

VENTURA COUNTY

Audit Report

DOMESTIC VIOLENCE TREATMENT SERVICES—AUTHORIZATION AND CASE MANAGEMENT PROGRAM

Chapters 183 and 184, Statutes of 1992; Chapter 28,
Statutes of 1994; and Chapter 641, Statutes of 1995

July 1, 1999, through June 30, 2002



STEVE WESTLY
California State Controller

June 2005



STEVE WESTLY
California State Controller

June 24, 2005

The Honorable Christine L. Cohen
Auditor-Controller
Ventura County
800 South Victoria Avenue
Ventura, CA 93009

Dear Ms. Cohen:

The State Controller's Office audited the claims filed by Ventura County for costs of the legislatively mandated Domestic Violence Treatment Services—Authorization and Case Management Program (Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995) for the period of July 1, 1999, through June 30, 2002.

The county claimed \$441,720 for the mandated program. Our audit disclosed that \$195,894 is allowable and \$245,826 is unallowable. The unallowable costs occurred primarily because the county claimed unsupported costs. The State paid the county \$314,847. The amount paid exceeds allowable costs claimed by \$118,953.

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

Sincerely,

Original Signed By:

VINCENT P. BROWN
Chief Operating Officer

VPB:JVB/ams

cc: Mercy Grieco
Chief Deputy Auditor-Controller
Ventura County
Calvin Remington
Chief Probation Officer
Ventura County
James Tilton, Program Budget Manager
Corrections and General Government
Department of Finance

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Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by Ventura County for costs of the legislatively mandated Domestic Violence Treatment Services—Authorization and Case Management Program (Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995) for the period of July 1, 1999, through June 30, 2002. The last day of fieldwork was February 25, 2005.

The county claimed \$441,720 for the mandated program. Our audit disclosed that \$195,894 is allowable and \$245,826 is unallowable. The unallowable costs occurred primarily because the county claimed unsupported costs. The State paid the county \$314,847. The amount paid exceeds allowable costs claimed by \$118,953.

Background

Penal Code Sections 273.5, 1000.93 through 1000.95, and 1203.097 (repealed, added, or amended by Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995) provide that, if an accused is convicted of a domestic violence crime and granted probation as part of sentencing, the defendant is required to successfully complete a batterer's treatment program as a condition of probation.

The Commission on State Mandates (COSM) determined that probation is a penalty for conviction of a crime. The successful completion of probation is required before the unconditional release of the defendant. If the defendant fails to successfully complete a batterer's treatment program, the legislation subjects the defendant to further sentencing and incarceration.

Since the Legislature changed the penalty for domestic violence crimes by changing the requirements for probation, COSM determined that the "crimes and infractions" disclaimer in *Government Code* Section 17556, subdivision (g), applies. COSM concluded that subdivision (g) applies to those activities required by the legislation that are directly related to enforcement of the statute, which changed the penalty for a crime.

On April 23, 1998, COSM determined that Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, 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 *Parameters and Guidelines* on November 30, 1998. 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 Domestic Violence Treatment Services—Authorization and Case Management Program for the period of July 1, 1999, through June 30, 2002.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, not funded by another source, and 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* Section 17558.5. We did not audit the county'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 county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, Ventura County claimed \$441,720 for costs of the Domestic Violence Treatment Services—Authorization and Case Management Program. Our audit disclosed that \$195,894 is allowable and \$245,826 is unallowable.

For fiscal year (FY) 1999-2000, the State paid the county \$79,944. Our audit disclosed that \$44,990 is allowable. The county should return \$34,954 to the State.

For FY 2000-01, the State paid the county \$173,341. Our audit disclosed that \$81,839 is allowable. The county should return \$91,502 to the State.

For FY 2001-02, the State paid the county \$61,562. Our audit disclosed that \$69,065 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$7,503, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on May 6, 2005. Christine L. Cohen, Auditor-Controller, responded by letter dated May 26, 2005 (attached), agreeing with the audit results. This final audit report includes the county's response.

