

CITY OF SOUTH SAN FRANCISCO

Audit Report

CRIME STATISTICS REPORTS FOR THE DEPARTMENT OF JUSTICE PROGRAM

Chapter 1172, Statutes 1989; Chapter 1338, Statutes 1992;
Chapter 1230, Statutes 1993; Chapter 933, Statutes 1998;
Chapter 571, Statutes 1999; Chapter 626, Statutes 2000;
Chapter 700, Statutes 2004

July 1, 2001, through June 30, 2012



BETTY T. YEE
California State Controller

September 2016



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California State Controller

September 8, 2016

The Honorable Mark Addiego
Mayor of the City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

Dear Mayor Addiego:

The State Controller's Office audited the costs claimed by the City South San Francisco for the legislatively mandated Crime Statistics Reports for the Department of Justice Program (Chapter 1172, Statutes 1989; Chapter 1338, Statutes 1992; Chapter 1230, Statutes 1993; Chapter 933, Statutes 1998; Chapter 571, Statutes 1999; Chapter 626, Statutes 2000; Chapter 700, Statutes 2004) for the period of July 1, 2001, through June 30, 2012.

The city claimed \$2,245,175 for the mandated program. Our audit found that \$814,393 is allowable and \$1,430,782 is unallowable. The costs are unallowable primarily because the city overstated the time increments for the reimbursable activity and misstated the productive hourly rates and related benefits costs. The State made no payments to the city. The State will pay \$814,393, contingent upon available appropriations.

This final audit report contains an adjustment to costs claimed by the city. If you disagree with the audit finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on the State Mandates (Commission). Pursuant to Section 1185, subdivision (c), of the Commission's regulations (*California Code of Regulations*, Title 3), an IRC challenging this adjustment must be filed with the Commission no later than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. You may obtain IRC information on the Commission's website at www.csm.ca.gov/forms/IRCForm.pdf.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/rg

cc: Richard Lee, Director of Finance
City of South San Francisco
Mary Halterman, Principal Program Budget Analyst
Local Government Unit, California Department of Finance
Danielle Brandon, Staff Finance Budget Analyst
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of South San Francisco for the legislatively mandated Crime Statistics Reports for the Department of Justice Program (Chapter 1172, Statutes 1989; Chapter 1338, Statutes 1992; Chapter 1230, Statutes 1993; Chapter 933, Statutes 1998; Chapter 571, Statutes 1999; Chapter 626, Statutes 2000; Chapter 700, Statutes 2004) for the period of July 1, 2001, through June 30, 2012.

The city claimed \$2,245,175 for the mandated program. Our audit found that \$814,393 is allowable and \$1,430,782 is unallowable. The costs are unallowable primarily because the city overstated the time increments for the reimbursable activity and misstated the productive hourly rates and related benefits costs. The State made no payments to the city. The State will pay \$814,393, contingent upon available appropriations

Background

Penal Code (PC) sections 12025, subdivisions (h)(1) and (h)(3), 12031, subdivisions (m)(1) and (m)(3), 13014, 13023, and 13730, subdivision (a), require local agencies to report information related to certain specified criminal acts to the California Department of Justice (DOJ). These sections were added and/or amended by Chapter 1172, Statutes of 1989; Chapter 1338, Statutes of 1992; Chapter 1230, Statutes of 1993; Chapter 933, Statutes of 1998; Chapter 571, Statutes of 1999; Chapter 626, Statutes of 2000; and Chapter 700, Statutes of 2004.

On June 26, 2008, the Commission on State Mandates (Commission) adopted a statement of decision for the Crime Statistics Reports for the Department of Justice Program. The Commission found that the test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program on city and county claimants beginning on July 1, 2001, within the meaning of Article XII B, section 6 of the California Constitution and Government Code section 17514.

On July 31, 2009, the Commission heard an amended test claim on PC section 13023 (added by Chapter 700, Statutes of 2004), which imposed additional crime reporting requirements. The Commission also found that this test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program for city and county claimants beginning on January 1, 2004. On April 10, 2010, the Commission issued a corrected statement of decision to correctly identify the operative and effective date of the reimbursable state-mandated program as January 1, 2005.

The Commission found that the following activities are reimbursable:

- A local government entity responsible for the investigation and prosecution of a homicide case to provide the DOJ with demographic information about the victim and the person or persons charged with the crime, including the victim's and person's age, gender, race, and ethnic background (PC section 13014).

