SANTA CLARA COUNTY

Revised Audit Report

DOMESTIC VIOLENCE TREATMENT SERVICES PROGRAM

Chapter 183, Statutes of 1992

July 1, 1998, through June 30, 2001

JOHN CHIANG
California State Controller

October 2009

JOHN CHIANG
California State Controller

October 30, 2009

Liz Kniss, President
Board of Supervisors
Santa Clara County
70 West Hedding Street
San Jose, CA 95110-1705

Dear Ms. Kniss:

The State Controller's Office (SCO) has completed an audit of the claims filed by Santa Clara County for costs of the legislatively mandated Domestic Violence Treatment Services Program (Chapter 183, Statutes of 1992) for the period of July 1, 1998, through June 30, 2001. This revised report supersedes our previous report issued February 26, 2004. We revised the final report to increase allowable costs by $100,881 as a result of documentation the county included in an Incorrect Reduction Claim filed with the Commission on State Mandates.

The county claimed $2,027,291 ($2,028,033 less a $742 penalty for filing a late claim) for the mandated program. Our audit disclosed that $1,379,497 is allowable and $647,794 is unallowable. The costs are unallowable because the county claimed unsupported and ineligible costs. The State paid the county $1,278,616. Allowable costs exceed the amount paid by $100,881.

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/sk:vb

cc: John S. Guthrie, Director of Finance
Santa Clara County
Ram Venkatesan, SB 90 Coordinator
Santa Clara County
Vinod Sharma, Controller-Treasurer
Santa Clara County
Todd Jerue, Program Budget Manager
Corrections and General Government
Department of Finance

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Revised Audit Report

Summary

The State Controller's Office (SCO) has completed an audit of the claims filed by Santa Clara County for costs of the legislatively mandated Domestic Violence Treatment Services Program (Chapter 183, Statutes of 1992) for the period of July 1, 1998, through June 30, 2001.

The county claimed $2,027,291 ($2,028,033 less a $742 penalty for filing a late claim) for the mandated program. Our audit disclosed that $1,379,497 is allowable and $647,794 is unallowable. The costs are unallowable because the county claimed unsupported and ineligible costs. The State paid the county $1,278,616. Allowable costs exceed the amount paid by $100,881.

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 (CSM) 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, the CSM determined that the "crimes and infractions" disclaimer in Government Code section 17556, subdivision (g), applies. The CSM concluded that subdivision (g) applies to those activities required by the legislation that are directly related to the enforcement of the statute, which changed the penalty for a crime.

On April 23, 1998, the CSM 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.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on November 30, 1998. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program 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 Program for the period of July 1, 1998, through June 30, 2001.

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 county'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 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 Revised Summary of Program Costs (Schedule 1) and in the Revised Findings and Recommendations section of this report.

For the audit period, Santa Clara County claimed $2,027,291 ($2,028,033 less a $742 penalty for filing a late claim) for costs of the Domestic Violence Treatment Services Program. Our audit disclosed that $1,379,497 is allowable and $647,794 is unallowable.

The State paid the county $1,278,616. Our audit disclosed that $1,379,497 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling $100,881, contingent upon available appropriations.

Views of Responsible Official

We issued a final report on February 26, 2004. The county disagreed with Finding 1 and agreed with the remaining findings. The county's response is included as an attachment to this audit report.

Subsequent to the issuance of the final audit report, the county filed an Incorrect Reduction Claim (07-9628101-I-01) with the CSM. Based on documentation submitted with the IRC, we revised Finding 1, increasing allowable costs by $100,881 ($52,822 in salaries and benefits and $48,059 in related indirect costs). On July 30, 2009, we informed Ram Venkatesan, SB 90 Coordinator, of the revisions and the reissuance of the final audit report. He replied via e-mail on September 1, 2009, and stated that the county declines to comment on the revised findings.

Restricted Use

This report is solely for the information and use of Santa Clara 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

October 30, 2009

Revised Schedule 1—
Summary of Program Costs
July 1, 1998, through June 30, 2001

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference [1]
July 1, 1998, through June 30, 1999				
Direct costs:				
Salaries	$ 266,062	$ 197,037	$ (69,025)	Finding 1
Benefits	83,524	61,850	(21,674)	Finding 1
Total direct costs	349,586	258,887	(90,699)	
Indirect costs	348,429	252,907	(95,522)	Findings 1,2
Total direct and indirect costs	698,015	511,794	(186,221)	
Less other reimbursements	—	(2,250)	(2,250)	Finding 3
Total program costs	$ 698,015	509,544	$ (188,471)	
Less amount paid by the State		(482,732)		
Allowable costs claimed in excess of (less than) amount paid		$ 26,812		
July 1, 1999, through June 30, 2000				
Direct costs:				
Salaries	$ 329,603	$ 203,573	$ (126,030)	Finding 1
Benefits	71,246	44,950	(26,296)	Finding 1
Total direct costs	400,849	248,523	(152,326)	
Indirect costs	398,858	207,915	(190,943)	Findings 1,2
Total direct and indirect costs	799,707	456,438	(343,269)	
Less other reimbursements	(3,000)	(3,000)	—	
Subtotal	796,707	453,438	(343,269)	
Less late claim penalty	(742)	(742)	—	
Total program costs	$ 795,965	452,696	$ (343,269)	
Less amount paid by the State		(415,217)		
Allowable costs claimed in excess of (less than) amount paid		$ 37,479		
July 1, 2000, through June 30, 2001				
Direct costs:				
Salaries	$ 225,786	$ 177,071	$ (48,715)	Finding 1
Benefits	50,155	39,327	(10,828)	Finding 1
Total direct costs	275,941	216,398	(59,543)	
Indirect costs	260,120	203,609	(56,511)	Findings 1,2
Total direct and indirect costs	536,061	420,007	(116,054)	
Less other reimbursements	(2,750)	(2,750)	—	
Total program costs	$ 533,311	417,257	$ (116,054)	
Less amount paid by the State		(380,667)		
Allowable costs claimed in excess of (less than) amount paid		$ 36,590		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference [1]
Summary: July 1, 1998, through June 30, 2001				
Direct costs:				
Salaries	$ 821,451	$ 577,681	$ (243,770)	
Benefits	204,925	146,127	(58,798)	
Total direct costs	1,026,376	723,808	(302,568)	
Indirect costs	1,007,407	664,431	(342,976)	
Total direct and indirect costs	2,033,783	1,388,239	(645,544)	
Less other reimbursements	(5,750)	(8,000)	(2,250)	
Subtotal	2,028,033	1,380,239	(647,794)	
Less late claim penalty	(742)	(742)	—	
Total program costs	$ 2,027,291	1,379,497	$ (647,794)	
Less amount paid by the State		(1,278,616)		
Allowable costs claimed in excess of (less than) amount paid		$ 100,881		

