

CITY OF LOS ANGELES

Audit Report

DOMESTIC VIOLENCE ARREST POLICIES AND STANDARDS PROGRAM

Chapter 246, Statutes of 1995

July 1, 2019, through June 30, 2022



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

July 2025



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

July 28, 2025

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

The Honorable Kenneth Mejia, CPA, Controller
City of Los Angeles
200 North Main Street, Suite 300
Los Angeles, CA 90012

Dear Controller Mejia:

The State Controller's Office audited the costs claimed by the City of Los Angeles (the city) for the legislatively mandated Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2019, through June 30, 2022.

The city claimed and was paid \$5,291,111 for costs of the mandated program. Our audit found that \$3,316,837 is allowable and \$1,974,274 is unallowable. The costs are unallowable because the city overstated its salary and benefit costs and its related indirect costs.

Following issuance of this report, the Local Government Programs and Services Division of the State Controller's Office will notify the city of the adjustment to its claims via a system-generated letter for each fiscal year in the audit period.

If you have any questions regarding this report, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at 916-327-3138. Thank you.

Sincerely,

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

KAT/rs

Mr. Kenneth Mejia

July 28, 2025

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Copy: The Honorable Karen Bass, Mayor
City of Los Angeles
Carolyn Webb de Macias, Chief of Staff
City of Los Angeles
Robert Clark, Deputy Mayor for Public Safety
City of Los Angeles
Diana Mangioglu, Director of Finance
City of Los Angeles
Jim McDonnell, Chief
Los Angeles Police Department
Marie Sadanaga, Detective
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Katerina Unzicker, Police Administrator II
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Los Angeles (the city) for the legislatively mandated Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2019, through June 30, 2022.

The city claimed and was paid \$5,291,111 for costs of the mandated program. Our audit found that \$3,316,837 is allowable and \$1,974,274 is unallowable. The costs are unallowable because the city overstated its salary and benefit costs and its related indirect costs.

Background

Penal Code (PC) section 13701, subdivision (b) (added by Chapter 246, Statutes of 1995), required local law enforcement agencies to develop, adopt, and implement written arrest policies for domestic violence offenders by July 1, 1996. The legislation also required 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 (Commission) determined that Chapter 246, Statutes of 1995, imposed a state mandated program reimbursable under Government Code (GC) section 17561.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on August 20, 1998, and amended them on October 30, 2009. In compliance with GC section 17758, the SCO issues the *Mandated Cost Manual for Local Agencies (Mandated Cost Manual)* to assist local agencies in claiming mandated program reimbursable costs. Unreasonable and/or excessive costs include unsupported and ineligible costs that are not identified in the program's parameters and guidelines as reimbursable costs.

Audit Authority

We conducted this performance audit in accordance with GC sections 17558.5 and 17561, which authorize the SCO to audit the city's records to verify the actual amount of the mandated costs. In addition, GC section 12410 provides the SCO with general authority to audit the disbursement of state money for correctness, legality, and sufficient provisions of law for payment.

Objective, Scope, and Methodology

The objective of our audit was to determine whether claimed costs represent increased costs resulting from the legislatively mandated Domestic Violence Arrest Policies and Standards Program. Specifically, we conducted this audit to determine whether claimed costs were

supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive. Unreasonable and/or excessive costs include ineligible costs that are not identified in the program's parameters and guidelines as reimbursable costs.

The audit period was July 1, 2019, through June 30, 2022.

To achieve our objective, we performed the following procedures:

- We reviewed the annual mandated cost claims filed by the city for the audit period and identified the significant cost components of each claim as salaries and benefits, and related indirect costs. We then determined whether there were any errors or unusual or unexpected variances from year to year. We reviewed the claimed activities to determine whether they adhered to the SCO's *Mandated Cost Manual* and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key city staff members. We discussed the claim preparation process with city staff members to determine what information was obtained, who obtained it, and how it was used. We determined which controls were significant to the audit objective. We determined the effect of the identified internal control weaknesses on the audit objective.
- We assessed the reliability of the data (payroll, revenue and expenditure records) generated by the city's information management system and the city's record management system, the Consolidated Crimes Analysis Database (CCAD), by interviewing the city's staff members and examining supporting documentation. We determined that the data was sufficiently reliable to address the audit objective.
- We verified that the city used the uniform time allowance and applied it properly.
- We reviewed and analyzed the claimed domestic violence incident report counts and verified that these counts were supported by the city's CCAD; see Finding 1.
- We used simple random sampling to select the following statistical samples from the audited population of incident reports:
 - We sampled 149 of 22,106 incident reports for fiscal year (FY) 2019-20.
 - We sampled 149 of 20,423 incident reports for FY 2020-21.
 - We sampled 149 of 21,411 incident reports for FY 2021-22.
- We determined whether the sampled incident reports included interviews with both parties involved in the domestic violence incident, and whether the officer considered the 17 factors listed in the parameters and guidelines to identify the primary aggressor. We identified the following errors:
 - Of the 149 sampled incident reports for FY 2019-20, 64 were partially reimbursable and 24 were non-mandate-related.