- Local law enforcement agencies to report, in a manner to be prescribed by the Attorney General, any information that may be required relative to any criminal acts or attempted criminal acts to cause physical injury, emotional suffering, or property damage where there is a reasonable cause to believe that the crime was motivated, in whole or in part, by the victim's race, ethnicity, religion, sexual orientation, or physical or mental disability, or gender or national origin (PC section 13023).
- For district attorneys to report annually on or before June 30, to the Attorney General, on profiles by race, age, gender, and ethnicity any person charged with a felony or misdemeanor under PC section 12025 (carrying a concealed firearm) or section 12031 (carrying a loaded firearm in a public place), and any other offense charged in the same complaint, indictment, or information. The Commission found that this activity is a reimbursable mandate from July 1, 2001, through January 1, 2005 (PC sections 12025, subdivisions (h)(1) and (h)(3), and 12031 subdivisions (m)(1) and (m)(3)).
- For local law enforcement agencies to support all domestic-violence related calls for assistance with a written incident report (PC section 13730, subdivision (a), Chapter 1230, Statutes of 1993).
- For local law enforcement agencies to report the following in a manner to be prescribed by the Attorney General:
 - Any information that may be required relative to hate crimes, as defined in PC section 422.55 as criminal acts committed, in whole or in part, because of one or more of the following perceived characteristics of the victim: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, (6) sexual orientation.
 - Any information that may be required relative to hate crimes, defined in PC section 422.55 as criminal acts committed, in whole or in part, because of association with a person or group with one or more of the following actual or perceived characteristics: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, (6) sexual orientation.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The Commission adopted the parameters and guidelines on September 30, 2010, and amended them on January 24, 2014, to clarify reimbursable costs related to domestic-violence related calls for assistance. In compliance with Government Code (GC) 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 this performance audit to determine whether costs claimed represent increased costs resulting from the Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2001, through June 30, 2012.

The legal authority to conduct this audit is provided by GC sections 12410, 17558.5, and 17561. We did not audit the city's financial statements. We conducted this 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. We did not audit the city's financial statements.

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.

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

- Reviewed claims to identify the material cost components of each claim, any errors, and any unusual or unexpected variances from year-to-year
- Completed an internal control questionnaire and performed a walk-through of the claim preparation process to determine what information was used, who obtained it, and how it was obtained
- Assessed whether computer-processed data provided by the city to support claimed costs was complete and accurate and could be relied upon
- Interviewed city staff to determine the employee classifications involved in performing the reimbursable activities during the audit period
- Traced productive hourly rate calculations for city employees to supporting information in the city's payroll system
- Reviewed the city's time study results and assessed whether average time increments computed to perform the reimbursable activities were accurate and reasonable per the requirements of the program
- Reviewed and analyzed the detailed listing of incident report counts in each fiscal year to identify any possible exclusions from the population; and ensured that the incident report counts claimed were sufficiently free of errors
- Determined whether indirect costs claimed were for common or joint purposes and whether indirect cost rates were properly supported and applied
- Recalculated allowable costs claimed using audited data

Conclusion

Our audit found an instance of noncompliance with program requirements. This instance is described in the accompanying Schedule (Summary of Program Costs) and in the Finding and Recommendation section of this report.

For the audit period, the City of South San Francisco claimed \$2,245,175 for costs of the Crime Statistics Reports for the Department of Justice Program. Our audit found that \$814,393 is allowable and \$1,430,782 is unallowable. The State made no payments to the city. The State will pay \$814,393, contingent upon available appropriations.

**Views of
Responsible
Officials**

We discussed our audit results with the city's representatives during an exit conference conducted on July 14, 2016. Richard Lee, Director of Finance, and Joe Martin, Senior Financial Analyst, agreed with the audit results. Mr. Lee responded via email dated July 26, 2016, and agreed that a draft report was not necessary and that we could issue the audit report as final.

