

CITY OF SANTA ANA

Audit Report

DOMESTIC VIOLENCE ARREST POLICIES AND STANDARDS PROGRAM

Chapter 246, Statutes of 1995

July 1, 2001, through June 30, 2004



JOHN CHIANG
California State Controller

May 2007



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California State Controller

May 18, 2007

Francisco Gutierrez
Executive Director of Finance and
Management Services
City of Santa Ana
20 Civic Center Plaza
Santa Ana, CA 92702

Dear Mr. Gutierrez:

The State Controller's Office audited the costs claimed by the City of Santa Ana for the legislatively mandated Domestic Violence Arrest Policies and Standards Program (Chapter 246, Statutes of 1995) for the period of July 1, 2001, through June 30, 2004.

The city claimed \$478,136 (\$479,136 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$365,945 is allowable and \$112,191 is unallowable. The unallowable costs occurred primarily because the city claimed unsupported costs. The State paid the city \$100,021. The State will pay allowable costs claimed that exceed the amount paid, totaling \$265,924, contingent upon available appropriations.

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

Sincerely,

"Original signed by"

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb:jj

cc: James Schnabl, Sergeant
Police Department
City of Santa Ana
Marilyn N. Palacol, Accountant II
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Audit Report

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Santa Ana for the legislatively mandated Domestic Violence Arrest Policies and Standards Program (Chapter 246, Statutes of 1995) for the period of July 1, 2001, through June 30, 2004. The last day of fieldwork was December 20, 2005.

The city claimed \$478,136 (\$479,136 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$365,945 is allowable and \$112,191 is unallowable. The unallowable costs occurred primarily because the city claimed unsupported costs. The State paid the city \$100,021. The State will pay allowable costs claimed that exceed the amount paid, totaling \$265,924, contingent upon available appropriations.

Background

Penal Code Section 13701 (added by Chapter 246, Statutes of 1995) requires local law enforcement agencies to develop, adopt, and implement written arrest policies for domestic violence offenders by July 1, 1996. The legislation also requires 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 (COSM) determined that Chapter 246, Statutes of 1995, imposed a state mandate reimbursable under *Government Code* Section 17561.

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. COSM adopted the *Parameters and Guidelines* on August 20, 1998. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

Objective, 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, 2001, through June 30, 2004.

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 the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Sections 12410, 17558.5, and 17561. We did not audit the city's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

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 an instance of noncompliance with the requirements outlined above. This instance is described in the accompanying Summary of Program Costs (Schedule 1) and in the Finding and Recommendation section of this report.

For the audit period, the City of Santa Ana claimed \$478,136 (\$478,136 less a \$479,136 penalty for filing a late claim) for costs of the Domestic Violence Arrest Policies and Standards Program. Our audit disclosed that \$365,945 is allowable and \$112,191 is unallowable. The State paid the city \$100,021. The State will pay allowable costs claimed that exceed the amount paid, totaling \$265,924, contingent upon available appropriations.

Views of Responsible Officials

We issued a draft audit report on April 20, 2007. Marilyn Palacol, Senior Accountant, Finance and Management Services Agency, responded by telephone on May 3, 2007, agreeing with the audit results.

Restricted Use

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

**Schedule 1—
Summary of Program Costs
July 1, 2001, through June 30, 2004**

| Cost Elements | Actual Costs Claimed | Allowable per Audit | Audit Adjustment ¹ |
|--|-------------------------|------------------------|----------------------------------|
| <u>July 1, 2001, through June 30, 2002</u> | | | |
| Salaries | \$ 97,428 | \$ 65,250 | \$ (32,178) |
| Benefits | 15,588 | 10,179 | (5,409) |
| Total direct costs | 113,016 | 75,429 | (37,587) |
| Indirect costs | 56,800 | 38,041 | (18,759) |
| Total program costs | <u>\$ 169,816</u> | 113,470 | <u>\$ (56,346)</u> |
| Less amount paid by the State | | (100,000) | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ 13,470</u> | |
| <u>July 1, 2002, through June 30, 2003</u> | | | |
| Salaries | \$ 83,048 | \$ 67,157 | \$ (15,891) |
| Benefits | 13,952 | 10,987 | (2,965) |
| Total direct costs | 97,000 | 78,144 | (18,856) |
| Indirect costs | 51,407 | 41,571 | (9,836) |
| Subtotal | 148,407 | 119,715 | (28,692) |
| Less late filing penalty | (1,000) | (1,000) | — |
| Total program costs | <u>\$ 147,407</u> | 118,715 | <u>\$ (28,692)</u> |
| Less amount paid by the State | | (21) | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ 118,694</u> | |
| <u>July 1, 2003, through June 30, 2004</u> | | | |
| Salaries | \$ 92,335 | \$ 76,785 | \$ (15,550) |
| Benefits | 17,424 | 14,436 | (2,988) |
| Total direct costs | 109,759 | 91,221 | (18,538) |
| Indirect costs | 51,154 | 42,539 | (8,615) |
| Total program costs | <u>\$ 160,913</u> | 133,760 | <u>\$ (27,153)</u> |
| Less amount paid by the State | | — | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ 133,760</u> | |
| <u>Summary: July 1, 2001, through June 30, 2004</u> | | | |
| Salaries | \$ 272,811 | \$ 209,192 | \$ (63,619) |
| Benefits | 46,964 | 35,602 | (11,362) |
| Total direct costs | 319,775 | 244,794 | (74,981) |
| Indirect costs | 159,361 | 122,151 | (37,310) |
| Subtotal | 479,136 | 366,945 | (112,191) |
| Less late filing penalty | (1,000) | (1,000) | — |
| Total program costs | <u>\$ 478,136</u> | 365,945 | <u>\$ (112,191)</u> |
| Less amount paid by the State | | (100,021) | |
| Allowable costs claimed in excess of (less than) amount paid | | <u>\$ 265,924</u> | |

