined that 66.1 hours were allowable and 6.5 hours were unallowable.

The Attorney Activity Log provided to support the time claimed showed the following time postings for the activities of “hearing/trial/prep”: 11 hours on August 8, 2007, 9.5 hours on August 9, 2007, and 10 hours on August 10, 2007. We limited the allowable time to 8 hours each for these five dates because county attorneys are salaried employees and the calculated productive hourly rates do not include additional hours worked. Therefore, we deducted the additional 6.5 hours claimed.

Fiscal Year 2007-08

The APD claimed \$12,056 for salaries and benefits. We determined that \$12,332 was allowable and that \$276 was understated. The understated costs occurred because the department did not claim costs for four hours spent performing mandated activities.

The case log in question involved the following case and time postings:

- Case A06CAF0478: The Attorney Activity Log provided showed that 54 hours were posted by the attorney assigned to the case. However, the county only included 50 hours in its mandated cost claim. Therefore, time was underclaimed by 4 hours.

The parameters and guidelines (Section IV–Reimbursable Activities) state:

To be eligible for mandated cost reimbursement, only actual costs may be claimed. 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 mandated 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. Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations.

Recommendation

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

County’s Response

In general, the county concurs with the finding.

This finding consists of unallowable salaries and benefits costs claimed during the audit period. These costs were unallowable because the reimbursable activities for which time was claimed was not adequately supported. The District Attorney’s Office, Department of the Public Defender, and Department of the Alternate Public Defender will implement controls to ensure that all pertinent supporting documentation is retained and cross-checked with reimbursable activities and reviewed for accuracy.

**FINDING 2—
Understated productive
hourly rates**

The county understated allowable salary and benefits costs totaling \$178,441 for the audit period. The understated costs occurred because, for each fiscal year under the audit period, the county calculated productive hourly rates for all departments using an annual productive hourly base of 2,080 hours. The related understated indirect costs totaled \$11,715.

The State Controller’s “Mandated Cost Manual For Local Agencies” allows the use of 1,800 annual productive hours; which takes into account Paid holidays, Vacation earned, Sick leave taken, Informal time off, Jury duty, and Military leave taken. We recalculated productive hourly rates, based on 1,800 standard hours. This resulted in a 15.56% increase in allowable salaries and benefits costs. The table below summarizes the calculation.

[A] Claimed Annual Productive Hours	[B] Allowable Annual Productive Hours	[C] Difference (Col. [A] - [B])	[D] Percentage Difference (Col. [C] ÷ [B])
2,080	1,800	280	15.56%

The following table summarizes the understated costs by county department for each fiscal year of the audit period.

Cost Category	Fiscal Year					Total
	2003-04	2005-06	2006-07	2007-08	2008-09	
Alternate Public Defender	\$ -	\$ 2,796	\$ 4,047	\$ 1,036	\$ -	\$ 7,879
Public Defender	-	15,625	24,512	36,294	40,977	117,408
District Attorney	4,775	2,949	8,089	15,627	21,714	53,154
Subtotal	\$ 4,775	\$ 21,370	\$ 36,648	\$ 52,957	\$ 62,691	\$ 178,441
Indirect Costs	371	1,380	2,385	3,410	4,169	11,715
Total	\$ 5,146	\$ 22,750	\$ 39,033	\$ 56,367	\$ 66,860	\$ 190,156

The parameters and guidelines (Section V.A.1–Claim Preparation and Submission–Direct Costs–Salaries and Benefits) require that claimants:

Identify the employee(s) and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee, the productive hourly rate and related fringe benefits.

The SCO’s Mandated Cost Manual for Local Agencies states, in Item 8(1) (Direct Costs) of the Introduction section, that:

A local agency may use one of the following methods 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.

Note* - 1,800 annual productive hours excludes the following employee time:

- Paid holidays
- Vacation earned
- Sick leave taken
- Informal time off
- Jury duty
- Military leave taken

Recommendation

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

County’s Response

In general, the county concurs with the finding.

