

CITY OF OXNARD

Audit Report

DOMESTIC VIOLENCE ARREST POLICIES AND STANDARDS PROGRAM

Chapter 246, Statutes of 1995

July 1, 2007, through June 30, 2011



JOHN CHIANG
California State Controller

August 2014



JOHN CHIANG
California State Controller

August 20, 2014

The Honorable Tim Flynn
Mayor of the City of Oxnard
300 West 3rd Street
Oxnard, CA 93030

Dear Mayor Flynn:

The State Controller's Office audited the costs claimed by the City of Oxnard for the legislatively mandated Domestic Violence Arrest Policies and Standards Program (Chapter 246, Statutes of 1995) for the period of July 1, 2007, through June 30, 2011.

The city claimed \$529,932 for the mandated program. Our audit found that \$180,956 is allowable and \$348,976 is unallowable. The costs are unallowable primarily because the city claimed non-mandate-related and duplicate domestic violence incident reports. The State paid the city \$529,932. The State will offset \$348,976 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission). 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 Commission'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, by phone at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/sk

cc: James Cameron, Chief Financial Officer
City of Oxnard
Beth Vo, Budget Manager
City of Oxnard
Mary Diamond, Financial Manager
Oxnard Police Department
Michael Byrne, Principal Program Budget Analyst
Mandates Unit, Department of Finance
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Oxnard for the legislatively mandated Domestic Violence Arrest Policies and Standards Program (Chapter 246, Statutes of 1995) for the period of July 1, 2007, through June 30, 2011.

The city claimed \$529,932 for the mandated program. Our audit found that \$180,956 is allowable and \$348,976 is unallowable. The costs are unallowable primarily because the city claimed non-mandate-related and duplicate domestic violence incident reports. The State paid the city \$529,932. The State will offset \$348,976 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

Background

Penal Code section 13701, subdivision (b) (added by Chapter 246, Statutes of 1995), required local law enforcement agencies to develop, adopt, and implement written arrest policies for domestic violence offenders by July 1, 1996. The legislation also required local law enforcement agencies to obtain input from local domestic violence agencies in developing the arrest policies. Under previous law, local law enforcement agencies were required to develop, adopt, and implement written policies for response to domestic violence calls and were encouraged, but not obligated, to consult with domestic violence experts.

On September 25, 1997, the Commission on State Mandates (CSM) determined that Chapter 246, Statutes of 1995, imposed a state mandated program reimbursable 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 August 20, 1998 and amended them on October 30, 2009. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts 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 Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2007, through June 30, 2011.

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 Oxnard claimed \$529,932 for costs of the Domestic Violence Arrest Policies and Standards Program. Our audit found that \$180,956 is allowable and \$348,976 is unallowable.

For the fiscal year (FY) 2007-08 through FY 2010-11 claims, the State paid the city \$529,932. Our audit found that \$180,956 is allowable. The State will offset \$348,976 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

Views of Responsible Officials

We issued a draft audit report on July 29, 2014. James Cameron, Chief Financial Officer, City of Oxnard, responded by letter dated August 6, 2014 (Attachment). The city did not indicate whether it agreed or disagreed with the audit findings. This final audit report includes the city's response.

Restricted Use

This report is solely for the information and use of the City of Oxnard, 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

August 20, 2014

**Schedule 1—
Summary of Program Costs
July 1, 2007, through June 30, 2011**

Cost Elements	Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2007, through June 30, 2008</u>				
Direct costs:				
Salaries and benefits	\$ 95,469	\$ 32,714	\$ (62,755)	Findings 1,2
Indirect costs	24,917	8,538	(16,379)	Findings 1,2
Total program costs	<u>\$ 120,386</u>	41,252	<u>\$ (79,134)</u>	
Less amount paid by the state		(120,386)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (79,134)</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs:				
Salaries and benefits	\$ 82,856	\$ 33,599	\$ (49,257)	Findings 1,2
Indirect costs	27,923	11,323	(16,600)	Findings 1,2
Total program costs	<u>\$ 110,779</u>	44,922	<u>\$ (65,857)</u>	
Less amount paid by the state		(110,779)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (65,857)</u>		
<u>July 1, 2009, through June 30, 2010</u>				
Direct costs:				
Salaries and benefits	\$ 103,506	\$ 33,158	\$ (70,348)	Findings 1,2
Indirect costs	43,161	13,826	(29,335)	Findings 1,2
Total program costs	<u>\$ 146,667</u>	46,984	<u>\$ (99,683)</u>	
Less amount paid by the state		(146,667)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (99,683)</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Direct costs:				
Salaries and benefits	\$ 105,031	\$ 33,148	\$ (71,883)	Findings 1,2
Indirect costs	47,069	14,650	(32,419)	Findings 1,2
Total program costs	<u>\$ 152,100</u>	47,798	<u>\$ (104,302)</u>	
Less amount paid by the state		(152,100)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (104,302)</u>		
<u>Summary: July 1, 2007, through June 30, 2011</u>				
Direct costs:				
Salaries and benefits	\$ 386,862	\$ 132,619	\$ (254,243)	
Indirect costs	143,070	48,337	(94,733)	
Total program costs	<u>\$ 529,932</u>	180,956	<u>\$ (348,976)</u>	
Less amount paid by the state		(529,932)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (348,976)</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Understated costs