[1] See the Revised Findings and Recommendations section.

Revised Findings and Recommendations

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

The county overclaimed salaries and benefits by $302,568 for the period of July 1, 1998, through June 30, 2001. The claimed costs consist of three components: administration and regulation of batterer's treatment programs, victim notification, and assessment of future probability of defendant committing murder. The related indirect cost is $298,095.

The county overstated its productive hourly rates for its probation officers. For FY 1998-99 and FY 1999-2000, the productive hours used to calculate the rate excluded hours that should have been considered productive (e.g., training, authorized breaks, staff meetings, and sick leave earned in excess of sick leave taken). For FY 2000-01, the county used countywide productive hours that excluded hours that should have been considered productive (e.g., required training and authorized breaks). These deductions significantly understated the Probation Department's productive hours, resulting in an overstatement of the productive hourly rate.

In addition, the county claimed certain costs that were unsupported or ineligible due to the following reasons.

1. For administration and regulation of batterer's treatment programs, the county claimed salaries and benefits totaling $90,949 ($25,841 for FY 1998-99, $56,665 for FY 1999-2000, and $8,443 for FY 2000-01) that were unsupported. This adjustment is net of $46,114 in salaries and benefits allowed in this revised final report. We revised the adjustment for the following reasons:

   - The county estimated five hours per month for each of the ten officers for FY 1998-99 (600 hours) and 11 officers for FY 1999-2000 (660 hours) for providing resources over the telephone to victims. The county provided no documentation to substantiate the activities performed and time spent on such activities.

     Subsequently, the county conducted a time study in June 2003 to document the time spent providing resources to victims. The time study showed the average time per case was 15 minutes. After reviewing the time study, we accepted the 15 minute time standard. However, applying the time standard to all cases in the domestic violence unit during the year was rejected as unreasonable. Once the defendant is assigned to the probation department, the department sends letters notifying victims of available resources. Therefore, the presumption is that victims contact with the department would ensue shortly after the receipt of the letters. The more appropriate units to apply the 15 minute time standard would be to new cases assigned during the year. In this revised report, we allowed 324.25 hours for FY 1998-99 and 165 hours for FY 1999-2000, resulting in a $20,311 increase in salaries and benefits.

- The county claimed 26 hours for FY 1998-99 and 30 hours for FY 1999-2000 for its investigative unit to perform activities for the administration and regulation component. The county provided no documentation to substantiate the activities performed and time spent on such activities. Furthermore, the SCO auditor's interviews of the investigative officers revealed this is not a function that this unit performs.

- The county claimed 536 hours for FY 1999-2000 and 224 hours for FY 2000-01 for staff training. The county provided course rosters and sign-in sheets to substantiate 232 hours claimed in FY 1999-2000 and 224 hours claimed in FY 2000-01 for training by the Probation Department's Certification Unit. Based on our discussion with Probation Department personnel, we initially determined that many of the individuals attending training did not perform activities related to the administration and regulation of the batterers' treatment program.

  This revised report increased allowable salaries and benefits by $18,867. Even though only 11 individuals attending the training were assigned to the domestic violence unit, we allowed all supported hours, since probation officers assigned to general supervision and investigation handle domestic violence related charges.

- The county claimed 102 hours for FY 1999-2000 and 66 hours for FY 2000-01 for meeting and conferring with criminal justice agencies. County personnel stated that a different unit within the Probation Department claimed the additional hours and provided a memorandum that was written by the department's supervisor, which included the number of hours and stated that department staff were at meetings. However, this documentation did not identify who attended such meeting.

  This revised report increased allowable salaries and benefits by $6,936. The Management Information Reports submitted with the county's Incorrect Reduction Claim substantiated the claimed meeting hours.

2. For victim notification, the county claimed salaries and benefits totaling $136,569 ($52,285 for FY 1998-99, $36,227 for FY 1999-2000, and $48,057 for FY 2000-01) that were unsupported or ineligible. This adjustment is net of $6,708 in salaries and benefits allowed in this revised report. We revised the adjustment for the following reasons:

   - For FY 1998-99 and FY 1999-2000, the documentation provided by the county did not support the total number of letters sent to notify victims regarding the requirement for the defendant's participation in a batterer's program, to notify victims regarding available victim resources, and to inform victims that attendance in any program does not guarantee that an abuser will not be violent.