This finding consists of unallowable salaries and benefits costs claimed during the audit period that were attributed to an incorrect calculation to productive hourly rates. The District Attorney’s Office, Department of the Public Defender, and Department of the Alternate Public Defender will implement controls to ensure that productive hourly rates align with the State Controller’s “Mandated Cost Manual for Local Agencies” and that these rates are reviewed for accuracy.

**FINDING 3—
Misstated employee
benefit rates-Public
Defender’s
Department and
Alternate Public
Defender’s Office**

The county overstated employee benefits by \$5,854 during the audit period. The misstatements occurred primarily because the county overstated benefit rates for individual county employees in its claims. In addition, the county used department-wide benefit rates in its claims for some years of the audit period, which were misstated.

The following table summarizes the audit adjustment amounts by department by fiscal year.

Department	Fiscal Year					Totals
	2003-04	2005-06	2006-07	2007-08	2008-09	
Public Defender	\$ -	\$ 2,158	\$ (542)	\$ (4,439)	\$ 255	\$ (2,568)
Alternate Public Defender	-	(3,376)	166	(76)	-	(3,286)
Total audit adjustment	\$ -	\$ (1,218)	\$ (376)	\$ (4,515)	\$ 255	\$ (5,854)

Public Defender’s Office

The county claimed employee benefits using a department-wide (PD) benefit rate for FY 2006-07 and FY 2008-09. For FY 2005-06 and FY 2007-08, the county claimed benefit rates for each employee individually. We noted that the benefit rates claimed for FY 2007-08 were materially overstated for certain PD employees.

Fiscal Year 2005-06

The county claimed employee benefit rates for each individual employee. For the most part, benefit rates claimed were +/- 50%. We based allowable costs using a department-wide rate of 54.33%. As a result, we determined that employee benefit costs were understated by \$2,158.

Fiscal Year 2006-07

The county claimed employee benefits using a department-wide rate of 54%. We determined that the department-wide rate should have been 53.53%. As a result, employee benefit costs were overstated by \$542.

Fiscal Year 2007-08

The county claimed employee benefits using a specific rate calculated for each individual employee. Rates claimed varied from 9.22% to 78.53%. Based on salary and benefit information, which the county provided during the course of our audit, we determined that a number of these benefit rates were overstated. Accordingly, we determined allowable employee benefits using a department-wide rate of 53.88%. As a result, employee benefit costs were overstated by \$4,439.

Fiscal Year 2008-09

The county claimed employee benefits using a department-wide rate of 52%. We determined that the rate should have been 52.12%. As a result, employee benefit costs were understated by \$255.

Alternate Public Defender's Office

The county claimed employee benefits using a specific benefit rate calculated for each individual employee. We noted that employee benefit rates were materially overstated for FY 2005-06, and somewhat misstated for FY 2006-07 and FY 2007-08. We calculated allowable costs by using a department-wide rate for the three years of the audit period for which this department (APD) claimed costs (FY 2005-06 through FY 2007-08).

Fiscal Year 2005-06

The county's employee benefit rates were materially overstated for all five of the department's employees who were included in the county's mandated cost claim. During the audit, the county provided actual salary and benefit amounts paid during FY 2005-06. Based on this information, we calculated the allowable benefit rates and determined that employee benefit costs were overstated by the net amount of \$3,376 (overstated by \$4,308 and understated by \$932).

Fiscal Year 2006-07

We noted that employee benefits were primarily based on a department-wide rate of 54%. We determined that the department-wide rate should have been 55%. Accordingly, employee benefit costs were understated by \$166.

Fiscal Year 2007-08

The county provided actual salary and benefit amounts paid during FY 2007-08. Based on this information, we determined that employee benefit rates claimed were overstated by the net amount of \$76 (overstated by \$174 and understated by \$98).

