

CITY OF COVINA

Audit Report

PEACE OFFICER PROCEDURAL BILL OF RIGHTS PROGRAM

Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178,
Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980;
Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165,
Statutes of 1989; and Chapter 675, Statutes of 1990

July 1, 2004, through June 30, 2006



JOHN CHIANG
California State Controller

June 2009



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California State Controller

June 30, 2009

The Honorable Walter Allen III
Mayor of the City of Covina
125 E. College Street
Covina, CA 91723-2199

Dear Mayor Allen:

The State Controller's Office audited the costs claimed by the City of Covina for the legislatively mandated Peace Officer Procedural Bill of Rights Program (Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178, Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980; Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165, Statutes of 1989; and Chapter 675, Statutes of 1990) for the period of July 1, 2004, through June 30, 2006.

The city claimed \$491,548 for the mandated program. Our audit disclosed that \$25,604 is allowable and \$465,944 is unallowable. The costs are unallowable because the city claimed costs for (1) activities that were ineligible for reimbursement under the mandated program, (2) eligible activities that were based on estimates and not supported with corroborating documentation, and (3) eligible activities that were unsupported. The State paid the city \$170,948. The amount paid exceeds allowable costs claimed by \$145,344.

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 CSM's Web site link 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/vb

cc: Victoria Gallo

Acting Finance Director
City of Covina

Rachel Leo

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Covina for the legislatively mandated Peace Officer Procedural Bill of Rights Program (Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178, Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980; Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165, Statutes of 1989; and Chapter 675, Statutes of 1990) for the period of July 1, 2004, through June 30, 2006.

The city claimed \$491,548 for the mandated program. Our audit disclosed that \$25,604 is allowable and \$465,944 is unallowable. The costs are unallowable because the city claimed costs for (1) activities that were ineligible for reimbursement under the mandated program, (2) eligible activities that were based on estimates and not supported with corroborating documentation, and (3) eligible activities that were unsupported. The State paid the city \$170,948. The amount paid exceeds allowable costs claimed by \$145,344.

Background

Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178, Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980; Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165, Statutes of 1989; and Chapter 675, Statutes of 1990 added and amended Government Code sections 3300 through 3310. This legislation, known as the Public Safety Officers Procedural Bill of Rights Act, was enacted to ensure stable employer-employee relations and effective law enforcement services.

This legislation provides procedural protections to peace officers employed by local agencies and school districts when a peace officer is subject to an interrogation by the employer, is facing punitive action, or receives an adverse comment in his or her personnel file. The protections apply to peace officers classified as permanent employees, peace officers who serve at the pleasure of the agency and are terminable without cause ("at will" employees), and peace officers on probation who have not reached permanent status.

On November 30, 1999, the Commission on State Mandates (CSM) determined that this legislation imposed a state mandate reimbursable under Government Code section 17561 and adopted the statement of decision. The CSM determined that the peace officer rights law constitutes a partially reimbursable state mandated program within the meaning of the California Constitution, Article XIII B, section 6, and Government Code section 17514. The CSM further defined that activities covered by due process are not reimbursable.

The parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on July 27, 2000, and corrected them on August 17, 2000. The parameters and guidelines categorize reimbursable activities into the four following components: Administrative Activities, Administrative Appeal,

Interrogation, and Adverse Comment. In compliance with Government Code section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies in claiming reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Peace Officer Procedural Bill of Rights Program (POBOR) for the period of July 1, 2004, through June 30, 2006.

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 city'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 city'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, the City of Covina claimed \$491,548 for costs of the Peace Officer Procedural Bill of Rights Program. Our audit disclosed that \$25,604 is allowable and \$465,944 is unallowable.

For the fiscal year (FY) 2004-05 claim, the State made no payment to the city. Our audit disclosed that \$13,608 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$13,608, contingent upon available appropriations.

For the FY 2005-06 claim, the State paid the city \$170,948. Our audit disclosed that \$11,996 is allowable. The State will offset \$158,952 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

**Views of
Responsible
Official**

We issued a draft audit report on May 27, 2009. Victoria Gallo, Interim Finance Director, advised us that she would respond to the draft report by June 19, 2009. We did not receive a response on June 19, 2009 and, therefore, we followed up with her via e-mail on June 22, 2009. Ms. Gallo did not provide a response.