- Of the 149 sampled incident reports for FY 2020-21, 65 were partially reimbursable and 23 were non-mandate-related.
- Of the 149 sampled incident reports for FY 2021-22, 67 were partially reimbursable and 21 were non-mandate-related.

Errors found were projected to the intended (total) population; see Finding 2.

- We recalculated the allowable costs using the audited incident report counts.
- We interviewed the city's staff members to determine what employee classifications were involved in performing the mandated activities during the audit period.
- We traced the average productive hourly rate (PHR) calculations for the claimed employee classification to supporting information in the city's payroll system; see Finding 3.
- We verified the indirect costs claimed by the city for the audit period. We found that the city had overstated the indirect cost rates claimed for the audit period; see Finding 4.
- We traced the benefit rate calculations for the claimed employee classifications to supporting information in the city's cost allocation plans (CAP); see Finding 5.
- We verified that the city's claimed costs were not funded by any other sources.

We conducted this performance 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. We did not find that the city claimed costs that were funded by other sources; however, we found that it claimed unsupported and ineligible costs as quantified in the Schedule and described in the Findings and Recommendations section.

For the audit period, the city claimed and was paid \$5,291,111 for costs of the legislatively mandated Domestic Violence Arrest Policies and Standards Program. Our audit found that \$3,316,837 is allowable and \$1,974,274 is unallowable.

Following issuance of this report, the SCO's Local Government Programs and Services Division will notify the city of the adjustment to its claims via a system-generated letter for each fiscal year in the audit period.

**Follow-up on
Prior Audit
Findings**

The city has not resolved the findings noted in our prior audit report for the period of July 1, 2008, through June 30, 2011, issued on June 25, 2015, as described in Findings 1 through 5.

**Views of
Responsible
Officials**

We issued the draft audit report on April 29, 2025. The city's representative responded by letter dated May 8, 2025, agreeing with the audit findings. This final audit report includes the city's response as an attachment.

Restricted Use

This audit report is solely for the information and use of the city, 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 and is available on the SCO website at www.sco.ca.gov.

Original signed by

Kimberly A. Tarvin, CPA
Chief, Division of Audits

July 28, 2025

Schedule— Summary of Program Costs July 1, 2019, through June 30, 2022

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2019, through June 30, 2020</u>				
Direct costs:				
Salaries and benefits	\$ 1,133,840	\$ 732,711	\$ (401,129)	Findings 1 through 5
Indirect costs	617,308	343,295	(274,013)	Findings 1 through 5
Total direct and indirect costs	1,751,148	1,076,006	(675,142)	
Less offsetting revenues and reimbursements ²	-	-	-	
Total program costs	<u>\$ 1,751,148</u>	1,076,006	<u>\$ (675,142)</u>	
Less amount paid by the State ³		(1,751,148)		
Amount paid in excess of allowable costs claimed		<u>\$ (675,142)</u>		
<u>July 1, 2020, through June 30, 2021</u>				
Direct costs:				
Salaries and benefits	\$ 1,080,965	\$ 715,417	\$ (365,548)	Findings 1 through 5
Indirect costs	587,082	353,243	(233,839)	Findings 1 through 5
Total direct and indirect costs	1,668,047	1,068,660	(599,387)	
Less offsetting revenues and reimbursements ²	-	-	-	
Total program costs	<u>\$ 1,668,047</u>	1,068,660	<u>\$ (599,387)</u>	
Less amount paid by the State ³		(1,668,047)		
Amount paid in excess of allowable costs claimed		<u>\$ (599,387)</u>		
<u>July 1, 2021, through, June 30, 2022</u>				
Direct costs:				
Salaries and benefits	\$ 1,213,140	\$ 812,115	\$ (401,025)	Findings 1 through 5
Indirect costs	658,776	360,056	(298,720)	Findings 1 through 5
Total direct and indirect costs	1,871,916	1,172,171	(699,745)	
Less offsetting revenues and reimbursements ²	-	-	-	
Total program costs	<u>\$ 1,871,916</u>	1,172,171	<u>\$ (699,745)</u>	
Less amount paid by the State ³		(1,871,916)		
Amount paid in excess of allowable costs claimed		<u>\$ (699,745)</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2019, through June 30, 2022</u>				
Direct costs:				
Salaries and benefits	\$ 3,427,945	\$ 2,260,243	\$ (1,167,702)	Findings 1 through 5
Indirect costs	1,863,166	1,056,594	(806,572)	Findings 1 through 5
Total direct and indirect costs	5,291,111	3,316,837	(1,974,274)	
Less offsetting revenues and reimbursements ²	-	-	-	
Total program costs	<u>\$ 5,291,111</u>	3,316,837	<u>\$ (1,974,274)</u>	
Less amount paid by the State ³		(5,291,111)		
Amount paid in excess of allowable costs claimed		<u>\$ (1,974,274)</u>		

¹ See the Findings and Recommendations section.