The parameters and guidelines (Section V.A.1–Claim Preparation and Submission–Direct Costs–Salaries and Benefits) state:

Reimbursement for personal services include compensation paid for salaries, wages, and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absence (e.g., annual leave, sick leave) and the employer's contribution of social security, pension plans, insurance, and worker's compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities which the employee performs.

The parameters and guidelines (Section IV–Reimbursable Activities) state:

To be eligible for mandated cost reimbursement, only actual costs may be claimed. 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 mandated 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.

Recommendation

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

County's Response

In general, the county concurs with the finding.

This finding consists of overstated benefits costs claimed during the audit period. The Department of the Public Defender and Department of the Alternate Public Defender will implement controls to ensure benefit rates are calculated correctly and reviewed for accuracy.

**FINDING 4—
Understated prisoner
housing costs—
Sheriff's Department**

The Sheriff's Department claimed \$579,584 during the audit period for housing sexually violent predators (SVP) at a county facility while the inmates awaited trial. We determined that allowable costs totaled \$592,799 and the county understated allowable costs by \$13,215. The costs were understated because the department did not use daily jail rates based on actual costs as approved by the California Department of Corrections and Rehabilitation (CDCR) for the various housing facilities in the county.

The following table summarizes claimed, allowable, and unallowable costs for prisoner housing for the Sheriff's Department by fiscal year.

<u>Fiscal Year</u>	<u>Claimed Costs</u>	<u>Allowable Costs</u>	<u>Audit Adjustment</u>
FY 2003-04	\$ 132,070	\$ 99,971	\$ (32,099)
FY 2005-06	5,846	7,348	1,502
FY 2006-07	159,981	185,446	25,465
FY 2007-08	123,163	119,724	(3,439)
FY 2008-09	158,524	180,310	21,786
Total	<u>\$ 579,584</u>	<u>\$ 592,799</u>	<u>\$ 13,215</u>

During the audit period, the county housed SVP defendants at its Central Jail, George Bailey Detention Center, and the Vista Detention Center. To determine allowable costs, we used actual daily jail rates approved by CDCR. The rates are reported on line 5 of CDCR's Prior Rate Estimate Adjustment Schedule. For example, the actual daily jail rate for FY 2008-09 is in the CDCR documentation for the county's approved daily jail rate for FY 2010-11. CDCR Schedule 2010/11A (Prior Rate Estimate Adjustment) reports the daily jail rate in the far right column of line 5 of the schedule that is based on actual costs and actual prisoner population for each county facility for FY 2008-09. In addition, we recalculated the number of housing days that SVP defendants were housed in county facilities, and no exceptions were noted.

Fiscal Year 2003-04

The county claimed costs for housing 19 SVP defendants at its George Bailey Detention Center using a daily jail rate of \$88.46. We determined that allowable costs were overstated by \$32,099 because the county should have claimed costs using a daily jail rate of \$66.96.

Fiscal Year 2005-06

The county claimed costs for housing 2 SVP defendants at its Central Jail using a daily rate of \$55.68. We determined that allowable costs were understated by \$1,502 because the county should have claimed costs using a daily jail rate of \$69.99.

Fiscal Year 2006-07

The county claimed costs for housing 18 SVP defendants at its George Bailey Detention Center using a daily jail rate of \$71.57, and 3 defendants at its Central Jail using a daily jail rate of \$59.15, and 1 defendant at its Vista Detention facility using a daily jail rate of \$71.57. We determined that allowable costs were understated by \$25,465 because the county should have used a daily jail rate of \$83.23 for the George Bailey Detention Center, a rate of \$76.82 for the Central Jail, and a rate of \$75.07 for the Vista Detention facility.

Fiscal Year 2007-08

The county claimed costs for housing 5 SVP defendants at its George Bailey Detention Center and 11 defendants at its Central Jail, all using a daily jail rate of \$77.17. We determined that allowable costs were overstated by \$3,439 because the county should have used a daily jail rate of \$86.93 for the George Bailey Detention Center and a rate of \$66.26 for the Central Jail.