Restricted Use

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

June 30, 2009

**Schedule 1—
Summary of Program Costs
July 1, 2004, through June 30, 2006**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment</u>	<u>Reference¹</u>
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Salaries	\$ 139,675	\$ 3,631	\$ (136,044)	Finding 1
Benefits	62,015	1,612	(60,403)	Finding 1
Services and supplies	7,098	7,098	—	
Total direct costs	208,788	12,341	(196,447)	
Indirect costs	48,747	1,267	(47,480)	Finding 1
Total program costs	<u>\$ 257,535</u>	13,608	<u>\$ (243,927)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 13,608</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
Salaries	\$ 138,417	\$ 4,591	\$ (133,826)	Finding 1
Benefits	26,420	886	(25,534)	Finding 1
Services and supplies	6,612	4,444	(2,168)	Finding 2
Total direct costs	171,449	9,921	(161,528)	
Indirect costs	62,564	2,075	(60,489)	Finding 1
Total program costs	<u>\$ 234,013</u>	11,996	<u>\$ (222,017)</u>	
Less amount paid by the State		(170,948)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (158,952)</u>		
<u>Summary: July 1, 2004, through June 30, 2006</u>				
Direct costs:				
Salaries	\$ 278,092	\$ 8,222	\$ (269,870)	Finding 1
Benefits	88,435	2,498	(85,937)	Finding 1
Services and supplies	13,710	11,542	(2,168)	Finding 2
Total direct costs	380,237	22,262	(357,975)	
Indirect costs	111,311	3,342	(107,969)	Finding 1
Total program costs	<u>\$ 491,548</u>	25,604	<u>\$ (465,944)</u>	
Less amount paid by the State		(170,948)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (145,344)</u>		
<u>Recap by Component</u>				
Administrative Activities	\$ 42,099	\$ 1,018	\$ (41,081)	
Administrative Appeal	248,759	—	(248,759)	
Interrogations	121,048	16,107	(104,941)	
Adverse Comment	79,642	8,479	(71,163)	
Total program costs	<u>\$ 491,548</u>	<u>\$ 25,604</u>	<u>\$ (465,944)</u>	

Findings and Recommendations

FINDING 1— Unallowable salaries, benefits, and related indirect costs

The city claimed \$366,527 for salaries and benefits and \$111,311 in related indirect costs for the audit period. We initially determined that salaries and benefits claimed totaling \$2,583 were allowable and \$363,944 were unallowable. The costs were unallowable because the activities claimed are not identified in the parameters and guidelines as reimbursable costs (\$296,639), because reimbursable costs were estimated and not supported with adequate corroborating documentation (\$52,852), and because reimbursable costs were not adequately supported (\$14,453).

The city requested and we agreed that it be allowed to perform a time study to recapture allowable costs. Based on the time study results, we determined that an additional \$8,137 is allowable. Therefore, \$10,720 is allowable and \$355,807 is unallowable. Unallowable related indirect costs totaled \$107,969.

The following table summarizes the claimed, allowable, and unallowable costs for the audit period:

<u>Salaries and Benefits</u>	<u>Claimed Costs</u>	<u>Allowable Costs</u>	<u>Audit Adjustment</u>
Administrative activities	\$ 30,225	\$ 738	\$ (29,487)
Administrative appeals	190,550	—	(190,550)
Interrogations	83,244	3,418	(79,826)
Adverse comments	<u>62,508</u>	<u>6,564</u>	<u>(55,944)</u>
Total salaries and benefits	366,527	10,720	(355,807)
Related indirect costs	<u>111,311</u>	<u>3,342</u>	<u>(107,969)</u>
Total	<u>\$ 477,838</u>	<u>\$ 14,062</u>	<u>\$ (463,776)</u>

Administrative Activities

The city claimed \$30,225 in salaries and benefits for the audit period under the Administrative Activities cost component. Related indirect costs totaled \$9,706. We determined that \$29,487 was unallowable. Related indirect costs totaled \$9,426.