- For the entire audit period, the county did not support all of the hours it claimed for the officers to make field contact with the victims. The county submitted field contact logs to support these hours; however, the total hours claimed did not reconcile to the hours on the field contact logs.

- For the entire audit period, the county claimed time spent on preparation of letters sent to victims for notification of (1) violation of probation and (2) scheduled hearings and or status changes in cases. These activities are not reimbursable under the mandate. (The county duplicated the number of letters sent to victims advising them of scheduled hearings.)

- For FY 2000-01, the county claimed estimated hours spent speaking with victims on the telephone. The county provided no documentation to substantiate the activities performed or the time spent on such activities.

  This revised report increased allowable salaries and benefits by $6,708, consisting of 160.25 hours. We allowed the time study standard of 15 minutes for 641 new cases.

3. For assessment of future probability of defendant committing murder, the county claimed salaries and benefits totaling $75,050 ($12,573 for FY 1998-99, $59,434 for FY 1999-2000, and $3,043 for FY 2000-01) that were unsupported because the county used a FY 1998-99 time study to support time spent performing the mandate activity during FY 1999-2000. The county did not perform a time study during FY 1999-2000; however, it did perform a time study for FY 2000-01. The time study results showed that the amount of time spent on this activity had consistently declined from one time study to the next. The county stated that such reduction was due to the learning curve and efficiency of probation officers performing the mandate-related activities. The SCO analysis revealed that the average of the FY 1998-99 and FY 2000-01 time study results should more closely approximate actual costs for FY 1999-2000 rather than FY 1998-99 time study results claimed by the county.

A summary of the audit adjustments to the salaries, benefits, and related indirect costs is as follows:

	Fiscal Year			
	1998-99	1999-2000	2000-01	Total
Salaries	$ (69,025)	$ (126,030)	$ (48,715)	$ (243,770)
Benefits	(21,674)	(26,296)	(10,828)	(58,798)
Total salaries and benefits	(90,699)	(152,326)	(59,543)	(302,568)
Indirect costs	(90,400)	(151,564)	(56,131)	(298,095)
Audit adjustment	$ (181,099)	$ (303,890)	$ (115,674)	$ (600,663)

The program's parameters and guidelines (section IV, Reimbursable Activities; and B. Victim Notification) state:

> 1. The probation department shall attempt to: a. Notify victims regarding the requirement for the defendant's participation in a batterer's program. b. Notify victims regarding available victim resources. c. Inform victims that attendance in any program does not guarantee that an abuser will not be violent.

Informing a victim of future hearings, the defendant's violation of probation, and status changes to the case are not listed as reimbursable components in the parameters and guidelines.

The parameters and guidelines (section V, Claims Preparation, A-1 Direct Costs-Salaries and Benefits) state:

> . . . Claimed costs shall be supported by the following cost element information: Identify the employee(s), and or show the classification of the employee(s) involved. Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee, productive hourly rate and fringe benefits. . . .

The parameters and guidelines (section V, Claims Preparation, A-6 Direct Costs-Training) state:

> . . . Claimed costs shall be supported by the following cost element information: The cost for training an employee to perform the mandated activities is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the dates attended and the location. . . .

The parameters and guidelines (section III, Period of Reimbursement) state in part, " . . . Actual costs for one fiscal year shall be included in each claim."

The Mandated Cost Manual for Local Agencies (Section 1, General Claiming Instructions, subsection 7, Direct Costs A. Direct Labor – Determine a Productive Hourly Rate) state:

> A productive hourly rate may be computed for each job title whose labor is directly related to the claimed reimbursable cost. A local agency has the option of using any of the following: Actual annual productive hours for each job title, . . . An annual average of 1,800 hours to compute the productive hourly rate. . . . If actual annual productive hours are chosen, show the factors affecting total hours worked. . . .

This section also states that 1,800 productive hours is computed after deducting paid holidays, vacation earned, sick leave taken, informal time off, jury duty, and military leave taken. The same would be applicable for the computation of actual annual productive hours for each job title.

Recommendation

The county should develop and implement an adequate recording and reporting system to ensure that all claimed costs are properly supported and reimbursable for the mandate in question.

County's Response

The county primarily disagreed with the finding. The following text highlights the county's responses. The Attachment contains the county's complete response.

> Response to Calculation of Productive Hourly Rates:
>
> The State Controller's draft audit report . . . asserts that the County overstated the productive hourly rates used in these claims. For FY 1998-99 and FY 1999-2000, the Probation Department calculated its own departmental productive hourly rates for the claims. The State contends that training; authorized breaks, staff meetings and sick leave earned in excess of sick leave used should have been excluded from the Department's calculations. We disagree with the views of the State audit. According to our study and examination of the State Controller claiming instructions, the time spent on training, authorized breaks, and staff meetings, all of which are paid but non-productive time, should be removed for the calculation of productive hours as explained to the State Controller audit staff in several meetings. However, we agree that the Department should not have used sick leave earned in its computation and provided the State auditors with the actual sick leave used numbers when they brought this error to our attention.
>
> For the FY 2000-01 SB 90 claim, the Probation Department utilized the County-wide average annual productive hours per position as authorized in Section 7 of the State Controller's SB 90 Claiming Instructions for Cities, Counties and Special Districts. The State Controller's draft audit report states that this calculation of productive hours significantly understated the Probation Department's productive hours, resulting in an overstatement of the productive hourly rate. We disagree with this conclusion. We believe that the use of a countywide productive hourly rate is explicitly authorized by the State Controller's SB 90 claiming instructions and that the productive hours used by the Probation Department in this claim are fully documented and were accurately calculated by the County Controller's Office.
>
> Further, as shown in the attached letter of December 27, 2001 from the County of Santa Clara Controller to the State Controller's Office, the State was noticed two years ago that the County was electing to change its SB 90 claiming procedures as related to the calculation of productive hourly rates. The County reported that the switch to a countywide methodology for the calculation of average productive hours per position would improve SB 90 claiming accuracy, consistency, documentation and facilitate the State audit function. Consequently, more than 50 claims have been submitted and accepted during the past two years using the countywide methodology. During the audit of the Domestic Violence Treatment Services Program claim, State auditors objected to the deduction of break-time from the calculation of average productive hours per position, but were unable to provide any written state procedures, regulations or other legal

authority to support their position, which also contradicts Section 7 of the State Controller's SB 90 Claiming Instructions for Cities, Counties and Special Districts.