¹ See the Finding and Recommendation section.

Finding and Recommendation

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

The city overstated salaries and benefits by \$74,981 for the audit period. The related indirect costs total \$37,210.

The mandate provides reimbursement for costs incurred for (1) developing and adopting written arrest policies (component 1); (2) training officers on written arrest policies (component 2); and (3) implementing written arrest policies (component 3). The city claimed costs incurred for component 3 only. We reviewed the city’s records and noted overstated costs as follows.

- The city claimed 14,188 domestic violence cases for the audit period. However, documents provided supported only 12,545 cases, an overstatement of 1,643 cases. For fiscal year (FY) 2001-02 and FY 2002-03, the city overstated the number of cases by 1,622 and 23, respectively. For FY 2003-04, the city understated the number of cases by 2.
- For the entire audit period, the city overstated the productive hourly rate for police officers. The city claimed salaries based on the productive hourly rate of a high-ranking officer (E classification). However, our review revealed that officers from various classifications (A through E) incurred implementation costs. Officers in classification A through D received lower salaries compared to officers in classification E.
- For the entire audit period, the city claimed benefit costs at rates not supported by city records. For FY 2001-02, FY 2002-03, and FY 2003-04, the city claimed benefit costs at 16%, 16.83%, and 18.9%, while source documentation substantiated 15.6%, 16.36%, and 18.8%, respectively.
- For FY 2002-03 and FY 2003-04, the city double-claimed benefit costs. The city included and claimed the benefits as part of salary and benefit costs and reclaimed them as benefit costs.

The following table summarizes the audit adjustments.

| | Fiscal Year | | | Total |
|--|-------------|-------------|-------------|-------------|
| | 2001-02 | 2002-03 | 2003-04 | |
| <u>Salaries</u> | | | | |
| Number of cases | 3,969 | 4,085 | 4,491 | |
| Uniform time allowance of 29 minutes per case | × 0.48 | × 0.48 | × 0.48 | |
| Allowable hours | 1,905 | 1,961 | 2,156 | |
| Productive hourly rates | × \$ 34.25 | × \$ 34.25 | × \$ 35.62 | |
| Allowable salaries | \$ 65,250 | \$ 67,157 | \$ 76,785 | \$ 209,192 |
| Less claimed salaries | (97,428) | (83,048) | (92,335) | (272,811) |
| Audit adjustment-salaries | \$ (32,178) | \$ (15,891) | \$ (15,550) | \$ (63,619) |

| | Fiscal Year | | | Total |
|---------------------------------|--------------------|-------------------|-------------------|--------------------|
| | 2001-02 | 2002-03 | 2003-04 | |
| <u>Benefits</u> | | | | |
| Allowable salaries | \$ 65,250 | \$ 67,157 | \$ 76,785 | |
| Benefit rates | × 15.60% | × 16.36% | × 18.80% | |
| Allowable benefits | 10,179 | 10,987 | 14,436 | \$ 35,602 |
| Less claimed benefits | <u>(15,588)</u> | <u>(13,952)</u> | <u>(17,424)</u> | <u>(46,964)</u> |
| Audit adjustment-benefits | <u>\$ (5,409)</u> | <u>\$ (2,965)</u> | <u>\$ (2,988)</u> | <u>\$ (11,362)</u> |
| <u>Indirect Costs</u> | | | | |
| Unallowable salaries | \$ (32,178) | \$ (15,891) | \$ (15,550) | |
| Claimed indirect cost rates | × 58.30% | × 61.90% | × 55.40% | |
| Audit adjustment-indirect costs | <u>\$ (18,759)</u> | <u>\$ (9,836)</u> | <u>\$ (8,615)</u> | <u>\$ (37,210)</u> |

Parameters and Guidelines states that only actual increased costs incurred for mandated activities and supported by appropriate documents are reimbursable.

Parameters and Guidelines allows a uniform time allowance of 29 minutes for identifying the primary aggressor in any domestic violence incident.

Recommendation

We recommend that the city ensure that all claimed costs are eligible increased costs incurred as a result of the mandate, and that they are supported by appropriate documentation.

City's Response

The city agrees with the audit finding.

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