The parameters and guidelines allow reimbursement for the following ongoing activities:

1. Developing or updating internal policies, procedures, manuals, and other materials pertaining to the conduct of the mandated activities
2. Attendance at specific training for human resources, law enforcement and legal counsel regarding the requirements of the mandate
3. Updating the status of the Peace Officer's Procedural Bill of Rights (POBOR) cases

The city claimed \$29,487 for the audit period for making updates and updating the status of the POBOR case records (\$12,818 for fiscal year [FY] 2004-05 and \$11,069 for FY 2005-06). The city's claim filed for FY 2005-06 included additional language stating that the department followed specific timelines during the performance of the activity.

However, the costs claimed were based entirely on estimates and the city did not provide any corroborating evidence to support the estimates. Accordingly, the costs are unallowable. For the costs to be allowable, the city must provide a description of the specific allowable activities performed and support for the hours claimed.

The city also claimed \$5,600 for two sergeants and a lieutenant to attend a three-day advanced Internal Affairs (IA) seminar for FY 2005-06. The seminar included the following topics:

- Emerging trends and key challenges in IA investigations
- Perspectives on Internal Affairs
- Decisions/Functions/Integrity of Internal Affairs
- Ethical Issues
- Civil Litigation, citizen complaints, and recourse for false complaints
- Skelly process and grievance procedures.

The parameters and guidelines allow reimbursement for attendance at specific training for human resources, law enforcement, and legal counsel regarding the requirements of the mandate. Based on our review of the seminar's agenda, we determined that these topics did not relate to the requirements of the mandated program. Therefore, the costs are unallowable. If the city can provide evidence supporting that the seminar included mandate-related information, we will adjust the audit results as appropriate.

Administrative Appeal Activities

The city claimed \$190,550 in salaries and benefits during the audit period under the Administrative Appeals cost component. Related indirect costs totaled \$58,211. We determined that none of the costs are allowable because the city claimed reimbursement totaling \$176,097 for unallowable activities and could not support claimed costs totaling \$14,453 for allowable activities.

The parameters and guidelines allow reimbursement for administrative appeals under limited circumstances. Specifically, reimbursement of administrative appeal costs is limited to:

- Dismissal, demotion, suspension, salary reduction, or written reprimand received by the Chief of Police whose liberty interest is not affected (i.e.: the charges supporting a dismissal do not harm the employee's reputation or ability to find future employment);
- Transfer of permanent employees for purposes of punishment;
- Denial of promotion for permanent employees for reasons other than merit; and
- Other actions against permanent employees or the Chief of Police that result in disadvantage, harm, loss, or hardship and impact the career opportunities of the employee.

Included in the foregoing are the preparation and review of various documents to commence and proceed with the administrative hearing; legal review and assistance with the conduct of the administrative hearing; preparation and service of subpoenas, witness fees, and salaries of employee witnesses, including overtime; the time and labor of the administrative body and its attendant clerical services; the preparation and service of any rulings or orders of the administrative body.

The city claimed \$176,097 for a lieutenant and a sergeant to conduct administrative appeals for the disciplinary actions of dismissal, demotion, suspension, salary reduction, or written reprimand (\$88,218 for FY 2004-05 and \$87,879 for FY 2005-06). Administrative appeal costs for dismissal, demotion, suspension, salary reduction, and written reprimand are reimbursable only when they are imposed on the Chief of Police. City representatives stated that none of the administrative appeal cases during the audit period were the result of these types of disciplinary action imposed on the Chief of Police.

In addition, the city claimed \$14,453 for a lieutenant and a sergeant to conduct administrative appeals for the transfer of a peace officer for the purposes of punishment or denial of a promotion for reasons other than merit during FY 2004-05. While the parameters and guidelines allow reimbursement for these two disciplinary actions, the city did not provide case files supporting these disciplinary actions. As a substitute for the case files, the city provided a case listing; however, the case listing is insufficient because it failed to: 1) list the title of the peace officer subject (i.e. Chief of Police, Lieutenant, etc.), 2) list the case outcome (i.e. exonerated, sustained, etc.), and 3) list the disciplinary action imposed on the peace officer (termination, suspension, etc.). In addition, Police Department representatives stated that the city predominately deals with administrative appeals for peace officers who have been terminated, which is not an allowable activity.