Finding 1 sub-Para 1.1

Our discussion with SCO audit staff at the exit conference reflected the need for the County to conduct a time study in June 2003 to validate the activities performed and hours claimed on victim telephone contacts. The activities and processes for this function have not significantly changed for the past six years. The result of the June victim contact study shows that, of the Deputy Probation Officers that participated, the average time spent on victim contact was 15 minutes per case. . . .

Finding 1 sub-Para 1.2

The Department concurs that the administration and regulation component is not a function that the Investigation officer performs. The claim however, reflected the investigation officer's understanding of the function that was performed at that time. The officer considered "assisting" the Probation Officer in the Program Certification unit performing on-site evaluations and in bilingual translation as an Administrative function. As stipulated in the claiming instructions, "On-site evaluations" as part of the processing of initial and annual renewal approvals of vendors are reimbursable activities, Therefore, with that assumption, the officer recorded the time on the administration and regulation component to reflect that day's activity.

Finding 1 sub-Para 1.3

The Department provided the State Controller audit staff with copies of Standard Training Code attendance roster on April 7, 2003. Copies of the description of training outline and Domestic Violence related topics that were dated within the audit period were also faxed to the audit staff on June 17, 2003. State Controller audit staff did not respond as to whether documents forwarded were acceptable or meets audit criteria. The documents presented clearly shows the attendees, the topic of the training and the trainer's name. We consider that these documents adequately support our claim.

Finding 1 sub-Para 1.4

It was very common practice for the Certification Unit Deputy Probation Officer and the Domestic Violence unit Supervising Probation Officer and/or Deputy Probation Officer to attend the same meetings with other criminal justice agencies. Their functions are different enough that each Probation officer gets different benefits and knowledge from having the two officers attend the meetings. The department submitted meeting records attended by the Deputy Probation Officers that was dated within the audit period on June 17, 2003 to State Controller audit staff. We did not receive a response pertaining to our forwarded documentation. . . .

Para 2 sub-Para 2.1

The County concurs with the finding.

Para sub-Para 2.2

This item was presented by fiscal year in a report given to State Controller audit staff at the earlier exit conference. The County agreed to the Controller's findings in that report which allowed for reimbursement of 131 hours out of 422 hours in FY 98/99, 343 out of 408 in FY 99/00, and 435 out of 487 in FY 00/01. In summary, the State Controller agreed that 882 hours out of 1,317 were allowable. We are surprised that this has not been recorded in the draft report and the audit seem to disallow all costs.

The only period that was really in question was July 98 – January 99 which was the first year of the claim. The documents are no longer available because the Probation's Domestic Violence staff had already purged them. However, SCO audit staff was able to audit the remaining 209 cases from the time period February 99 – June 99 and found 111 eligible cases, which is 53%. The following years findings were 343 out of 408 in FY 99/00 an 84% ratio, and 435 out of 487 in FY 00/01, which is 89% allowable. Although the State Controller audit staff have already verbally agreed to allow 20 cases on the periods in question (7/98 – 01/99), we recommend that State Controller instead consider using the 53% ratio on the 213 cases that were purged and allow 112 cases to be claimed.

Para 2 sub-Para 2.3

We concur that this is not a reimbursable activity.

Para 2 sub-Para 2.4

During discussions with the State Controller audit staff, the County agreed to do a time study that could be retroactively applied to the time spent talking with victims to document and substantiate these costs. Again the process has not changed significantly for the past several years. The department used the same time log in June 2003 to validate the activities performed and hours claimed on victim telephone contacts for FY 2000-01.

Methodology used

The department used a matrix showing dates, case numbers, and method of contact - phone or office visit and time spent on each case to arrive at this result. The length of time spent was then summed and divided by the number of cases for the month per officer. The total time spent on victim contact in June was then again summed up and divided by the number of officers that participated.

The average of 15 minutes per case was used to obtain the claimable hours below. . . .

Para No. 3

We believe that State Controller audit staff are being reasonable in the application of how to use the time studies that were performed. The Probation department has subsequently instituted a quarterly time log to comply with this finding. Based on the current time study data, our claimed costs should be reviewed and allowed.

SCO's Comment

The fiscal impact of the findings reported in the final draft report has been changed. The SCO's comments are discussed in the same order presented by the county in its response.

Productive Hourly Rate

The Probation Department's productive hours for FY 1998-99 and FY 1999-2000 include unallowable deductions for sick leave earned, authorized breaks, training, and staff meeting. The county deducted: (1) authorized break time rather than actual break time taken; (2) training time specific to two classifications rather than general training attended by all department employees; and (3) staff meeting specific to one classification rather than meetings attended by all department employees. The county concurred that the deduction for sick leave earned was inappropriate.