The city understated costs related to implementing domestic violence arrest policies. Claimed costs were understated by \$18,198. The city understated costs for the audit period because it understated the documented number of domestic violence incident reports for each fiscal year and claimed duplicate reports. The following table summarizes the total audit adjustment:

	Fiscal Year				Total
	2007-08	2008-09	2009-10	2010-11	
Understated number of incident reports	\$ 6,272	\$ 6,566	\$ 6,887	\$ 6,557	\$ 26,282
Duplicate incident reports	(2,219)	(1,713)	(2,296)	(1,856)	(8,084)
Total audit adjustment	<u>\$ 4,053</u>	<u>\$ 4,853</u>	<u>\$ 4,591</u>	<u>\$ 4,701</u>	<u>\$ 18,198</u>

Understated number of incident reports

For each fiscal year, the city provided a summary report to support the claimed number of domestic violence incident reports. The city created the summary reports using its Records Management System (RMS) database. The summary reports identified the domestic violence incidents within the database. The RMS information did not support the number of domestic violence incident reports that the city claimed. The following table summarizes the audit adjustment for the understated number of incident reports:

	Fiscal Year				Total
	2007-08	2008-09	2009-10	2010-11	
Number of domestic violence incidents per RMS	2,734	2,569	2,647	2,661	
Less domestic violence incident reports claimed	(2,599)	(2,425)	(2,529)	(2,550)	
Understated number of reports	135	144	118	111	
Uniform time allowance (hours)	x 0.48	x 0.48	x 0.48	x 0.48	
Understated hours ¹	65	69	57	53	
Claimed productive hourly rate, salaries and benefits	x \$76.53	x \$71.18	x \$85.27	x \$85.27	
Understated salaries and benefits (A) ¹	\$4,974	\$4,911	\$4,860	\$4,519	
Indirect cost rate claimed	x 26.10%	x 33.70%	x 41.70%	x 45.10%	
Related indirect costs (B) ¹	\$1,298	\$1,655	\$2,027	\$2,038	
Audit adjustment, understated number of reports ((A)+(B))	<u>\$6,272</u>	<u>\$6,566</u>	<u>\$6,887</u>	<u>\$6,557</u>	<u>\$26,282</u>

¹ Calculation differences due to rounding

Duplicate reports

The number of documented domestic violence incident reports included duplicate reports. The RMS reports included several line items that had the same case number, date, and time but each line item identified different penal codes (offenses). In documenting the total number of incident reports, the city identified each line item as a separate incident. All line items with the same case number, date, and time should be counted as one incident report for mandated-program purposes.

The following table summarizes the audit adjustment for duplicate reports:

	Fiscal Year				Total
	2007-08	2008-09	2009-10	2010-11	
Number of duplicate incident reports	(47)	(37)	(39)	(31)	
Uniform time allowance (hours)	x 0.48	x 0.48	x 0.48	x 0.48	
Unallowable hours ¹	(23)	(18)	(19)	(15)	
Claimed productive hourly rate, salaries and benefits	x \$76.53	x \$71.18	x \$85.27	x \$85.27	
Understated salaries and benefits (A) ¹	\$(1,760)	\$(1,281)	\$(1,620)	\$(1,279)	
Indirect cost rate claimed	x 26.10%	x 33.70%	x 41.70%	x 45.10%	
Related indirect costs (B) ¹	\$(459)	\$(432)	\$(676)	\$(577)	
Audit adjustment, understated number of reports ((A)+(B))	\$ (2,219)	\$ (1,713)	\$ (2,296)	\$ (1,856)	\$ (8,084)

¹ Calculation differences due to rounding

The program’s parameters and guidelines state:

To be eligible for mandated cost reimbursement for any fiscal year, 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 reimbursable activities.

The parameters and guidelines identify the reimbursable activity as interviewing both parties involved in a domestic violence incident and considering various specified factors.

Recommendation

We recommend that the city:

- Properly identify mandate-related domestic violence incident reports; and
- Maintain documentation that supports the number of domestic violence incident reports claimed.

**FINDING 2–
Ineligible salaries and
benefits**

The city claimed ineligible costs related to implementing domestic violence arrest policies. The ineligible salaries and benefits totaled \$267,567. The related indirect costs totaled \$99,607.

As noted in Finding 1, the city understated the total number of domestic violence incident reports.