Interrogation Activities

The city claimed \$83,244 in salaries and benefits for the audit period under the Interrogations cost component. Related indirect costs totaled \$26,262. We initially determined that \$1,845 is allowable and \$81,399 is unallowable. The costs were unallowable because the city claimed reimbursement for unallowable activities of \$68,939 and estimated hours spent on allowable activities of \$12,460.

The city requested and we agreed that it be allowed to perform a time study to recapture allowable costs. One of the activities included in the city's time study was the allowable activity of preparing notices of interrogation. Based on the time study results, we determined that an additional \$1,573 is allowable. Therefore, \$3,418 is allowable and \$79,826 is unallowable. Related unallowable indirect costs totaled \$25,115.

The parameters and guidelines state that specific identified interrogation activities are reimbursable when a peace officer is under investigation or becomes a witness to an incident under investigation and is subjected to an interrogation by the commanding officer or any other member of the

employing public safety department during off-duty time if the interrogation could lead to dismissal, demotion, suspension, reduction in salary, written reprimand, or transfer for purposes of punishment.

Specifically, reimbursement is allowed for the following ongoing activities:

- Compensating the peace officer for interrogations occurring during off-duty time, when required by the seriousness of the investigation;
- Providing the peace officer prior notice regarding the interrogation;
- Tape recording the interrogation, if the subject also records it;
- Providing the subject access to the tape if the interrogation is held prior to certain further proceedings; and
- Producing transcribed copies of notes of the interrogation and copies of reports or complaints that are not confidential, when requested by the subject.

The city claimed \$68,939 for a sergeant's time conducting interrogations (\$32,042 for FY 2004-05 and \$36,897 for FY 2005-06). Reimbursable activities described in the program's parameters and guidelines do not include costs incurred to prepare for an interrogation, the conduct of interrogations by investigators, or reviews of the responses given by the peace officer subjects and/or witnesses.

In addition, the city claimed estimated costs totaling \$11,943 to notify peace officers prior to interrogations (\$6,409 for FY 2004-05 and \$5,534 for FY 2005-06) and \$517 for FY 2005-06 for a sergeant's time related to the preparation and review of overtime compensation requests resulting from POBOR-related interrogations. The parameters and guidelines allow reimbursement for these two activities; however, during a discussion with city staff, it was determined that all of the hours were "approximated times based on the work of each case." Basically, the hours claimed were estimated and were not supported by contemporaneous documentation (i.e. a timesheet, time log, or time study).

The parameters and guidelines (section V (A) (1)-Claim Preparation and Submission – Salaries and Benefits) state that the claimant should "describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee."

We originally discussed this audit finding with the city during audit fieldwork. It was agreed that the city would perform a time study to determine allowable costs for preparation and presentation of the administrative notice. The city conducted the time study and determined that it took a sergeant 0.56 hours to prepare and present the administrative notice to the peace officer subject/witness. Based on the time study results, allowable costs totaled \$1,573 (\$1,077 for FY 2004-05 and \$496 for FY 2005-06) for providing the peace officer subject/witness prior notice regarding the interrogation.

Adverse Comment Activities

The city claimed \$62,508 in salaries and benefits for the audit period under the Adverse Comment cost component. We initially determined that none of the costs were allowable because the city estimated costs of \$40,392 for allowable activities and did not provide any corroborating documentation to support the estimates and claimed reimbursement of \$22,116 for unallowable activities. Related indirect costs totaled \$17,132.

The city requested and we agreed that it be allowed to perform a time study to recapture allowable costs. Two of the activities included in the city's time study were the allowable activities of reviewing the documents leading to an adverse comment and time spent documenting the adverse comment and reviewing it for accuracy. Based on the time study results, we determined that \$6,564 is allowable and \$55,944 is unallowable. Related unallowable indirect costs totaled \$15,217.

Depending on the circumstances surrounding an adverse comment, the parameters and guidelines allow reimbursement for the following four activities:

- Providing notice of the adverse comment;
- Providing an opportunity to review and sign the adverse comment;
- Providing an opportunity to respond to the adverse comment within 30 days; and
- Noting on the document the subject's refusal to sign the adverse comment and obtaining the signature or initials of the subject under such circumstances.