² We determined that the claimed costs were not funded by any other sources.

³ Payment amount current as of June 17, 2025.

Findings and Recommendations

FINDING 1— Understated costs (Repeat Finding)

The city claimed \$3,427,945 in salaries and benefits for the Implementation of New Domestic Violence Arrest Policies to Identify the Primary Aggressor cost component during the audit period. We found that the city had understated salaries and benefits by \$3,783. The related indirect costs total \$2,057, for a total finding of \$5,840.

For the audit period, the city's claims identified a total of 63,868 domestic violence incident reports (22,073 for FY 2019-20; 20,410 for FY 2020-21; and 21,385 for FY 2021-22). The city used its CCAD to provide the summary incident report listings to support the number of domestic violence incident reports claimed for the audit period. We compared the CCAD information with the number of domestic violence incident reports that the city claimed. Based on our review, we found that the city had understated the number of domestic violence incident reports claimed for the audit period. The city understated the number of reports because it did not adhere to the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the audit adjustment for the understated number of incident reports:

	Fiscal Year			
	2019-20	2020-21	2021-22	Total
Domestic violence incident reports per CCAD	22,106	20,423	21,411	
Domestic violence incident reports claimed	+ (22,073)	+ (20,410)	+ (21,385)	
Understated domestic violence incident reports	33	13	26	
Standard time allowance (hours)	× 0.48	× 0.48	× 0.48	
Understated hours	16	6	12	
Claimed average PHR (salary only)	× \$ 62.32	× \$ 62.76	× \$ 66.75	
Understated salaries [A]	997	377	801	
Claimed benefit rate	× 71.72%	× 75.81%	× 75.81%	
Understated benefits [B]	715	286	607	
Understated salaries and benefits [C] = [A] + [B]	1,712	663	1,408	\$ 3,783
Claimed indirect cost rate [D]	93.48%	95.47%	95.47%	
Related indirect costs ¹ [E] = [A] × [D]	932	360	765	2,057
Audit adjustment [F] = [C] + [E]	\$ 2,644	\$ 1,023	\$ 2,173	\$ 5,840

¹Indirect costs were computed using salaries only.

Section IV, "Reimbursable Activities," of the parameters and guidelines begins:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually

incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts. . . .

Section IV, “Reimbursable Activities,” of the parameters and guidelines continues:

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities. . . .Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Section IV.E, “Uniform Cost Allowance,” of the parameters and guidelines states:

Pursuant to Government Code section 17557, the Commission on State Mandates has adopted a uniform cost allowance for reimbursement in lieu of payment of total actual costs incurred. The uniform cost allowance is applied only to Section IV, Reimbursable Activities, Component D (Implementation of the New Domestic Violence Arrest Policies to Identify the Primary Aggressor) and covers all costs (direct and indirect) of performing activities described under Component D. The uniform cost allowance provides the following:

A standard time of twenty-nine (29) minutes may be claimed to identify the primary aggressor in any domestic violence incident. The standard time of twenty-nine (29) minutes is broken down as follows:

- Seventeen (17) Minutes – Interview of both parties
- Twelve (12) Minutes – Consideration of the factors listed [under Component D]

The total cost will be determined by multiplying the number of reported responses × the average productive hourly rate, including applicable indirect costs as specified in section V., paragraph B, herein, × .48 (29 minutes divided by 60 minutes).

Recommendation

We recommend that the city:

- Follow the program’s parameters and guidelines and the SCO’s *Mandated Cost Manual* when preparing its reimbursement claims; and
- Claim costs based on the number of domestic violence incident reports that its CCAD supports.

City’s Response

The City agrees with the audit findings and recommendation. However, please note that the cost component related to the understated number of

domestic violence incident reports was the result of a clerical error made by the City's SB [Senate Bill] 90 consultant and not the City staff. The City will also urge its consultant to keep a copy of the supporting CCAD Domestic Violence incident report used to prepare the claim submission.

**FINDING 2—
Non-reimbursable
costs (Repeat Finding)**

The city claimed non-reimbursable salaries and benefits totaling \$973,265. The related indirect costs total \$528,957, for a total finding of \$1,502,222.