Restricted Use

This report is solely for the information and use of the City of South San Francisco, 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

September 8, 2016

Schedule—
Summary of Program Costs
July 1, 2001, through June 30, 2012

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 106,983	\$ 39,006	\$ (67,977)
Total direct costs	106,983	39,006	(67,977)
Indirect costs	36,482	13,301	(23,181)
Total program costs	<u>\$ 143,465</u>	52,307	<u>\$ (91,158)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 52,307</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 96,186	\$ 35,072	\$ (61,114)
Total direct costs	96,186	35,072	(61,114)
Indirect costs	25,777	9,399	(16,378)
Total program costs	<u>\$ 121,963</u>	44,471	<u>\$ (77,492)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 44,471</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 125,396	\$ 45,724	\$ (79,672)
Total direct costs	125,396	45,724	(79,672)
Indirect costs	30,609	11,161	(19,448)
Total program costs	<u>\$ 156,005</u>	56,885	<u>\$ (99,120)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 56,885</u>	
<u>July 1, 2004, through June 30, 2005</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 134,594	\$ 49,074	\$ (85,520)
Total direct costs	134,594	49,074	(85,520)
Indirect costs	30,870	11,255	(19,615)
Total program costs	<u>\$ 165,464</u>	60,329	<u>\$ (105,135)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 60,329</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 160,381	\$ 58,560	\$ (101,821)
Total direct costs	160,381	58,560	(101,821)
Indirect costs	23,376	8,535	(14,841)
Total program costs	<u>\$ 183,757</u>	67,095	<u>\$ (116,662)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 67,095</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 163,747	\$ 59,390	\$ (104,357)
Total direct costs	163,747	59,390	(104,357)
Indirect costs	20,642	7,487	(13,155)
Total program costs	<u>\$ 184,389</u>	66,877	<u>\$ (117,512)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 66,877</u>	
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 227,329	\$ 68,059	\$ (159,270)
Hate crime reports	44	44	-
Total direct costs	227,373	68,103	(159,270)
Indirect costs	37,448	11,216	(26,232)
Total program costs	<u>\$ 264,821</u>	79,319	<u>\$ (185,502)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 79,319</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs - salaries and benefits:			
Homicide reports	\$ 136	\$ 136	\$ -
Domestic violence related calls for assistance	171,028	66,020	(105,008)
Hate crime reports	135	135	-
Total direct costs	171,299	66,291	(105,008)
Indirect costs	40,044	17,049	(22,995)
Total program costs	<u>\$ 211,343</u>	83,340	<u>\$ (128,003)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 83,340</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs - salaries and benefits:			
Homicide reports	\$ 150	\$ 150	\$ -
Domestic violence related calls for assistance	220,365	82,359	(138,006)
Hate crime reports	51	51	-
Total direct costs	220,566	82,560	(138,006)
Indirect costs	48,203	18,280	(29,923)
Total program costs	<u>\$ 268,769</u>	100,840	<u>\$ (167,929)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 100,840</u>	
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs - salaries and benefits:			
Homicide reports	\$ 79	\$ 79	\$ -
Domestic violence related calls for assistance	227,896	84,337	(143,559)
Total direct costs	227,975	84,416	(143,559)
Indirect costs	62,360	23,816	(38,544)
Total program costs	<u>\$ 290,335</u>	108,232	<u>\$ (182,103)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 108,232</u>	
<u>July 1, 2011, through June 30, 2012</u>			
Direct costs - salaries and benefits:			
Homicide reports	\$ 75	\$ 75	\$ -
Domestic violence related calls for assistance	224,113	82,831	(141,282)
Hate crime reports	74	74	-
Total direct costs	224,262	82,980	(141,282)
Indirect costs	30,602	11,718	(18,884)
Total program costs	<u>\$ 254,864</u>	94,698	<u>\$ (160,166)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 94,698</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>Summary: July 1, 2001, through June 30, 2012</u>			
Direct costs - salaries and benefits:			
Homicide reports	\$ 440	\$ 440	\$ -
Domestic violence related calls for assistance	1,858,018	670,432	(1,187,586)
Hate crime reports	304	304	-
Total direct costs	1,858,762	671,176	(1,187,586)
Indirect costs	386,413	143,217	(243,196)
Total program costs	<u>\$ 2,245,175</u>	\$ 814,393	<u>\$ (1,430,782)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 814,393</u>	

¹ See the Finding and Recommendation section.