The following table summarizes the audited population of incident reports and the claimed hours attributable to the audited population:

	Fiscal Year			
	2007-08	2008-09	2009-10	2010-11
Number of domestic violence incidents per RMS	2,734	2,569	2,647	2,661
Less number of duplicate incident reports	(47)	(37)	(39)	(31)
Audited population of domestic violence incident reports	2,687	2,532	2,608	2,630
Uniform time allowance (hours)	x 0.48	x 0.48	x 0.48	x 0.48
Claimed hours attributable to audited population	<u>1,290</u>	<u>1,215</u>	<u>1,252</u>	<u>1,262</u>

For each fiscal year, we selected a statistical sample from the audited population of domestic violence incident reports based on a 95% confidence level, a precision rate of +/- 8%, and an expected error rate of 50%. We used statistical samples so that the results could be projected to the audited population of incident reports for each fiscal year. We selected a random sample of 142 incident reports each for FY 2007-08, FY 2008-09, FY 2009-10, and FY 2010-11. We reviewed the sample incident reports to determine whether the required mandated program activities were performed. Our review found that:

- 137 incident reports were fully reimbursable under the mandated program. These reports are reimbursable at 29 minutes (0.48 hours) per report.
- 74 incident reports were partially reimbursable because the responding officers did not interview both parties involved in the domestic violence incident. These reports are reimbursable at 20.5 minutes (0.34 hours) per report, based on 8.5 minutes to interview one party and 12 minutes to consider the various factors identified in the parameters and guidelines.
- 357 incident reports were not reimbursable because they were unrelated to domestic violence. The incidents primarily involved domestic disturbances.

The following table summarizes the calculation of reimbursable hours and the resulting unallowable hours claimed:

	Fiscal Year				Total
	2007-08	2008-09	2009-10	2010-11	
Fully reimbursable incident reports	33	46	30	28	137
Uniform time allowance (hours)	x 0.48	x 0.48	x 0.48	x 0.48	
Subtotal	15.84	22.08	14.4	13.44	
Partially reimbursable incident reports - only one party interviewed	20	13	20	21	74
Uniform time allowance (hours)	x 0.34	x 0.34	x 0.34	x 0.34	
Subtotal	6.8	4.42	6.8	7.14	
Total reimbursable hours for sampled reports	22.64	26.5	21.2	20.58	
Statistical sample size	÷ 142	÷ 142	÷ 142	÷ 142	
Reimbursable hours per report	0.1594	0.1866	0.1493	0.1449	
Audited population of domestic violence incidents	x 2,687	x 2,532	x 2,608	x 2,630	
Total reimbursable hours	428	472	389	381	
Claimed hours attributable to audited population	(1,290)	(1,215)	(1,252)	(1,262)	
Unallowable hours	(862)	(743)	(863)	(881)	

The following table summarizes the unallowable costs based on the unallowable hours identified from the statistical samples:

	Fiscal Year				Total
	2007-08	2008-09	2009-10	2010-11	
Unallowable hours	(862)	(743)	(863)	(881)	
Claimed average productive hourly rate, salaries and benefits	x \$76.53	x \$71.18	x \$85.27	x \$85.27	
Unallowable salaries and benefits (A)	(65,969)	(52,887)	(73,588)	(75,123)	\$ (267,567)
Indirect cost rate	x 26.10%	x 33.70%	x 41.70%	x 45.10%	
Related indirect costs (B)	(17,218)	(17,823)	(30,686)	(33,880)	(99,607)
Audit adjustment ((A)+(B))	\$ (83,187)	\$ (70,710)	\$ (104,274)	\$ (109,003)	\$ (367,174)

The parameters and guidelines state:

To be eligible for mandated cost reimbursement for any fiscal year, 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 reimbursable activities.

The parameters and guidelines allow a total uniform time allowance of 29 minutes (0.48 hours) for responding officers to interview both parties (17 minutes) and consider various specified factors (12 minutes) in a domestic violence incident.

Recommendation

We recommend that the city claim costs for only those reports that are related to domestic violence incidents. In addition, we recommend that the city claim the portion of the uniform time allowance that is attributable to the mandated activities actually performed.

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

Finance

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Oxnard, CA 93030
(805) 385-7475
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August 6, 2014

State Controller's Office
Division of Audits
PO Box 942850
Sacramento, CA 94250-5874

Attn: Jim L. Spano, Chief
Mandated Cost Audits Bureau

Re: City of Oxnard
Domestic Violence Arrest Policies and Standards Program Audit

Dear Mr. Spano:

This letter is in response to the State Controller's Office draft audit report dated July 2014 for the period July 1, 2007 through June 30, 2011.

Prior to responding to specific findings, the City wishes to comment on the audit process. We certainly understand the challenges you faced with changing priorities and resource limitations; however, the length of the audit and lack of opportunities to address issues during that time period prior to our meeting on the draft report, we believe, had a negative impact on the findings. That said, we offer the following responses to the audit findings.

Finding 1 – Understated Costs

We understand the basis of the calculation and will make sure future reports do not double count the incident based on different penal codes.

Finding 2 – Ineligible salaries and benefits

State Controller's Office
August 6, 2014
Page 2

To ensure future filings eligibility, the City will pull the data from a new reporting system that provides more accurate information on domestic violence responses. In addition, the Domestic Violence Sergeant will review and verify the data.

Sincerely,

A handwritten signature in black ink that reads "James Cameron". The signature is written in a cursive style with a large, prominent "J" and "C".

James Cameron
Chief Financial Officer

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>