As noted in Finding 1, the city understated the claimed number of domestic violence incident reports for the audit period. The following table summarizes the audited population of incident reports and the claimed hours attributable to the audited population:

	Fiscal Year		
	2019-20	2020-21	2021-22
Documented number of domestic violence incident reports (audited population)	22,106	20,423	21,411
Standard time allowance (hours)	× 0.48	× 0.48	× 0.48
Total hours attributable to documented incident reports (audited population)	10,611	9,803	10,277

The reimbursable activities for this cost component consist of interviewing both parties involved in the domestic violence incident and considering the 17 factors identified in the program's parameters and guidelines to identify the primary aggressor.

To calculate the claimed costs, the city multiplied the number of reported responses to incidents by the average PHR, including the applicable indirect costs, then multiplied the resulting amount by the standard time of 29 minutes (0.48 of an hour).

For each fiscal year, we selected a statistical sample from the documented number of domestic violence incident reports (the audited population) based on a 95% confidence level, a precision rate of $\pm 8\%$, and an expected error rate of 50%. We used statistical samples so that the results could be projected to the population for each fiscal year.

For testing purposes, we selected a random sample of 447 incident reports (149 for each fiscal year of the audit period). We reviewed the sample incident reports to determine whether the city had performed the required mandated program activities.

The results of our review are as follows:

- Allowable – 183 incident reports were fully reimbursable under the mandated program. These reports are reimbursable at 29 minutes (0.48 hours) per report.
- Partially reimbursable – 196 incident reports were partially reimbursable, because the officers did not interview both parties involved in the domestic violence incident. These reports are

reimbursable at 20.5 minutes (0.34 hours) per report, based on 8.5 minutes to interview one party and 12 minutes to consider the various factors identified in the program's parameters and guidelines.

- Unallowable – 68 incident reports were not reimbursable because they were unsupported or were non-mandate-related. Incidents were unsupported because the city did not maintain or was unable to provide the reports for review. Non-mandate-related incidents were those that did not meet the definition of domestic violence provided by PC section 13700.

During testing, we found that the city had claimed the entire standard time of 29 minutes for incident reports that were only partially reimbursable; and claimed reimbursement for ineligible and unsupported incident reports. The city overstated these costs because it did not claim costs in accordance with the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the results of the statistical samples:

	Fiscal Year			Total
	2019-20	2020-21	2021-22	
Allowable incident reports	61	61	61	183
Partially reimbursable incident reports (only one party interviewed)	64	65	67	196
Unallowable incident reports	24	23	21	68
Total reports sampled	149	149	149	447

The following table summarizes the unallowable hours based on the results of the statistical samples by fiscal year.

	Fiscal Year			Total
	2019-20	2020-21	2021-22	
Allowable incident reports	61	61	61	183
Standard time allowance (hours)	× 0.48	× 0.48	× 0.48	
Subtotal [A]	29	29	29	
Partially reimbursable incident reports (only one party interviewed)	64	65	67	196
Allowable standard time allowance (hours)	× 0.34	× 0.34	× 0.34	
Subtotal [B]	22	22	23	
Total reimbursable hours for sampled reports [C] = [A] + [B]	51	51	52	
Statistical sample size	÷ 149	÷ 149	÷ 149	
Reimbursable hours per report	0.34	0.34	0.35	
Documented number of domestic violence incident reports (audited population)	× 22,106	× 20,423	× 21,411	
Total reimbursable hours	7,516	6,944	7,494	
Hours per documented number of domestic violence incident reports (audited population)	+ (10,611)	+ (9,803)	+ (10,277)	
Total unallowable hours	(3,095)	(2,859)	(2,783)	

The following table summarizes the unallowable costs based on the unallowable hours identified from the statistical samples by fiscal year:

	Fiscal Year			Total
	2019-20	2020-21	2021-22	
Unallowable hours	(3,095)	(2,859)	(2,783)	
Claimed average PHR (salary only)	× \$ 62.32	× \$ 62.76	× \$ 66.75	
Unallowable salaries [A]	(192,880)	(179,431)	(185,765)	
Claimed benefit rate [B]	× 71.72%	× 75.81%	× 75.81%	
Related unallowable benefit costs [C] = [A] × [B]	(138,334)	(136,027)	(140,828)	
Total unallowable salaries and benefits [D] = [A + C]	(331,214)	(315,458)	(326,593)	\$ (973,265)
Claimed indirect cost rate [E]	93.48%	95.47%	95.47%	
Related indirect costs ¹ [F] = [A] × [E]	(180,304)	(171,303)	(177,350)	(528,957)
Audit adjustment [G] = [D] + [F]	\$ (511,518)	\$ (486,761)	\$ (503,943)	\$ (1,502,222)

¹ Indirect costs were computed using salaries only.

Section IV, “Reimbursable Activities,” of the parameters and guidelines begins:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts. . . .

