

CITY OF CORONA

Audit Report

OPEN MEETINGS ACT/ BROWN ACT REFORM PROGRAM

Chapter 641, Statutes of 1986, and
Chapters 1136, 1137, and 1138, Statutes of 1993

July 1, 2001, through June 30, 2004



STEVE WESTLY
California State Controller

April 2006



STEVE WESTLY
California State Controller

April 19, 2006

Debra A. Foster
Director of Finance
City of Corona
P.O. Box 940
Corona, CA 92878-0940

Dear Ms. Foster:

The State Controller's Office audited the costs claimed by the City of Corona for the legislatively mandated Open Meetings Act/Brown Act Reform Program (Chapter 641, Statutes of 1986, and Chapters 1136, 1137, and 1138, Statutes of 1993) for the period of July 1, 2001, through June 30, 2004.

The city claimed \$313,919 for the mandated program. Our audit disclosed that \$43,383 is allowable and \$270,536 is unallowable. The unallowable costs occurred because the city claimed unsupported standard-time costs. The State made no payments to the city. The State will pay allowable costs claimed, totaling \$43,383, contingent upon available appropriations.

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

Sincerely,

Original Signed By:

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/jj:vb

cc: Barbara Thierjung, Finance Manager
Finance Department
City of Corona
Linda Chretien, Revenue Supervisor
Finance Department
City of Corona
James Tilton, Program Budget Manager
Corrections and General Government
Department of Finance

Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	2
Conclusion	2
Views of Responsible Official	3
Restricted Use	3
Schedule 1—Summary of Program Costs.....	4
Finding and Recommendation	5
Attachment—City’s Response to Draft Audit Report	

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Corona for the legislatively mandated Open Meetings Act/Brown Act Reform Program (Chapter 641, Statutes of 1986, and Chapters 1136, 1137, and 1138, Statutes of 1993) for the period of July 1, 2001, through June 30, 2004. The last day of fieldwork was July 28, 2005.

The city claimed \$313,919 for the mandated program. Our audit disclosed that \$43,383 is allowable and \$270,536 is unallowable. The unallowable costs occurred because the city claimed unsupported standard-time costs. The State made no payments to the city. The State will pay allowable costs claimed, totaling \$43,383, contingent upon available appropriations.

Background

Open Meetings Act

Chapter 641, Statutes of 1986, added Sections 54954.2 and 54954.3 to the *Government Code*. Section 54954.2 requires the legislative body of a local agency, or its designee, to post an agenda containing a brief general description of each item of business to be transacted or discussed at the regular meeting, subject to exceptions stated therein, specifying the time and location of the regular meeting. It also requires the agenda to be posted at least 72 hours before the meeting in a location freely accessible to the public. Section 54954.3 requires that members of the public be provided an opportunity to address the legislative body on specific agenda items or on any item of interest that is within the subject matter jurisdiction of the legislative body. The legislation requires that this opportunity be stated on the posted agenda.

Open Meetings Act/Brown Act Reform

Government Code Sections 54952, 54954.2, 54954.3, 54957.1, and 54957.7 (added or amended by Chapters 1136 through 1138, Statutes of 1993), expand the types of legislative bodies that are required to comply with the notice and agenda requirements of Sections 54954.2 and 54954.3. These sections also require all legislative bodies to perform a number of additional activities in relation to the closed session requirements of the Brown Act.

The Commission on State Mandates (COSM) determined that the Open Meetings Act (October 22, 1987) and the Open Meetings Act/Brown Act Reform (June 28, 2001) resulted in state-mandated costs that are reimbursable under *Government Code* Section 17561.

Parameters and Guidelines establishes the State mandate and defines reimbursement criteria. The COSM adopted *Parameters and Guidelines* on September 22, 1988 (last amended on November 30, 2000), for the Open Meetings Act, and on April 25, 2002, for the Open Meetings Act/Brown Act Reform. 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.

The Open Meetings Act was effective August 29, 1986. Commencing in fiscal year (FY) 1997-98, a local agency may use the standard-time or flat-rate reimbursement options specified in *Parameters and Guidelines* instead of actual costs. The Open Meetings Act/Brown Act Reform Program was effective for FY 2001-02.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Open Meetings Act/Brown Act Reform 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 Corona claimed \$313,919 for costs of the Open Meetings Act/Brown Act Reform Program. Our audit disclosed that \$43,383 is allowable and \$270,536 is unallowable.