Finding and Recommendation

**FINDING—
Unallowable salaries
and benefits and
related indirect costs
– Domestic Violence
Related Calls for
Assistance cost
component**

The city claimed \$1,858,018 in salaries and benefits and \$386,256 in related indirect costs for the Domestic Violence Related Calls for Assistance cost component during the audit period. We found that \$670,432 is allowable and \$1,187,586 is unallowable. The costs are unallowable because the city misstated the number of incident report counts, overstated the time increments for the reimbursable activity, and misstated the productive hourly rates and related benefit costs. Related unallowable indirect costs total \$243,196.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits for the Domestic Violence Related Calls for Assistance cost component:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
Salaries and Benefits			
2001-02	\$ 106,983	\$ 39,006	\$ (67,977)
2002-03	96,186	35,072	(61,114)
2003-04	125,396	45,724	(79,672)
2004-05	134,594	49,074	(85,520)
2005-06	160,381	58,560	(101,821)
2006-07	163,747	59,390	(104,357)
2007-08	227,329	68,059	(159,270)
2008-09	171,028	66,020	(105,008)
2009-10	220,365	82,359	(138,006)
2010-11	227,896	84,337	(143,559)
2011-12	224,113	82,831	(141,282)
Total	<u>\$ 1,858,018</u>	<u>\$ 670,432</u>	<u>\$ (1,187,586)</u>

Salaries and Benefits

For the audit period, the city estimated it took three hours per incident for a police officer to support all domestic violence-related calls for assistance with a written incident report and an additional one hour for a police sergeant to review and edit the report. The city multiplied the estimated time by the total number of domestic violence-related calls for assistance incidents to arrive at the claimed hours. The city used the productive hourly rates and related benefit amounts of the police officer and police sergeant classifications to calculate the salaries and benefits claimed.

Number of Domestic Violence Related Calls for Assistance Incidents

Claimed

The city obtained the claimed number of domestic violence-related calls for assistance, from the city’s Records Information Management System (RIMS).

Allowable

The city provided data from the RIMS supporting the domestic violence-related calls for assistance incidents for which a report was written for fiscal year (FY) 2005-06 through FY 2011-12. We found that the data was misstated for some fiscal years but the amount was immaterial. In addition, although there was no data available for the early years of the audit period, we determined that the incident counts were reasonable based on the trend analysis.

The following table summarizes the claimed and allowable number of domestic violence-related calls for assistance incidents by fiscal year:

<u>Fiscal Year</u>	<u>Claimed Counts</u>	<u>Allowable Counts</u>	<u>Difference</u>
Incident Counts			
2001-02	498	498	-
2002-03	462	462	-
2003-04	462	462	-
2004-05	533	533	-
2005-06	532	534	2
2006-07	571	568	(3)
2007-08	559	567	8
2008-09	559	553	(6)
2009-10	639	635	(4)
2010-11	629	629	-
2011-12	615	615	-
Total	6,059	6,056	(3)

Testing of Domestic Violence Related Calls for Assistance Incidents

We reviewed a sample of domestic violence-related calls for assistance incidents within the RIMS to verify that they occurred and were properly supported with written incident reports that were reviewed and edited. We selected a sample of 15% of the domestic violence-related calls for assistance incidents for FY 2010-11 and FY 2011-12, for a total of 210 incidents reviewed. Only one incident report from FY 2010-11 and two incident reports from FY 2011-12 had written reports that did not include any information related to domestic violence. We determined that we would not need to expand our testing, as the discrepancies were immaterial. We concluded that the city sufficiently and appropriately generated reasonably accurate data from RIMS.

*Time Increments*Claimed

The city estimated that it took three hours per incident for a police officer to support all domestic violence-related calls for assistance with a written incident report, and an additional one hour for a sergeant to review and edit the report. The city did not provide any source documentation based on actual data to support the estimated time increments. In addition, the city did not provide any support for the additional 37.5 minutes claimed for a Lieutenant classification for FY 2007-08.

Allowable

The city conducted a time study during the month of November 2015. The time study determined the time it took the police officers to support all domestic violence-related calls for assistance with a written incident report and the time it took the police sergeants to review and edit the report. The time study also determined that the police officers also spent time editing reports, an activity that was not originally claimed.

Based on the city's time study results, we determined that it takes a police officer an average of 1.14 hours (or 68.26 minutes) to support all domestic violence-related calls for assistance with a written incident report and an average of 0.08 hours (or 4.76 minutes) to edit the written report. We also determined that it takes the police sergeant an average of 0.27 hours (or 15.98 minutes) to review and edit the written report.

We applied the allowable time study increments to the domestic violence-related calls for assistance incident counts to arrive at the total allowable hours.