Section IV, “Reimbursable Activities,” of the parameters and guidelines continues:

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities. . . . Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Section IV.E, “Uniform Cost Allowance,” of the parameters and guidelines states:

Pursuant to Government Code section 17557, the Commission on State Mandates has adopted a uniform cost allowance for reimbursement in lieu of payment of total actual costs incurred. The uniform cost allowance is applied only to Section IV, Reimbursable Activities, Component D (Implementation of the New Domestic Violence Arrest Policies to Identify the Primary Aggressor) and covers all costs (direct and indirect) of performing activities described under Component D. The uniform cost allowance provides the following:

A standard time of twenty-nine (29) minutes may be claimed to identify the primary aggressor in any domestic violence incident.

The standard time of twenty-nine (29) minutes is broken down as follows:

- Seventeen (17) Minutes – Interview of both parties
- Twelve (12) Minutes – Consideration of the factors listed [under Component D]

The total cost will be determined by multiplying the number of reported responses × the average productive hourly rate, including applicable indirect costs as specified in section V., paragraph B, herein, × .48 (29 minutes divided by 60 minutes).

Recommendation

We recommend that the city:

- Follow the program's parameters and guidelines and the SCO's *Mandated Cost Manual* when preparing its reimbursement claims;
- Claim costs based on the number of domestic violence incidents that its CCAD supports;
- Claim costs for only those reports that document incidents meeting the definition of domestic violence provided by PC section 13700; and
- Claim only the portion of the standard time allowance that is attributable to the mandated activities performed.

City's Response

The City agrees with the audit findings and recommendation. The City is reviewing the feasibility of coding calls to easily categorize incident reports that are fully reimbursable, partially reimbursable, or ineligible.

FINDING 3— Overstated productive hourly rates (Repeat Finding)

For the audit period, the city overstated the average PHRs that it used to claim mandate-related costs. We found that the city had overstated salaries and benefits by \$192,892. The related indirect costs total \$104,847, for a total finding of \$297,739.

The city claimed salary and benefit costs for the Police Officer II classification for the audit period. The salaries and benefits for this classification were calculated using the bi-weekly salary, then multiplied by 26.10 pay periods to determine the average annual salary amount. The city divided the average annual salary amount by the calculated annual productive (billable) hours to compute the claimed PHRs.

Annual Productive Hours

For the audit period, the city calculated and used 1,633 annual productive hours to compute its claimed PHRs. During testing, the city provided a copy of its 2015 Complete Stats Digest Report, which it used to calculate its annual productive hours for the audit period. Based on our review of the report, we found that the city had excluded estimated sick time used and actual vacation time used from its calculation of annual productive

hours. In addition, we found that the report was outdated and therefore not applicable to the audit period. The city subsequently provided updated Complete Stats Digest Reports applicable to the audit period for us to review.

However, the updated reports also excluded estimated sick time used and actual vacation time used from the calculation of annual productive hours. The SCO's *Mandated Cost Manual* identifies actual hours of sick leave used and vacation earned as excludable time. The types of leave that the city excluded from its calculation of annual productive hours do not conform to the guidance in the SCO's *Mandated Cost Manual*. As a result, we recomputed the city's PHRs using the standard 1,800 productive hours specified in the SCO's *Mandated Cost Manual* for each fiscal year of the audit period. The city overstated its PHRs because it did not adhere to the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the claimed, allowable, and adjusted annual productive hours:

Fiscal Year	Claimed Productive Hours	Allowable Productive Hours	Audit Adjustment
2019-20	1,633	1,800	167
2020-21	1,633	1,800	167
2021-22	1,633	1,800	167

Productive Hourly Rates

For the audit period, the city used bi-weekly salaries for the Police Officer II classification (class code 2214-2) to calculate the average PHRs. We obtained and reviewed the salary reports and found that the city had used multiple columns with different bi-weekly salary amounts to calculate the average PHR. The city's staff members stated that the columns contained various bi-weekly salary amounts to reflect increases for cost-of-living adjustments and/or changes in the rate of pay throughout the year. Based on our review, we found that the city had used incorrect bi-weekly amounts in its PHR calculations for each fiscal year of the audit period. Using the correct bi-weekly amounts, we recalculated the PHRs for each fiscal year in the audit period. We found that the city had overstated its claimed PHRs for the entire audit period. The city overstated its PHRs because it did not adhere to the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the claimed, allowable and adjusted PHRs:

Fiscal Year	Claimed PHR	Allowable PHR	Audit Adjustment
2019-20	\$ 62.32	\$ 56.53	\$ (5.79)
2020-21	62.76	58.79	(3.97)
2021-22	66.75	61.46	(5.29)

The following table summarizes the audit adjustment for overstated PHRs:

	Fiscal Year			
	2019-20	2020-21	2021-22	Total
Allowable average PHR (salary only)	\$ 56.53	\$ 58.79	\$ 61.46	
Claimed average PHR	+ (62.32)	+ (62.76)	+ (66.75)	
Overstated average PHR	(5.79)	(3.97)	(5.29)	
Total reimbursable hours (from Finding 2)	× 7,516	× 6,944	× 7,494	
Overstated salary costs [A]	(43,518)	(27,568)	(39,643)	\$ (110,729)
Claimed benefit rate	× 71.72%	× 75.81%	× 75.81%	
Overstated benefit costs [B]	(31,211)	(20,899)	(30,053)	(82,163)
Overstated salaries and benefits [C] = [A] + [B]	(74,729)	(48,467)	(69,696)	(192,892)
Claimed indirect cost rate	93.48%	95.47%	95.47%	
Related indirect costs ¹ [D]	(40,681)	(26,319)	(37,847)	(104,847)
Audit adjustment [E] = [C] + [D]	\$ (115,410)	\$ (74,786)	\$ (107,543)	\$ (297,739)

¹ Indirect costs were computed using salaries only.

Criteria

Section IV, “Reimbursable Activities,” of the parameters and guidelines begins:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts. . . .

Section IV, “Reimbursable Activities,” of the parameters and guidelines continues:

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities. . . .Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Section V.A.1., “Salaries and Benefits,” of the parameters and guidelines begins:

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed and specify the actual time devoted to each function by each employee, productive hourly rate and related fringe benefits.

Part 7, subparagraph a), “Employee Wages, Salaries, and Fringe Benefits,” of the SCO’s *Mandated Cost Manual* (effective September 2018 through October 2022; “Filing a Claim,” pages 5–7) states:

A [PHR] may be computed by the claimant for each employee or classification whose labor is directly related to the claimed reimbursable cost. For each of the reimbursable mandated activities performed, list the names of the employees, job classifications, hours worked on the mandate, and rate of pay.

A claimant has the option of using one of the following methods: (1) Actual Annual PHR (per employee); or (2) Weighted-Average Annual PHR (per classification). The claimant must maintain documentation of how the hours were computed for either option.

(1) Actual Annual Productive Hourly Rate

The annual productive hours (APH) to be used is 1,800 for the computation of the PHR. APH must exclude employee time for paid holidays, vacation earned, used sick leave, informal time off, jury duty, and used military leave.

There are two methods to compute actual annual PHR:

- (a) Employee’s Annual Salary (EAS) plus Actual Fringe Benefits Costs (Benefits) Method . . .
- (b) Percent of Salary Method . . .

(2) Weighted-Average Annual Productive Hourly Rate

Those instances for which the claiming instructions allow a unit as a basis of claiming costs, the direct labor component of the unit cost should be expressed as an average PHR. . . .

Recommendation

We recommend that the city:

- Follow the program’s parameters and guidelines and the SCO’s *Mandated Cost Manual* when preparing its reimbursement claims; and
- Calculate the average PHRs based on employees who performed the mandated activities, using the documentation for the corresponding fiscal year.

City’s Response

The City agrees with the audit findings and recommendation. The City has adjusted its methodology for calculating the PHR in subsequent State-Mandated Program reimbursement claims.

**FINDING 4—
Overstated indirect
cost rates (Repeat
Finding)**

For the audit period, we found that the city had miscalculated its indirect costs by using the same outdated indirect cost rate to calculate its indirect costs for every fiscal year in the audit period.

During testing, we requested and the city provided its CAPs for FY 2019-20 through FY 2021-22. We found that the city had used the federally approved indirect cost rate identified in its FY 2017-18 CAP to calculate its indirect costs, instead of using the rates identified in the corresponding CAP for each fiscal year. We used the city's CAPs to calculate the error rates for each fiscal year. We applied the error rates to allowable salaries to calculate the overstated indirect costs, totaling \$174,825, for the audit period. The city overstated these costs because it did not claim costs in accordance with the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the claimed, allowable, and adjusted indirect costs rates:

Fiscal Year	Claimed Indirect Cost Rate	Allowable Indirect Cost Rate	Audit Adjustment
2019-20	93.48%	80.78%	(12.70)%
2020-21	95.47%	86.51%	(8.96)%
2021-22	95.47%	77.36%	(18.11)%

The following table summarizes the adjustment to the indirect costs:

	Fiscal Year			
	2019-20	2020-21	2021-22	Total
Allowable indirect cost rate	80.78%	86.51%	77.36%	
Claimed indirect cost rate	+ (93.48)%	+ (95.47)%	+ (95.47)%	
Error rate	(12.70)%	(8.96)%	(18.11)%	
Allowable salaries	× 424,883	× 408,226	× 465,422	
Audit adjustment	\$ (53,960)	\$ (36,577)	\$ (84,288)	\$ (174,825)

Section IV, "Reimbursable Activities," of the parameters and guidelines begins:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts. . . .