Fiscal Year 2008-09

The county claimed costs for housing 21 SVP defendants at its George Bailey Detention Center using a daily jail rate of \$77.17, and 6 defendants at its Central Jail using a daily jail rate of \$71.56. We determined that allowable costs were understated by \$21,786 because the county should have used a daily jail rate of \$90.30 for the George Bailey Detention Center and a rate of \$72.22 for the Central Jail.

The parameters and guidelines (Section IV.B.7–Reimbursable Activities) allow reimbursement for:

Transportation and housing costs for each potential sexually violent predator at a secured facility while the individual awaits trial on the issue of whether he or she is a sexually violent predator.”

The parameters and guidelines (Section IV–Reimbursable Activities) state:

To be eligible for mandated cost reimbursement, only actual costs may be claimed. 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 mandated 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. Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations.

Recommendation

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

County's Response

In general, the county concurs with the finding.

The Sheriff's Department agrees with the finding and will ensure that future prisoner housing claimed costs include eligible costs, are based on actual costs, and are properly supported.

FINDING 5— Overstated services and supplies costs—Public Defender's Office and Alternate Public Defender's Office

The county claimed \$588,387 during the audit period for services and supplies costs (\$547,658 by the Public Defender's Office and \$40,729 by the Alternate Public Defender's Office). We determined that \$562,242 was allowable and \$26,145 was unallowable. The costs were unallowable primarily because no documentation was provided to support the costs claimed.

The following table summarizes the audit adjustment by fiscal year and by cost component.

Cost Category	Fiscal Year					Total
	2003-04	2005-06	2006-07	2007-08	2008-09	
Expert witness fees	\$ -	\$ -	\$ (3,154)	\$ (14,327)	\$ (909)	\$ (18,390)
Travel and training	-	-	(660)	(1,361)	(5,634)	(7,655)
Transcriptions	-	-	-	(481)	381	(100)
Audit adjustment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,814)</u>	<u>\$ (16,169)</u>	<u>\$ (6,162)</u>	<u>\$ (26,145)</u>

Public Defender's Office

The Public Defender's Office claimed \$547,658 for services and supplies during the audit period (\$529,928 for expert witness fees, \$8,213 for attorney travel to state hospital facilities to confer with SVP defendants, and \$9,517 for transcriptions). Services and supplies costs were claimed for expert witness fees and transcriptions were actually for contract services. We determined that \$521,950 was allowable and \$25,708 was unallowable (\$18,390 for expert witness fees, \$100 for transcriptions, and \$7,219 for travel and training). The costs were unallowable because the county did not provide any documentation to support the claimed costs (\$25,664) and some costs were claimed twice (\$44). Specifically, the PD did not provide invoices, receipts, employee travel claims, or any other documentation to support the claimed costs.

Alternate Public Defender's Office

The Alternate Public Defender's Office claimed \$40,729 for services and supplies during the audit period (\$38,528 for expert witness fees, \$599 for travel and training, and \$1,602 for transcriptions). Services and supplies costs claimed for expert witness fees and transcriptions were actually for contract services. We determined that \$40,292 was allowable and \$437 was unallowable. The costs are unallowable because costs claimed were not mandate-related (\$388) and no documentation was provided to support claimed costs (\$49).

For FY 2006-07, the Alternate Public Defender's Office claimed \$3,738 for services and supplies (\$3,200 for expert witness fees, \$101 for transcriptions, and \$437 for travel and training). We determined that all of the travel and training costs claimed were unallowable. The costs were unallowable because \$388 was claimed for an attorney's attendance at an SVP conference, which is not a reimbursable activity, and \$49 was unsupported.