The following table summarizes the claimed, allowable, and adjusted hours for the police officer classification for the activity of report writing:

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Audit Adjustment</u>
Allowable Hours - Report Writing (Police Officer)			
2001-02	1,494.00	567.72	(926.28)
2002-03	1,386.00	526.68	(859.32)
2003-04	1,386.00	526.68	(859.32)
2004-05	1,599.00	607.62	(991.38)
2005-06	1,596.00	608.76	(987.24)
2006-07	1,713.00	647.52	(1,065.48)
2007-08	1,677.00	646.38	(1,030.62)
2008-09	1,677.00	630.42	(1,046.58)
2009-10	1,917.00	723.90	(1,193.10)
2010-11	1,887.00	717.06	(1,169.94)
2011-12	1,845.00	701.10	(1,143.90)
Total	<u>18,177.00</u>	<u>6,903.84</u>	<u>(11,273.16)</u>

The following table summarizes the claimed, allowable, and adjusted hours for the police officer classification for the activity of editing the report:

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Audit Adjustment</u>
Allowable Hours - Editing Report (Police Officer)			
2001-02	-	39.84	39.84
2002-03	-	36.96	36.96
2003-04	-	36.96	36.96
2004-05	-	42.64	42.64
2005-06	-	42.72	42.72
2006-07	-	45.44	45.44
2007-08	-	45.36	45.36
2008-09	-	44.24	44.24
2009-10	-	50.80	50.80
2010-11	-	50.32	50.32
2011-12	-	49.20	49.20
Total	-	484.48	484.48

The following table summarizes the claimed, allowable, and adjusted hours for the police sergeant classification for the activity of reviewing and editing the report:

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Audit Adjustment</u>
Allowable Hours - Reviewing and Editing Report (Sergeant)			
2001-02	498.00	134.46	(363.54)
2002-03	462.00	124.74	(337.26)
2003-04	462.00	124.74	(337.26)
2004-05	533.00	143.91	(389.09)
2005-06	532.00	144.18	(387.82)
2006-07	571.00	153.36	(417.64)
2007-08	559.00	153.09	(405.91)
2008-09	559.00	149.31	(409.69)
2009-10	639.00	171.45	(467.55)
2010-11	629.00	169.83	(459.17)
2011-12	615.00	166.05	(448.95)
Total	6,059.00	1,635.12	(4,423.88)

Productive Hourly Rates and Benefit Rates

The city used the Police Officer classification to calculate costs for the time it takes to write an incident report for all domestic violence-related calls for assistance and the Police Sergeant classification to calculate costs for the time it takes to review and edit the report. The city calculated the claimed benefit costs by applying an average benefit rate for each classification to the claimed salaries.

In order to verify the accuracy of the productive hourly rates (PHR) and benefit rates claimed, we obtained the annual salary, fringe benefit, and productive hours information for the two classifications for FY 2008-09,

FY 2009-10, FY 2010-11, and FY 2011-12. We calculated an average PHR for each classification using the actual productive hours and salary reports provided during the audit. We also calculated an average benefit rate using the fringe benefit information for each classification and applied it to the claimed salaries to calculate the allowable benefits amounts.

The following tables summarizes the audit adjustments to the Police Officer classification’s PHRs and benefit rates as described above:

<u>Fiscal Year</u>	<u>Claimed PHR</u>	<u>Allowable PHR</u>	<u>Audit Adjustment</u>	<u>Claimed Benefit Rate</u>	<u>Allowable Benefit Rate</u>	<u>Audit Adjustment</u>
	Productive Hourly Rates (Police Officer)			Benefit Rates (Police Officer)		
2001-02	33.27	33.27	-	49.00%	49.00%	0.00%
2002-03	33.27	33.27	-	44.40%	44.40%	0.00%
2003-04	38.90	38.90	-	61.00%	61.00%	0.00%
2004-05	39.77	39.77	-	46.50%	46.50%	0.00%
2005-06	46.52	46.52	-	48.20%	48.20%	0.00%
2006-07	43.22	43.22	-	53.10%	53.10%	0.00%
2007-08	49.76	49.76	-	52.40%	52.40%	0.00%
2008-09	43.66	50.82	7.16	61.70%	48.66%	-13.04%
2009-10	50.19	51.22	1.03	62.90%	62.97%	0.07%
2010-11	51.19	52.58	1.39	67.80%	64.38%	-3.42%
2011-12	49.01	51.98	2.97	72.08%	64.66%	-7.42%