The countywide productive hours for FY 2000-01 include unallowable deductions for time spent on training and authorized breaks. The county deducted training time based on hours required by the employees' bargaining unit agreement and for continuing education requirements for licensure/ certification rather than actual training hours attended. In addition, the county deducted authorized break time rather than actual break time taken. The county did not adjust for training time and break time directly charged to program activities during the audit period; therefore, the county cannot exclude those hours from productive hours. In addition, the deducted training time includes training that benefits specific programs or employee classifications rather than general training attended by all county employees.

The SCO's claiming instructions, which include guidelines for preparing mandated cost claims, do not identify the time spent on training, authorized breaks, and staff meetings as deductions (excludable components) from total hours when computing productive hours. However, if a county chooses to deduct time for training, authorized breaks, and staff meetings in calculating countywide productive hours, its accounting system must separately identify the actual time associated with these three components. The accounting system must also separately identify training time directly charged to program activities.

The county may use countywide productive hours provided that all employee classifications are included and the productive hours are consistently used for all county programs. For FY 2000-01, the countywide productive hours were not consistently applied to all mandates.

Contrary to the statement in the county's December 27, 2001 letter to the SCO, Mr. Spano did not state that the use of a countywide productive hourly rate will result in a more efficient, less costly, and more accurate approach. In fact, the use of a countywide productive hourly rate is unacceptable because of the employees' different pay rates. Consequently, a countywide productive hourly rate would not accurately reflect actual costs incurred for a specific mandate.

Finding 1, subparagraph 1.1

We revised the finding to allow the 15-minute time standard to new cases in the unit, resulting in $20,311 in allowable salaries and benefits.

Subparagraph 1.2

Interviews with ten Investigative Officers from the Probation Department revealed that this activity was not performed by Investigative Officers.

Subparagraph 1.3

We revised the finding to allow the documented training hours, resulting in $18,867 in allowable salaries and benefits.

Subparagraph 1.4

We revised the finding to allow meeting hours, resulting in $6,936 in allowable salaries and benefits.

Paragraph 2, subparagraph 2.1

The county concurs with this issue.

Subparagraph 2.2

The audit finding identified only 435 of the 1,317 hours as being unallowable. The allowable costs in Schedule 1 include salaries, benefits, and related indirect costs for the 882 hours (1,317 claimed less 435 unallowed). The county asserts that since the SCO audit staff was able to validate 53% of the cases for the period of February through June 1999, the test results should be applied to the 213 cases claimed for the period of July 1998 through January 1999. However, the county did not provide documentation to substantiate that the activity took place from July 1998 through January 1999.

Subparagraph 2.3

The county concurs with this issue.

Subparagraph 2.4

We revised the finding to allow the 15-minute time standard to new cases in the unit, resulting in $6,708 in allowable salaries and benefits.

Paragraph 3

The county concurs with this finding based on information the county provided to the SCO. We will review any additional documentation from the county that may support actual costs incurred.

FINDING 2—Overstated indirect costs

The county claimed indirect costs using overstated indirect cost rates. The county revised its countywide cost allocation plan but did not apply the revised amounts used when computing the indirect cost rate, resulting in an overstated indirect costs rate. The auditor recomputed the indirect costs by multiplying the allowable salaries and benefits costs to the revised indirect costs rates.

We recalculated the overstated indirect costs based on the revised amounts identified in Finding 1. Consequently, overstated indirect costs increased by $3,536, from $41,345 to $44,881.

A summary of the adjustment to indirect costs is as follows:

	Fiscal Year			
	1998-99	1999-2000	2000-01	Total
Audit adjustment	$ (5,122)	$ (39,379)	$ (380)	$ (44,881)

The parameters and guidelines (section III, Period of Reimbursement) state in part, " . . . Actual costs for one fiscal year shall be included in each claim."

The parameters and guidelines (section V, Claim Preparation, Supporting Documentation, B. Indirect Costs) state, "Indirect costs are defined as costs incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular department or program. . . . "

The parameters and guidelines (section VI) state, "For audit purpose, all costs shall be traceable to source documents . . . that shows evidence of the validity of such costs and their relationship to the state mandated program. . . . "

Recommendation

The county should develop and implement an adequate recording and reporting system to ensure that all claimed costs are properly supported.

County's Response

> This was an oversight by the department and we concur with the finding.

SCO's Comment

The county concurred with the $41,345 audit adjustment. We revised the adjustment based on changes identified in Finding 1.

FINDING 3—Unreported reimbursements

For FY 1998-99, the county did not reduce claimed costs by $2,250 received for processing of initial and annual renewal approvals for vendors, which includes application review and on-site evaluations.

The parameters and guidelines (section VIII) state:

> Any offsetting savings the claimant experiences as a direct result of the subject mandates must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, service fees collected under penal code section 1203.097, subdivision c (5) (B), federal funds and other state funds shall be identified and deducted from this claim.

Recommendation

The county should develop and implement an adequate recording and reporting system to ensure that all applicable revenues are offset on its claims against its mandated program costs.

County's Response

> This was an error and we concur.

SCO's Comment

The county concurs. The finding remains unchanged.

Attachment—
County's Response to
Draft Audit Report

County of Santa Clara

Finance Agency
Controller–Treasurer Department

County Government Center
70 West Hedding Street, East Wing, 2nd Floor
San Jose, California 95110-1705
(408) 299-5200 FAX (408) 289-8629

DATE: December 12, 2003

TO: Jim L. Spano
Chief, Compliance Audits Bureau,
State Controller's Office, Division of audits,
Post Office Box 942850,
Sacramento, CA 94250-5874

FROM: David G. Elledge
Controller-Treasurer

SUBJECT: SB90 Claim Ch 183/92- Domestic Violence Treatment Services
Draft Audit report.