Section IV, “Reimbursable Activities,” of the parameters and guidelines continues:

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities. . . .Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Section V.B., “Indirect Costs,” of the parameters and guidelines states:

Indirect costs are defined as costs which are incurred for common or joint purpose, benefiting more than one program and are not directly assignable to a particular department of program without efforts disproportionate to the result achieved. Indirect costs may include both (1) overhead costs of the unit performing the mandate; and (2) the costs of central government services distributed to other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is reimbursable utilizing the procedure provided in the [Office of Management and Budget Circular] A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing a departmental Indirect Cost Rate Proposal (ICRP) for the department if an indirect cost rate in excess of 10% is claimed. If more than one department is claiming indirect costs for the mandated program, each department must have its own ICRP prepared in accordance with [Office of Management and Budget Circular] A-87. An ICRP must be submitted with the claim when the indirect cost rate is in excess of 10%.

Recommendation

We recommend that the city:

- Follow the program’s parameters and guidelines and the SCO’s *Mandated Cost Manual* when preparing its reimbursement claims; and
- Ensure that it uses the correct CAP to identify indirect cost rates applicable to the corresponding fiscal year.

City’s Response

The City agrees with the recommendation and has adjusted its methodology of calculating indirect costs for subsequent State-Mandated Program reimbursement claims.

FINDING 5— Misstated benefit rates (Repeat Finding)

For the audit period, the city calculated its benefit costs by using the same outdated benefit rate to calculate its benefit costs for every fiscal year in the audit period.

During testing, we requested and the city provided the CAPs for FY 2019-20 through FY 2021-22. We found that the city had used the federally approved benefit rate identified in its FY 2017-18 CAP to calculate its benefit costs, instead of using the rates identified in the corresponding CAP for each fiscal year. We used the city’s CAPs to

calculate the error rates for each fiscal year. We applied the error rates to the allowable salaries to calculate the misstated benefit costs, totaling \$5,328, for the audit period. The city misstated these costs because it did not claim costs in accordance with the program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the adjustment to benefit costs:

	Fiscal Year			Total
	2019-20	2020-21	2021-22	
Allowable benefit rate	72.45%	75.25%	74.49%	
Claimed benefit rate	+ (71.72)%	+ (75.81)%	+ (75.81)%	
Error rate	0.73%	(0.56)%	(1.32)%	
Allowable salaries	× 424,883	× 408,226	× 465,422	
Audit adjustment	\$ 3,102	\$ (2,286)	\$ (6,144)	\$ (5,328)

Section IV, "Reimbursable Activities," of the parameters and guidelines begins:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts. . . .

Section IV, "Reimbursable Activities," of the parameters and guidelines continues:

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities. . . . Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Section V.A.1., "Salaries and Benefits," of the parameters and guidelines begins:

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed and specify the actual time devoted to each function by each employee, productive hourly rate and related fringe benefits.

Part 7, subparagraph b), "Employer's Benefits Contribution (Optional)," of the SCO's *Mandated Cost Manual* ("Filing a Claim," page 8) states, in part:

A claimant has the option of claiming actual employer's fringe benefit contributions or computing an average fringe benefit cost for the

employee's job classification and claiming it as a percentage of direct labor. The same time base should be used for both salary and fringe benefits when computing a percentage. . . .

Recommendation

We recommend that the city:

- Follow the program's parameters and guidelines and the SCO's *Mandated Cost Manual* when preparing its reimbursement claims; and
- Ensure that it uses the proper documentation to calculate the benefit rates for each corresponding fiscal year.

City's Response

The City agrees with the recommendation and has adjusted its methodology of calculating benefit costs for subsequent State-Mandated Program reimbursement claims.

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

LOS ANGELES POLICE DEPARTMENT



JIM McDONNELL
Chief of Police
8550

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May 8, 2025

Lisa Kurokawa
Chief, Compliance Audits Bureau
State Controller's Office, Division of Audits
Post Office Box 942850
Sacramento, California 94250-5874

Subject: Domestic Violence Arrest Policies and Standards Program (DVAPS) Audit

Dear Ms. Kurokawa:

The City of Los Angeles (City) has reviewed the draft Domestic Violence Arrest Policies and Standards Program (DVAPS) Audit findings for the period of July 1, 2019, through June 30, 2022 and comments on the following State Controller's Office (SCO) findings:

Finding 1 – Understated costs (Repeat Finding): It was determined that the City understated salaries and benefits by \$3,783. The related indirect costs total \$2,057, for a total finding of \$5,840. The discrepancies with the stated salaries and benefit costs are due to the City understating the number of domestic violence incident reports included in the claims and not adhering to the program's parameters and guidelines or the SCO's Mandated Cost Manual.