Included in the foregoing are review of circumstances or documentation leading to adverse comment by supervisor, command staff, human resources staff or counsel, including determination of whether same constitutes an adverse comment, preparation of comment and review for accuracy; notification and presentation of adverse comment to officer and notification concerning rights regarding same; review of response to adverse comment, attaching same to adverse comment and filing.

For FY 2004-05, the city claimed \$19,226 for a sergeant's time to schedule and prepare for interviews. We determined that this activity is related to the conduct of interrogations. In addition, costs incurred by investigators for scheduling and preparing for interviews are not reimbursable under the mandated program.

For FY 2004-05, the city also claimed \$2,890 also for receiving, processing, and determining complaints. We determined that this is a pre-investigative activity related to receiving complaints and determining whether further investigation is required. It is our understanding that reviewing information that is to be placed in a peace officer's personnel file is reimbursable; however, there was no indication that the activity involved reviewing this type of information.

In addition, the city claimed estimated costs totaling \$40,392 for the following allowable activities:

- A sergeant's time to prepare and review an adverse comment for accuracy, notify the officer, and present the comment to the officer (\$12,817 for FY 2004-05 and \$5,534 for FY 2005-06),
- A sergeant's time to obtain officer's signature or note his/her refusal to sign (\$12,817 in FY 2004-05),
- Review of circumstances or documents leading to adverse comment (\$7,379 in FY 2005-06), and
- Review of officers' response to adverse comment and attach same to comment and filing (\$1,845 in FY 2005-06).

The parameters and guidelines allow reimbursement for these activities; however, during a discussion with city staff, we determined that all of the hours were "approximated times based on the work of each case" and were not supported by any contemporaneous documentation (i.e. a timesheet, time log, or time study). The parameters and guidelines (section V(A)(1)-Claim Preparation and Submission – Salaries and Benefits) state that the claimant should "describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee."

We discussed this audit finding with the city during audit fieldwork. It was agreed that the city would perform a time study to determine the allowable costs for reviewing the documents leading to an adverse comment and for time spent documenting the adverse comment and reviewing the adverse comment for accuracy. The city conducted a time study and determined that it took the sergeant 1.5 hours to review the documents leading to the adverse comment and one hour to document the adverse comment and review it for accuracy. Based on the time study results, allowable costs total \$6,564 (\$4,166 for FY 2004-05 and \$2,398 for FY 2005-06).

Summary

The following table summarizes the audit adjustments by fiscal year:

Cost Categories	Fiscal Year		Total
	2004-05	2005-06	
Salaries	\$ (136,044)	\$ (133,826)	\$ (269,870)
Benefits	(60,403)	(25,534)	(85,937)
Subtotal	(196,447)	(159,360)	(355,807)
Related indirect costs	(47,480)	(60,489)	(107,969)
Audit adjustment	\$ (243,927)	\$ (219,849)	\$ (463,776)

The parameters and guidelines for POBOR, adopted by the CSM on July 27, 2000, and corrected on August 17, 2000, define the criteria for procedural protections of the city's peace officers that are eligible for reimbursement under the mandated program.

The parameters and guidelines (section IV, Reimbursable Activities) outline specific tasks that are deemed above the due process clause. The

statement of decision on which the parameters and guidelines was based noted that due process activities were not reimbursable.

The parameters and guidelines (section VA1, Salaries and Benefits), require that the claimants identify the employees and/or show the classification of the employees involved, describe the reimbursable activities performed, and specify the actual time devoted to each reimbursable activity by each employee.

The parameters and guidelines (section VI, Supporting Data), require that all costs be traceable to source documents showing evidence of the validity of such costs and their relationship to the state-mandated program.

Recommendation

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

City’s Response

The city did not respond to the finding.

**FINDING 2—
Unallowable services
and supplies costs**

The city claimed \$13,710 (\$7,098 for FY 2004-05 and \$6,612 for FY 2005-06) for the audit period for services and supplies. We determined that \$11,542 is allowable and \$2,168 is unallowable. The unallowable costs occurred because the city claimed reimbursement for activities that were not identified in the parameters and guidelines as reimbursable costs.