For FY 2001-02, the State made no payments to the city. Our audit disclosed that \$12,920 is allowable. The State will pay that amount, contingent upon available appropriations.

For FY 2002-03, the State made no payments to the city. Our audit disclosed that \$14,360 is allowable. The State will pay that amount, contingent upon available appropriations.

For FY 2003-04, the State made no payments to the city. Our audit disclosed that \$16,103 is allowable. The State will pay that amount, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft report on January 6, 2006. Debra Foster, the city's Finance Director, responded by letter dated January 30, 2006, agreeing with the audit results. The city's response is included as an attachment to this final audit report.

Restricted Use

This report is solely for the information and use of the City of Corona, 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>			
Standard-time	\$ 104,323	\$ —	\$(104,323)
Flat-rate	<u>10,224</u>	<u>12,920</u>	<u>2,696</u>
Total program costs	<u>\$ 114,547</u>	12,920	<u>\$(101,627)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 12,920</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Standard-time	\$ 80,459	\$ —	\$ (80,459)
Flat-rate	<u>11,625</u>	<u>14,360</u>	<u>2,735</u>
Total program costs	<u>\$ 92,084</u>	14,360	<u>\$(77,724)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 14,360</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Standard-time	\$ 94,048	\$ —	\$ (94,048)
Flat-rate	<u>13,240</u>	<u>16,103</u>	<u>2,863</u>
Total program costs	<u>\$ 107,288</u>	16,103	<u>\$(91,185)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 16,103</u>	
<u>Summary: July 1, 2001, through June 30, 2004</u>			
Standard-time	\$ 278,830	\$ —	\$(278,830)
Flat-rate	<u>35,089</u>	<u>43,383</u>	<u>8,294</u>
Total program costs	<u>\$ 313,919</u>	43,383	<u>\$(270,536)</u>
Less amount paid by the State		—	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 43,383</u>	

¹ See the Finding and Recommendation section.

Finding and Recommendation

**FINDING—
Standard-time costs
unsupported**

The city claimed the majority of its costs under the standard-time reimbursement option. Under this option, reimbursable costs are based on the number of meeting agenda items, a blended productive hourly labor rate for employees performing the mandated activities, and a standard number of minutes for each meeting agenda item prepared. We noted the following errors under this claim methodology.

- The city overstated the number of eligible meeting agenda items claimed.
- The city overstated the productive hourly labor rates of employees claimed.
- The city did not provide evidence that the employees claimed actually worked on the mandated activities, or worked in the percentages they were claimed.

Parameters and Guidelines for the mandated programs specifies that costs claimed must be traceable to source documents and/or worksheets that show evidence of and the validity of such costs.

Although the city was unable to support the costs of these agendas, we have allowed the eligible meetings that could have been claimed under the flat-rate reimbursement option. Under this option, reimbursable costs are based on the number of eligible meetings and a uniform cost allowance per meeting.

As a result, we have adjusted claimed costs as follows.

	Fiscal Year			Total
	2001-02	2002-03	2003-04	
Standard-time option	\$ (104,323)	\$ (80,459)	\$ (94,048)	\$ (278,830)
Flat-rate option	2,696	2,735	2,863	8,294
Audit adjustment	\$ (101,627)	\$ (77,724)	\$ (91,185)	\$ (270,536)

Recommendation

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

City’s Response

The city agreed with the finding.

SCO’s Comment

The finding and recommendation remain unchanged.

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



OFFICE OF: **FINANCE ADMINISTRATION**

(951) 279-3500

400 SOUTH VICENTIA AVENUE, P.O. BOX 940, CORONA, CALIFORNIA 92878-0940

January 30, 2006

Jim L. Spano
Chief
Compliance Audits Bureau
Division of Audits
State Controller's Office
P.O. Box 942850
Sacramento, California 94250-5874

Re: The City of Corona's Audit of the Open Meeting Act/Brown Act Reform Program for the periods of July 1, 2001 through June 30, 2004

Dear Mr. Spano:

The City of Corona concurs with the findings of the above referenced audit. The City will be taking the necessary actions to address the recommendations as listed.

Sincerely,

Debra A. Foster
Finance Director

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

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