Thank you for allowing us an extended time for submission of our reply.

Enclosed are our responses to the audit findings of the draft report on the Domestic Violence Treatment Services claim. We request that you reconsider the areas of disagreement and either send us another draft report or call us to schedule a final exit conference.

The most important issue to be resolved is the usage of countywide productive hours. We had reported this matter to the State Controller in December 2001 for your perusal and acceptance. Subsequently, more than 50 claims have been submitted and accepted during the past two years using the countywide methodology. We believe that our approach is in accordance with State Controller written guidelines and regulations and improves SB90 claiming accuracy, consistency, and documentation.

In case you need any clarifications, please call Ram Venkatesan at 408-299-5210.
Please let us know how you would like to proceed.

Board of Supervisors: Donald F. Gage, Blanca Alvarado, Pete McHugh, James T. Beall, Jr., Liz Kniss
County Executive: Peter Kutras, Jr.

County of Santa Clara

Finance Agency
Controller-Treasurer Department

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(408) 299-5200 FAX (408) 289-8629

Mr. Walter Barnes
Chief Deputy State Controller, Finance
California State Controller
P.O. Box 942850
Sacramento, CA 94250-5874

Date: December 12, 2003

RE: Domestic Violence Treatment Services Program Audit Report

Summary

Thank you for the audit report on the SB90 State Mandated Costs claim of the Domestic Violence Treatment Program. The report was very helpful enabling us to review our claiming process and costs recovery procedures. Below are our responses to each finding. It includes both those areas in which we agree with your office as well as those with which we still disagree. In respect of the areas of disagreement to findings contained in the report, we request your reconsideration of the disputed audit findings in light of these replies.

FINDING 1- unsupported salaries, benefits, and related indirect costs

The county over claimed salaries and benefits costs totaling $ 355,390 for the period of July 1, 1998, through June 30, 2001. The claimed costs consist of three components; administration and regulation of batterer's treatment programs, victim notification, and assessment of future probability of defendant committing murder. The related indirect cost is $349,690.

The county overstated its productive hourly rates for its probation officers. For FY 1998-99 and FY 1999-2000, the productive hours used to calculate the rate excluded hours that should have been considered productive (e.g., training, authorized breaks, staff meetings, and sick leave earned in excess of sick leave taken). For FY 2000-01, the county used countywide productive hours that significantly understated the Probation Department's productive hours, resulting in an overstatement of the productive hourly rate.

Board of Supervisors: Donald F. Gage, Blanca Alvarado, Pete McHugh, James T. Beall, Jr., Liz Kniss
County Executive: Peter Kutras, Jr.

Response to Calculation of Productive Hourly Rates:

The State Controller's draft audit report pertaining to the County's SB 90 Domestic Violence Treatment Services Program claims for FY 1998-99, FY 1999-2000 and FY 2000-01 asserts that the County overstated the productive hourly rates used in these claims. For FY 1998-99 and FY 1999-2000, the Probation Department calculated its own departmental productive hourly rates for the claims. The State contends that training; authorized breaks, staff meetings and sick leave earned in excess of sick leave used should have been excluded from the Department's calculations. We disagree with the views of the State audit. According to our study and examination of the State Controller claiming instructions, the time spent on training, authorized breaks, and staff meetings, all of which are paid but non-productive time, should be removed for the calculation of productive hours as explained to the State Controller audit staff in several meetings. However, we agree that the Department should not have used sick leave earned in its computation and provided the State auditors with the actual sick leave used numbers when they brought this error to our attention.

For the FY 2000-01 SB 90 claim, the Probation Department utilized the County-wide average annual productive hours per position as authorized in Section 7 of the State Controller's SB 90 Claiming Instructions for Cities, Counties and Special Districts. The State Controller's draft audit report states that this calculation of productive hours significantly understated the Probation Department's productive hours, resulting in an overstatement of the productive hourly rate. We disagree with this conclusion. We believe that the use of a countywide productive hourly rate is explicitly authorized by the State Controller's SB 90 claiming instructions and that the productive hours used by the Probation Department in this claim are fully documented and were accurately calculated by the County Controller's Office.

Further, as shown in the attached letter of December 27, 2001 from the County of Santa Clara Controller to the State Controller's Office, the State was noticed two years ago that the County was electing to change its SB 90 claiming procedures as related to the calculation of productive hourly rates. The County reported that the switch to a countywide methodology for the calculation of average productive hours per position would improve SB 90 claiming accuracy, consistency, documentation and facilitate the State audit function. Consequently, more than 50 claims have been submitted and accepted during the past two years using the countywide methodology. During the audit of the Domestic Violence Treatment Services Program claim, State auditors objected to the deduction of break-time from the calculation of average productive hours per position, but were unable to provide any written state procedures, regulations or other legal authority to support their position, which also contradicts Section 7 of the State Controller's SB 90 Claiming Instructions for Cities, Counties and Special Districts.

Finding 1 sub-Para 1

For administration and regulation of batterer's treatment programs the county claimed salaries and benefits totaling $137,063 ($39,402 for FY 1998-99, $77,079 for FY 1999-2000, and $20,582 for FY 2000-01) that were unsupported for the following reasons:

Finding 1 sub-Para 1.1

For FY 1998-99 and FY 1999-2000, the county estimated five hours per month for each of the 11 officers for providing resources over the telephone to victims. No documentation was provided to substantiate the activities performed and time spent on such activities

Response

Our discussion with SCO audit staff at the exit conference reflected the need for the County to conduct a time study in June 2003 to validate the activities performed and hours claimed on victim telephone contacts. The activities and processes for this function have not significantly changed for the past six years. The result of the June victim contact study shows that, of the Deputy Probation Officers that participated, the average time spent on victim contact was 15 minutes per case.