Restricted Use

This report is solely for the information and use of Ventura County, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

Original Signed By:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
Summary of Program Costs
July 1, 1999, through June 30, 2002**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Salaries and benefits	\$ 59,306	\$ 33,376	\$ (25,930)	Finding 1
Indirect costs	20,638	11,614	(9,024)	Finding 1
Total claimed costs	<u>\$ 79,944</u>	44,990	<u>\$ (34,954)</u>	
Less amount paid by the State		<u>(79,944)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (34,954)</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Salaries and benefits	\$ 111,259	\$ 56,691	\$ (54,568)	Finding 1
Indirect costs	62,082	25,148	(36,934)	Findings 1, 2
Total claimed costs	<u>\$ 173,341</u>	81,839	<u>\$ (91,502)</u>	
Less amount paid by the State		<u>(173,341)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (91,502)</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Salaries and benefits	\$ 129,065	\$ 47,153	\$ (81,912)	Finding 1
Indirect costs	59,370	21,912	(37,458)	Findings 1, 2
Total claimed costs	<u>\$ 188,435</u>	69,065	<u>\$ (119,370)</u>	
Less amount paid by the State		<u>(61,562)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 7,503</u>		
<u>Summary: July 1, 1999, through June 30, 2002</u>				
Salaries and benefits	\$ 299,630	\$ 137,220	\$ (162,410)	
Indirect costs	142,090	58,674	(83,416)	
Total claimed costs	<u>\$ 441,720</u>	195,894	<u>\$ (245,826)</u>	
Less amount paid by the State		<u>(314,847)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (118,953)</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Unsupported salaries,
benefits, and related
indirect costs**

The county overstated salaries and benefits by \$162,410 during the audit period. The related indirect costs, based on the claimed indirect cost rates for each fiscal year, totaled \$77,153.

The county claimed salaries and benefits for the following components.

- Component 1—Administration and Regulation: The development of an approval and annual renewal process for a batterer’s program and processing of initial and annual renewal approvals for vendors.
- Component 2—Victim Notification: The probation department’s attempt to notify victims regarding available resources.
- Component 3—Murder Assessment: Assessing the future probability of a defendant committing murder.

For Component 1, the county did not support \$5,395 in claimed salaries and benefits during the audit period. The county did not provide records to substantiate the entire amount for fiscal year (FY) 1999-2000 and FY 2000-01. For FY 2001-02, the county provided records to substantiate \$821 of the \$4,430 claimed. The unsupported hours claimed were based on estimates of time spent performing mandate activities.

The claimed, allowable, and unallowable costs for Component 1 are as follows.

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Administration and Regulation:				
Allowable costs	\$ —	\$ —	\$ 821	\$ 821
Less claimed costs	<u>(620)</u>	<u>(1,166)</u>	<u>(4,430)</u>	<u>(6,216)</u>
Audit adjustment	<u>\$ (620)</u>	<u>\$ (1,166)</u>	<u>\$ (3,609)</u>	<u>\$ (5,395)</u>

For Components 2 and 3, the county’s claim was based on estimated time spent by probation officers for victim notification and murder assessment. The county did not maintain source documentation to substantiate time spent for these activities. Because the activities under these components are task-specific and repetitive in nature, the county conducted a time study to establish reasonable amounts of time spent performing reimbursable activities. The time study results revealed that the county spent an average of 37.5 minutes for activities related to victim notification and 1 hour and 39 minutes for activities related to murder assessment. Based on the time study results, the county recomputed salary and benefit costs by multiplying the average time spent for each component by employee productive hourly rates and benefit rates.

The claimed, allowable, and adjusted costs for Components 2 and 3 are as follows.