Recommendation: It is recommended that the City follow the program's parameters and guidelines and the SCO's Mandated Cost Manual when preparing its reimbursement claims, and claim costs based on the number of domestic violence incident reports that its Consolidated Crimes Analysis Database Domestic Violence (CCAD) supports.

Response to Finding 1: The City agrees with the audit findings and recommendation. However, please note that the cost component related to the understated number of domestic violence incident reports was the result of a clerical error made by the City's SB 90 consultant and not the City staff. The City will also urge its consultant to keep a copy of the supporting CCAD Domestic Violence incident report used to prepare the claim submission.

Finding 2 – Non-reimbursable costs (Repeat Finding): The City claimed non-reimbursable salaries and benefits totaling \$973,265. The related indirect costs total \$528,957, for a total finding of \$1,502,222. The City claimed the entire standard time of 29 minutes for incident reports that were only partially reimbursable; and claimed reimbursement for ineligible and unsupported incident reports.

Recommendation: It is recommended that the City claim costs only for those reports that document incidents meeting the definition of domestic violence provided by PC section 13700

and claim only the portion of the standard time allowance that is attributable to the mandated activities performed.

Response to Finding 2: The City agrees with the audit findings and recommendation. The City is reviewing the feasibility of coding calls to easily categorize incident reports that are fully reimbursable, partially reimbursable, or ineligible.

Finding 3 – Overstated productive hourly rates (Repeat Finding): For the audit period, the City overstated the average Productive Hourly Rates (PHR) that it used to claim mandate-related costs. The salaries and benefits were overstated by \$192,892 and the related indirect costs were overstated by \$104,847, for a total finding of \$297,739.

Recommendation: It is recommended that the City follow the program's parameters and guidelines and the SCO's Mandated Cost Manual when preparing its reimbursement claims; and calculate the average PHRs based on employees who performed the mandated activities, using the documentation for the corresponding fiscal year.

Response to Finding 3: The City agrees with the audit findings and recommendation. The City has adjusted its methodology for calculating the PHR in subsequent State-Mandated Program reimbursement claims.

Finding 4 – Overstated indirect cost rates (Repeat Finding): The City overstated its total indirect costs by \$174,825, as a result of using the same outdated indirect cost rate to calculate its indirect costs for every fiscal year in the audit period. The City had used the federally approved indirect cost rate identified in its FY 2017-18 Cost Allocation Plan (CAP) 41 to calculate its indirect costs, instead of using the rates identified in the corresponding City CAP applicable for each fiscal year.

Recommendation: It is recommended that the City follow the program's parameters and guidelines and the SCO's Mandated Cost Manual when preparing its reimbursement claims; and ensure that it uses the correct CAP to identify indirect cost rates applicable to the corresponding fiscal year.

Response to Finding 4: The City agrees with the recommendation and has adjusted its methodology of calculating indirect costs for subsequent State-Mandated Program reimbursement claims.

Finding 5 – Misstated benefit rates (Repeat Finding): The City understated its total benefit costs by \$5,328, as a result of using the same outdated indirect cost rate to calculate its benefit costs for every fiscal year in the audit period. The City had used the federally approved benefit-cost rate identified in its FY 2017-18 Cost Allocation Plan (CAP) 41 to calculate its benefit costs, instead of using the rates identified in the corresponding City CAP for each fiscal year.

Recommendation: It is recommended that the City follow the program's parameters and guidelines and the SCO's Mandated Cost Manual when preparing its reimbursement claims; and ensure that proper documentation is used to calculate the benefit rates for each corresponding fiscal year.

Response to Finding 5: The City agrees with the recommendation and has adjusted its methodology of calculating benefit costs for subsequent State-Mandated Program reimbursement claims.

The City concurs with the SCO findings and in accordance with its recommendations, will continue to review and adjust its reporting methodology for subsequent reimbursement claims.

Ms. Lisa Kurokawa
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We appreciate the professionalism and courtesy afforded by SCO audit staff throughout the course of the audit, as well as the guidance that they have provided so that the City of Los Angeles may develop and submit the appropriate supporting documentation for these claims.

If you have any questions or concerns, please contact Police Administrator II Trina Unzicker, Commanding Officer, Fiscal Group, at (213) 486-8590.

Respectfully,



JIM McDONNELL
Chief of Police

Copy: Kenneth C. Howell, Senior Management Auditor
State Controller's Office
Liliana Juarez, Auditor
State Controller's Office
Kenneth Mejia, CPA, City Controller of Los Angeles

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