Scope and Methodology used for the time study

The department used a matrix showing dates, case numbers, and method of contact - phone or office visit and time spent on each case to arrive at this result. The length of time spent was then summed and divided by the number of cases for the month per officer. The total time spent on victim contact in June was then again summed up and divided by the number of officers that participated.

Below are the recalculated claimable hours.

TEL TIME LOG	FY98-99	FY99-00	FY00-01	TOTAL
TOTAL CASES	2446	2283	2006	6735
15 MINUTES PER DPO PER CASE	611.5	570.8	501.5	1,683.8
HOURS CLAIMED	600	600	660	1860
DIFFERENCE	(11.5)	29.25	158.5	176.25

Finding 1 sub-Para 1.2

For FY 1998-99 and FY 1999-2000, the county claimed hours for its investigative unit to perform activities for the administration and regulation component. SCO auditor interviews of the investigative officers revealed this is not a function that this unit performs.

The Department concurs that the administration and regulation component is not a function that the Investigation officer performs. The claim however, reflected the investigation officer's understanding of the function that was performed at that time. The officer considered "assisting" the Probation Officer in the Program Certification unit performing on-site evaluations and in bilingual translation as an Administrative function. As stipulated in the claiming instructions, "On-site evaluations" as part of the processing

of initial and annual renewal approvals of vendors are reimbursable activities. Therefore, with that assumption, the officer recorded the time on the administration and regulation component to reflect that day's activity.

Finding 1 sub-Para 1.3

For FY 1999-2000 and 2000-01, the county claimed hours for staff training. The county provided the agenda for the training. However, the agenda provided did not contain documentation to support that the training related to the mandate.

Response:

The Department provided the State Controller audit staff with copies of Standard Training Code attendance roster on April 7, 2003. Copies of the description of training outline and Domestic Violence related topics that were dated within the audit period were also faxed to the audit staff on June 17, 2003. State Controller audit staff did not respond as to whether documents forwarded were acceptable or meets audit criteria. The documents presented clearly shows the attendees, the topic of the training and the trainer's name. We consider that these documents adequately support our claim.

Finding 1 sub-Para 1.4

For FY 1999-2000 and 2000-01, the county claimed hours for meeting and conferring with criminal justice agencies. County personnel stated that a different unit within the Probation Department claimed the additional hours and provided a memorandum that was written by the department's supervisor, which included the number of hours and stated that department staff was at meetings. However, this documentation did not identify who attended such meetings. The county did not provide any documentation to substantiate those employees actually attended the meetings in question.

Response:

It was very common practice for the Certification Unit Deputy Probation Officer and the Domestic Violence unit Supervising Probation Officer and/or Deputy Probation Officer to attend the same meetings with other criminal justice agencies. Their functions are different enough that each Probation officer gets different benefits and knowledge from having the two officers attend the meetings. The department submitted meeting records attended by the Deputy Probation Officers that was dated within the audit period on June 17, 2003 to State Controller audit staff. We did not receive a response pertaining to our forwarded documentation.

Para 2

For victim notification, the county claimed salaries and benefits totaling $143,277 ($52,285 for FY 1998-99, $36,227 for FY 1999-2000, and $54,765 for FY 2000-01) that were unsupported or ineligible for the following reasons:

Para 2 sub-Para 2.1

For FY 1998-99 and 1999-2000, the documentation provided by the county did not support the total number of letters sent to notify victims regarding the requirement for the defendant's participation in a batterer's program, to notify victims regarding available victim resources, and to inform victims that attendance in any program does not guarantee that an abuser will not be violent.

Response

The County concurs with the finding.

Para 2 sub-Para 2.2

For the entire audit period, the county was unable to support all of the hours it claimed for the officers to make field contact with the victims. The county submitted field contact logs to support these hours; however, the total hours claimed did not reconcile to the hours on the field contact logs.

Response:

This item was presented by fiscal year in a report given to State Controller audit staff at the earlier exit conference. The County agreed to the Controller's findings in that report which allowed for reimbursement of 131 hours out of 422 hours in FY 98/99, 343 out of 408 in FY 99/00, and 435 out of 487 in FY 00/01. In summary, the State Controller agreed that 882 hours out of 1,317 were allowable. We are surprised that this has not been recorded in the draft report and the audit seems to disallow all costs.

The only period that was really in question was July 98 – January 99 which was the first year of the claim. The documents are no longer available because the Probation's Domestic Violence staff had already purged them. However, SCO audit staff was able to audit the remaining 209 cases from the time period February 99 – June 99 and found 111 eligible cases, which is 53%. The following years findings were 343 out of 408 in FY 99/00 an 84% ratio, and 435 out of 487 in FY 00/01, which is 89% allowable. Although the State Controller audit staff have already verbally agreed to allow 20 cases on the periods in question (7/98 – 01/99), we recommend that State Controller instead consider using the 53% ratio on the 213 cases that were purged and allow 112 cases to be claimed.

Para2 sub-Para 2.3

For the entire audit period, the county claimed time spent on preparation of letters sent to victims for notification of (1) violation of probation and (2) scheduled hearings and or status changes in cases. These activities are not reimbursable under the mandate. (The county duplicated the number of letters sent to victims advising them of scheduled hearings.)

Response:

We concur that this is not a reimbursable activity.