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Victim Notification:				
Allowable costs	\$ 9,169	\$ 15,574	\$ 12,728	\$ 37,471
Less claimed costs	<u>(7,336)</u>	<u>(13,762)</u>	<u>(19,685)</u>	<u>(40,783)</u>
Audit adjustment	<u>\$ 1,833</u>	<u>\$ 1,812</u>	<u>\$ (6,957)</u>	<u>\$ (3,312)</u>
Murder Assessment:				
Allowable costs	\$ 24,207	\$ 41,117	\$ 33,604	\$ 98,928
Less claimed costs	<u>(51,350)</u>	<u>(96,331)</u>	<u>(104,950)</u>	<u>(252,631)</u>
Audit adjustment	<u>\$ (27,143)</u>	<u>\$ (55,214)</u>	<u>\$ (71,346)</u>	<u>\$ (153,703)</u>

Total unallowable costs are summarized as follows.

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Component 1	\$ (620)	\$ (1,166)	\$ (3,609)	\$ (5,395)
Component 2	1,833	1,812	(6,957)	(3,312)
Component 3	<u>(27,143)</u>	<u>(55,214)</u>	<u>(71,346)</u>	<u>(153,703)</u>
Subtotal	(25,930)	(54,568)	(81,912)	(162,410)
Related indirect costs	<u>(9,024)</u>	<u>(30,449)</u>	<u>(37,680)</u>	<u>(77,153)</u>
Total audit adjustment	<u>\$ (34,954)</u>	<u>\$ (85,017)</u>	<u>\$ (119,592)</u>	<u>\$ (239,563)</u>

Parameters and Guidelines states that all costs claimed should be traceable to source documents that show evidence of the validity of such costs and their relationship to the state-mandated program.

Recommendation

We recommend the county establish and implement procedures to ensure that all hours claimed are traceable to source documents.

County's Response

The county agrees with the finding and recommendation.

SCO's Comment

The finding and recommendation remain unchanged.

**FINDING 2—
Overstated indirect
costs**

The county overstated indirect costs by \$6,263 for the audit period.

For FY 2000-01, the county claimed an indirect cost rate of 55.8% rather than the supported rate of 44.36%, a difference of 11.44%, because it incorrectly calculated employee benefit costs in its indirect cost rate proposal (ICRP).

For FY 2001-02, the county claimed an indirect cost rate of 46% rather than the supported rate of 46.47%, a difference of 0.47%, because the county rounded the indirect cost calculation.

The overstated indirect costs are summarized as follows.

	Fiscal Year		Total
	2000-01	2001-02	
Allowable direct costs	\$ 56,691	\$ 47,153	
Overstated indirect cost rate	× (11.44)%	× 0.47%	
Audit adjustment	\$ (6,485)	\$ 222	\$ (6,263)

Parameters and Guidelines states that all costs claimed should be traceable to source documents that show evidence of the validity of such costs and their relationship to the state-mandated program.

Recommendation

We recommend the county ensure that claimed indirect costs are properly supported.

County's Response

The county agrees with the finding and recommendation.

SCO's Comment

The finding and recommendation remain unchanged.

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

CHRISTINE L. COHEN
AUDITOR-CONTROLLER
County of Ventura
800 South Victoria Avenue
Ventura, Ca 93009-1540



CHIEF DEPUTIES
JAMES M. TAMEKAZU
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May 26, 2005

Jim L. Spano, Chief
Compliance Audits Bureau
State Controllers Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874

SUBJECT: DOMESTIC VIOLENCE TREATMENT SERVICES - AUTHORIZATION AND CASE
MANAGEMENT PROGRAM DRAFT AUDIT FINDINGS

Dear Mr. Spano:

The purpose of this letter is to respond as requested to the draft of the State Controller's Office report regarding the claims of Ventura County for the legislatively mandated Domestic Violence Treatment Services-Authorization and Case Management Program (Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995) for the period of July 1, 1999, through June 30, 2002.

We have reviewed the enclosed draft report and concur with the summary findings and recommendations indicated in the report.

If you have any questions, please contact Mercy Grieco, Chief Deputy Auditor-Controller, at (805) 654-3191.

Sincerely,

A handwritten signature in black ink, appearing to be "CLC", with a long horizontal line extending to the right.

CHRISTINE L. COHEN
Auditor-Controller

Enclosure

c: Calvin Remington, Probation Agency

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

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