The parameters and guidelines (Section V.A.3–Claim Preparation and Submission–Supporting Documentation–Contract Services) require claimants to:

Provide the name(s) of the contractor(s) who performed the services, including any fixed contracts for services. Describe the reimbursable activity(ies) performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services. Attach consultant invoices to the claim.

The parameters and guidelines (Section V.A.4–Claim Preparation and Submission–Supporting Documentation–Travel) advise claimants that:

Travel expenses for mileage, per diem, lodging, and other employee entitlements are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of the traveler(s), purpose of travel, inclusive dates of travel, destination points, and travel costs.

The parameters and guidelines (Section IV–Reimbursable Activities) state:

To be eligible for mandated cost reimbursement, only actual costs may be claimed. 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 mandated 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. Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations.”

- Understated productive hourly rates – APD (Finding 2) 172
- Indirect cost rate applied to benefits – PD (3,425)
- Indirect cost rate applied to benefits – APD (1,230)

Fiscal Year 2006-07

The county overstated indirect costs by \$18,672. The overstatement occurred due to the following:

- Overstated salaries – PD (Finding 1) \$ (871)
- Overstated salaries – APD (Finding 1) (38)
- Understated productive hourly rates – DA (Finding 2) 533
- Understated productive hourly rates – PD (Finding 2) 1,592
- Understated productive hourly rates – APD (Finding 2) 261
- Indirect cost rate applied to total direct costs – PD (18,848)
- Indirect cost rate applied to total direct costs – APD (1,301)

Fiscal Year 2007-08

The county overstated indirect costs by \$8,004. The overstatement occurred due to the following:

- Overstated salaries – PD (Finding 1) \$ (1,678)
- Understated salaries – APD (Finding 1) 19
- Understated productive hourly rates – DA (Finding 2) 1,032
- Understated productive hourly rates – PD (Finding 2) 2,308
- Understated productive hourly rates – APD (Finding 2) 68
- Indirect cost rate applied to benefits – PD (9,344)
- Indirect cost rate applied to benefits – APD (409)

Fiscal Year 2008-09

The county overstated indirect costs by \$907. The overstatement occurred due to the following:

- Overstated salaries – DA (Finding 1) \$ (4,022)
- Overstated salaries – PD (Finding 1) (1,054)
- Understated productive hourly rates – DA (Finding 2) 1,311
- Understated productive hourly rates – PD (Finding 2) 2,858

The parameters and guidelines (section V.B.–Claim Preparation and Submission–Indirect Costs) state:

Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) for the department if the indirect cost rate exceeds 10%.

Recommendation

We recommend the county apply the indirect cost rate to the correct direct cost base.

County's Response

In general, the county concurs with the finding.

This finding consists of overstated costs claimed during the audit period. The District Attorney's Office, Department of the Public Defender, and Department of the Alternate Public Defender will ensure that indirect costs are only applied to the correct direct cost base and that these costs are reviewed for accuracy.

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



County of San Diego

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March 20, 2012

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

Dear Mr. Spano:

COUNTY OF SAN DIEGO RESPONSE TO DRAFT AUDIT REPORT OF THE SEXUALLY VIOLENT PREDATOR PROGRAM: FISCAL YEARS 2003-04 THROUGH 2008-09, EXCLUDING 2004-05

Thank you for giving the County the opportunity to review your draft audit report. As reported, the County claimed costs of \$2,561,143 (\$2,561,295 less a \$152 penalty for filing a late claim) during the audit period. Of this amount, \$2,528,632 was found to be allowable, while \$32,511 was determined to be unallowable primarily due to unsupported costs. In general, we concur with your findings. We have the following statements and corrective actions regarding each finding:

Finding 1 – Overstated Salaries and Benefits

The County claimed unallowable salaries and benefits costs totaling \$116,913 for the audit period (\$62,154 by the District Attorney's Office, \$52,561 by the Department of the Public Defender, and \$2,198 by the Department of the Alternate Public Defender).