The following table summarizes the claimed, allowable, and unallowable costs for the audit period:

<u>Services and Supplies</u>	<u>Claimed Costs</u>	<u>Allowable Costs</u>	<u>Audit Adjustment</u>
Administrative activities	\$ 2,168	\$ —	\$ (2,168)
Administrative appeals	—	—	—
Interrogations	11,542	11,542	—
Adverse comments	—	—	—
Total	<u>\$ 13,710</u>	<u>\$ 11,542</u>	<u>\$ (2,168)</u>

Administrative Activities

The city claimed \$2,168 in services and supplies for the audit period under the Administrative Activities cost component. We determined that none of the costs are allowable because the city claimed reimbursement for travel costs related to the attendance of three peace officers at an advanced Internal Affairs training seminar for FY 2005-06. As noted in Finding 1 (Unallowable Salaries and Benefits), we determined that the training seminar did not include topics that fit the requirements of the mandate. Accordingly, as the training was unallowable, the associated travel costs are also unallowable.

If the training had been allowable, the city should have claimed only \$198 because the city received reimbursement of \$1,794 from California Peace Officers Standards and Training (POST). The city also did not deduct from its claims a \$284 refund check received from the Best Western hotel chain.

The following table summarizes the costs claimed and associated offsetting revenues received:

<u>Peace Officer</u>	<u>Costs Claimed</u>	<u>(1) Expenses for "Travel and Meeting Request"</u>	<u>(2) Amount Reimbursed from POST</u>	<u>Net Claimable Costs (Cols. (1) – (2))</u>
Police Lieutenant	\$ 762	\$ 762	\$ 678	\$ 84
Police Sergeant	672	672	558	114
Police Sergeant	734	450 ¹	558	—
Total	<u>\$ 2,168</u>	<u>\$ 1,884</u>	<u>\$ 1,794</u>	<u>\$ 198</u>

¹ The city received a refund of \$284 from Best Western in April 2006.

Interrogations

The city claimed \$11,542 in services and supplies for the audit period under the Interrogations cost component. We determined that all of the costs claimed are allowable.

The city claimed \$11,542 (\$7,098 for FY 2004-05 and \$4,444 for FY 2005-06) for transcription service costs. The parameters and guidelines allow reimbursement for this activity only when the peace officer subject and/or witness also records the interrogation. Police Department personnel stated that a majority of the peace officer subjects and witnesses being interrogated do record the interrogation, as they are typically represented by either a lawyer or a union representative.

The city contracts with Huntington Court Reports for their transcription services. The city provided its invoice billings, which we reviewed for reasonableness and correctness. No exceptions were noted.

Additional Invoices Provided by the City

During audit fieldwork, the city provided additional attorney invoices for consideration, in the amount of \$106,077. The city requested that we review the invoices to determine if they included allowable activities that city could claim for reimbursement under the mandated program. We had the following initial observations:

- The city did not identify under which cost component(s) the invoices should have been claimed (i.e. Administrative Appeals, Interrogations, or Adverse Comments);
- The city did not provide an expenditure ledger to confirm that the invoices had been paid;
- Several of the invoices included only the first page and the city provided no details indicating what activities were performed; and
- The city did not provide case descriptions.

Furthermore, a review of the activities listed on the attorney invoices indicated that none of the activities performed are reimbursable under the mandated program. We noted the following unallowable activities described in the attorney invoices:

- Administrative Appeal costs for a terminated peace officer;
- Activities related to a Pitchess Motion;
- Activities related to preparation for an interrogation;
- Activities related to a Skelly Hearing; and
- Activities performed before the peace officer had filed an administrative appeal. (i.e., discussions with the Police Chief regarding a proposal to terminate an employee).

The program's parameters and guidelines (section V(3), Supporting Documentation–Contract Services) require the claimant to describe the reimbursable activities performed by each named contractor and give the number of actual hours spent on the activities, if applicable. The claimant must also show the inclusive dates on which services were performed and itemize all costs for those services.

The parameters and guidelines (section VII, Offsetting Savings and Other Reimbursement) require the claimant to deduct any reimbursements received for this mandate from costs claimed.

Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported. In addition, the city should identify any associated reimbursements received for this mandate as offsets to claimed costs.

City's Response

The city did not respond to the finding.

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

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