The following tables summarizes the audit adjustments to the Police Sergeant classification’s PHRs and benefit rates as described above:

<u>Fiscal Year</u>	<u>Claimed PHR</u>	<u>Allowable PHR</u>	<u>Audit Adjustment</u>	<u>Claimed Benefit Rate</u>	<u>Allowable Benefit Rate</u>	<u>Audit Adjustment</u>
	Productive Hourly Rates (Police Sergeant)			Benefit Rates (Police Sergeant)		
2001-02	44.37	44.37	-	49.00%	49.00%	0.00%
2002-03	44.37	44.37	-	44.40%	44.40%	0.00%
2003-04	51.90	51.90	-	61.00%	61.00%	0.00%
2004-05	53.06	53.06	-	46.50%	46.50%	0.00%
2005-06	63.86	63.86	-	48.20%	48.20%	0.00%
2006-07	57.65	57.65	-	53.10%	53.10%	0.00%
2007-08	66.87	66.87	-	52.40%	52.40%	0.00%
2008-09	58.23	71.33	13.10	61.70%	41.31%	-20.39%
2009-10	61.13	67.34	6.21	62.90%	53.25%	-9.65%
2010-11	62.35	67.66	5.31	67.80%	56.75%	-11.05%
2011-12	68.22	70.03	1.81	63.30%	60.07%	-3.23%

Summary of Audit Adjustment

We applied the allowable domestic violence-related calls for assistance incident counts to the time study increments to arrive at the total allowable hours. We then applied the audited PHRs to the total allowable hours to compute total allowable salaries costs. We then applied the audited benefit rates to the total allowable salaries to compute total allowable salaries and benefits costs. The city overstated salaries and benefits totaling \$1,187,586 for the audit period. Related unallowable indirect costs totaled \$243,196.

The following table summarizes the audit adjustments for salaries and benefits per FY as described in the finding above:

<u>Fiscal Year</u>	<u>Hour Related Adjustment</u>	<u>Productive Hourly Rate Adjustment</u>	<u>Related Benefits Adjustment</u>	<u>Total Audit Adjustment</u>
Total Adjustments				
2001-02	\$ (45,622)	\$ -	\$ (22,355)	\$ (67,977)
2002-03	(42,323)	-	(18,791)	(61,114)
2003-04	(49,486)	-	(30,186)	(79,672)
2004-05	(58,376)	-	(27,144)	(85,520)
2005-06	(68,705)	-	(33,116)	(101,821)
2006-07	(68,163)	-	(36,194)	(104,357)
2007-08	(104,508)	-	(54,762)	(159,270)
2008-09	(67,620)	6,787	(44,175)	(105,008)
2009-10	(85,912)	1,861	(53,955)	(138,006)
2010-11	(85,943)	1,969	(59,585)	(143,559)
2011-12	<u>(84,278)</u>	<u>2,529</u>	<u>(59,533)</u>	<u>(141,282)</u>
Total	<u>\$ (760,936)</u>	<u>\$ 13,146</u>	<u>\$ (439,796)</u>	<u>\$ (1,187,586)</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-Ongoing Activities D. Domestic Violence Related Calls for Assistance) allow ongoing activities related to costs supporting calls with a written incident report and reviewing the report as follows:

D. Domestic Violence Related Calls for Assistance: (Pen. Code, § 13730(a); Stats.1993, ch. 1230)

The following activity, performed by city, county, and city and county law enforcement agencies, is eligible for reimbursement:

1. Support all domestic-violence related calls for assistance with a written incident report.
2. Review and edit the report.

Reimbursement is *not* required to interview parties, complete a booking sheet or restraining order, transport the victim to the hospital, book the perpetrator, or other related activities to enforce a crime and assist the victim.

In addition, reimbursement is *not* required to include the information in the incident report required by Penal Code section 13730(c)(1)(2), based on the Commission decision denying reimbursement for that activity in *Domestic Violence Training and Incident Reporting* (CSM-96-362-01). Reimbursement for including the information in the incident report required by Penal Code section 13730(c)(3) is not provided in these parameters and guidelines and may not be claimed under this program, but is addressed in *Domestic Violence Incident Reports II* (02-TC-18).

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.

Recommendation

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

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