Response:

This finding consists of unallowable salaries and benefits costs claimed during the audit period. These costs were unallowable because the reimbursable activities for which time was claimed was not adequately supported. The District Attorney's Office, Department of the Public Defender, and Department of the Alternate Public Defender will implement controls to ensure that all pertinent supporting documentation is retained and cross-checked with reimbursable activities and reviewed for accuracy.

Finding 2 – Understated Productive Hourly Rates

The County understated allowable salary and benefits costs totaling \$178,441 for the audit period.

Response:

This finding consists of unallowable salaries and benefits costs claimed during the audit period that were attributed to an incorrect calculation of productive hourly rates. The District Attorney's Office, Department of the Public Defender, and Department of the Alternate Public Defender will implement controls to ensure that productive hourly rates align with the State Controller's "Mandated Cost Manual for Local Agencies" and that these rates are reviewed for accuracy.

Finding 3 – Misstated Employee Benefit Rates – Public Defender's Department and Alternate Public Defender's Office

The County overstated employee benefits by \$5,854 during the audit period.

Response:

This finding consists of overstated benefits costs claimed during the audit period. The Department of the Public Defender and Department of the Alternate Public Defender will implement controls to ensure benefit rates are calculated correctly and reviewed for accuracy.

Finding 4 – Understated Prisoner Housing Costs – Sheriff's Department

The Sheriff's Department claimed \$579,584 during the audit period for housing sexually violent predators (SVP) at a County facility while inmates awaited trial. The allowable costs totaled \$592,799 and the County understated allowable costs by \$13,215.

Response:

The Sheriff's Department agrees with the finding and will ensure that future prisoner housing claimed costs include only eligible costs, are based on actual costs, and are properly supported.

Finding 5 – Overstated Services and Supplies Costs – Public Defender's Office and Alternate Public Defender's Office

The County claimed \$588,387 during the audit period for services and supplies costs (\$547,658 by the Public Defender's Office and \$40,729 by the Alternate Public Defender's Office). The allowable costs totaled \$562,242 and the unallowable costs totaled \$26,145.

County of San Diego Response to Draft Audit Report of the
Sexually Violent Predator Program: Fiscal Years 2003-04
Through 2008-09, Excluding 2004-05
Page Three
March 20, 2012

Response:

This finding consists of overstated services and supplies costs claimed during the audit period. The Department of the Public Defender and Department of the Alternate Public Defender will implement controls to ensure that all pertinent supporting documentation is retained and cross-checked with reimbursable services and supplies and reviewed for accuracy.

Finding 6 – Overstated Indirect Costs

The County overstated indirect costs by \$31,674 for the audit period.

Response:

This finding consists of overstated costs claimed during the audit period. The District Attorney's Office, Department of the Public Defender, and Department of the Alternate Public Defender will ensure that indirect costs are only applied to the correct direct cost base and that these costs are reviewed for accuracy.

Of the total allowable costs, the County was paid \$2,390,949. Pursuant to the State Controller's Local Agencies Mandated Cost Manual, Section 2.6 – Payment of Claims, we anticipate that the remaining balance of \$137,683 will be paid to the County with the prescribed interest.

If you have any questions, please contact Dorothy Thrush, Group Finance Director for the Public Safety Group at (619) 531-4599.

Sincerely,



TRACY M. SANDOVAL
Assistant Chief Financial Officer/Auditor and Controller

Attachment

- c: Dorothy Thrush, Finance Director, Public Safety Group
- Eunice Ramos, Assistant Group Finance Director, Public Safety Group
- Michele Crichlow, Senior Auditor and Controller Manager, Auditor & Controller
- Marilyn Flores, Principal Accountant, Auditor & Controller
- Luis Mallett, Financial Policy and Planning Officer, District Attorney's Office
- Ava Salunga, Principal Accountant, Sheriff's Department
- Steve Lujan, Group Program Manager, Public Defender

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