Para2 sub-Para 2.4

For FY 2000-01, the county claimed estimated hours spent talking with victims on the telephone. No documentation was provided to substantiate the activities performed or the time spent on such activities.

Response:

During discussions with the State Controller audit staff, the County agreed to do a time study that could be retroactively applied to the time spent talking with victims to document and substantiate these costs. Again the process has not changed significantly for the past several years. The department used the same time log in June 2003 to validate the activities performed and hours claimed on victim telephone contacts for FY2000-01.

Methodology used

The department used a matrix showing dates, case numbers, and method of contact - phone or office visit and time spent on each case to arrive at this result. The length of time spent was then summed and divided by the number of cases for the month per officer. The total time spent on victim contact in June was then again summed up and divided by the number of officers that participated.

The average of 15 minutes per case was used to obtain the claimable hours below.

TEL TIME LOG	FY98-99	FY99-00	FY00-01	TOTAL
TOTAL CASES	2446	2283	**2006**	6735
15 MINUTES PER DPO PER CASE	611.5	570.8	**501.5**	1,683.8
HOURS CLAIMED	600	600	**660**	1860
DIFFERENCE	(11.5)	29.25	**158.5**	**176.25**

Para No. 3

For assessment of future probability of defendant committing murder, the county claimed salaries and benefits totaling $75,050 ($12,575 for FY 1998-99, $59, 434 for FY 1999-2000, and $3,043 for FY 2000-01 that were unsupported for the following reasons:

The county used a FY 1998-99 time study to support time spent performing the mandate activity during FY 1999-2000. The county did not perform a time study during FY 1999-2000; however, it did perform a time study for FY 2000-01. The time study results showed that the amount of time spent on this activity had consistently declined from one time study to the next. The county stated that such reduction was due to the learning

curve and efficiency of probation officers performing the mandate-related activities. The SCO analysis revealed that the average of the FY 1998-99 and FY 2000-01 time study results should more closely approximate actual costs for FY 1999-2000 rather than FY 1998-99 time study results claimed by the county.

For the unallowable costs due to lack of documentation, the county stated that is may perform a current time study and apply its results to the audit period. If a time study is performed, the county still must support that the activities were performed and that the time study results reflect actual time spent during the audit period

Response:

We believe that State Controller audit staff are being reasonable in the application of how to use the time studies that were performed. The Probation department has subsequently instituted a quarterly time log to comply with this finding. Based on the current time study data, our claimed costs should be reviewed and allowed.

FINDING 2- Overstated Indirect costs

The county claimed indirect costs using overstated indirect cost rates. The county revised its countywide cost allocation plan but did not apply the revised amounts used when computing the indirect cost rate, resulting in an overstated indirect costs rate. The auditor recomputed the indirect costs by multiplying the allowable salaries and benefits costs to the revised indirect costs rates.

Response: This was an oversight by the department and we concur with the finding.

FINDING 3 – Unreported reimbursements

For FY 1998-99, the county did not reduce claimed costs by $2,250 received for processing of initial and annual renewal approvals for vendors, which includes application review and on-site evaluations.

Response: This was an error and we concur.

County of Santa Clara

Finance Agency
troller-Treasurer Department

County Government Center, East Wing
70 West Hedding Street
San Jose, California 95110-1705
(408) 299-2541 FAX 289-8629

December 27, 2001

The State Controller's Office
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P. O. Box 942850
Sacramento, CA 94250

Subject: Countywide Productive Hourly Rate for SB90 Claims

The Santa Clara County has decided to use the countywide effectively hourly rate in calculating the direct labor costs for its future SB90 claims. The methodology used by the County in determining the countywide effective hourly rate is consistent with the guidelines issued by the State Controller's Office in the 'SB90-Mandated Cost Manual for the Counties'. Developing a countywide effective hourly rate will standardize the County's approach, minimize duplication of effort presently expended making these calculations, and improve the accuracy and documentation related to the calculation of the productive hour rates.

The State Manual suggests the following three methods for determining the productive hours and gives the counties an option to use any of these methods:

a. Actual annual productive hours for each job title;
b. Countywide average annual productive hours; or
c. The standard annual 1800 hours. The State Controller included the following items in determining the standard 1800 hours:
   - Paid holidays
   - Vacation earned
   - Sick leave taken
   - Informal time off
   - Jury Duty
   - Military leave taken

Prior to developing the productive hourly rate calculations, our Management Auditor (Roger Mialocq) contacted the State Controller's Bureau Chief for Compliance Audits (Jim Spano) to see if there were any objections to the countywide productive hourly rate usage. Mr. Spano concurred that the countywide hourly rate will result in a more efficient, less costly and more accurate approach.

Board of Supervisors: Donald F. Gage, Blanca Alvarado, Pete McHugh, James T. Beall Jr., Liz Kniss
County Executive: Richard Wittenberg

We have decided to use the countywide effective hours, and have enclosed for your review, analysis of actual hours for all county employees and the calculation of the countywide productive hours for the fiscal years 2000 and 2001. For this, we have used the information on actual hours expended during the fiscal year with data extracted from the county's computerized payroll (People Soft) system. We will amend the SB90 claims for fiscal year 2000, and will prepare all future SB90 claims using this methodology.

Please review the enclosed schedules and provide us with your immediate response. Complete supporting working papers are available at our office and will be made available upon your request. We will submit the details with each claim submitted.

If you need more information, please contact the County's SB90 Coordinator, Mr. Ram Venkatesan, at (408) 299-5214 or by email ramaiah.venkatesan@fin.co.scl.ca.us

Sincerely,

David G. Elledge
Controller-Treasurer

Encl:

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