

CITY OF SANTA ANA

Audit Report

DOMESTIC VIOLENCE ARREST POLICIES AND STANDARDS PROGRAM

Chapter 246, Statutes of 1995

July 1, 2017, through June 30, 2021



MALIA M. COHEN
California State Controller

November 2023



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

November 20, 2023

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Kathryn Downs, Executive Director
Santa Ana Finance and Management Services
20 Civic Center Plaza
Santa Ana, CA 92701

Dear Ms. Downs:

The State Controller's Office audited the costs claimed by the City of Santa Ana for the legislatively mandated Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2017, through June 30, 2021.

The city claimed \$227,307 for costs of the mandated program. Our audit found that \$165,969 is allowable and \$61,338 is unallowable. The costs are unallowable because the city overstated salary and benefit costs, and related indirect costs. The State paid the city \$226,779.

Following issuance of this audit 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, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3138.

Sincerely,

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

KT/ac

Attachment

Ms. Kathryn Downs
November 20, 2023
Page 2 of 2

cc: The Honorable Valerie Amezcuca, Mayor
City of Santa Ana
Susan Gorospe, Administrative Budget Manager
Santa Ana Police Department
Leo Martinez, Senior Management Analyst
Santa Ana Police Department
Chris Hill, Principal Program Budget Analyst
Local Government Unit
California Department of Finance
Ted Doan, Finance Budget Analyst
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California Department of Finance
Daryl Mar, Manager
Local Reimbursement Section
State Controller's Office
Everett Luc, Supervisor
Local Reimbursement Section
State Controller's Office

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Santa Ana for the legislatively mandated Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2017, through June 30, 2021.

The city claimed \$227,307 for costs of the mandated program. Our audit found that \$165,969 is allowable and \$61,338 is unallowable. The costs are unallowable because the city overstated salary and benefit costs, and related indirect costs. The State paid the city \$226,779.

Background

Penal Code (PC) section 13701(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 when 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.

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, 2017, through June 30, 2021.

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 unexpected variances from year to year. We reviewed the activities claimed 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 traced the average productive hourly rate and benefit rate calculations for the claimed employee classification performing the mandated activities to supporting information in the city's payroll system.
- 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 report management system.
- We used simple random sampling to select the following statistical samples from the audited population of incident reports:
 - We sampled 133 of 1,142 incident reports for fiscal year (FY) 2017-18.
 - We sampled 132 of 1,116 incident reports for FY 2018-19.
 - We sampled 127 of 838 incident reports for FY 2019-20.
 - We sampled 127 of 845 incident reports for FY 2020-21.
- 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 133 sampled incident reports for FY 2017-18, 30 were partially reimbursable and 34 were non-mandate-related.
 - Of the 132 sampled incident reports for FY 2018-19, 43 were partially reimbursable and 29 were non-mandate-related.
 - Of the 127 sampled incident reports for FY 2019-20, 51 were partially reimbursable and 13 were non-mandate-related.
 - Of the 127 sampled incident reports for FY 2020-21, 44 were partially reimbursable and 12 were non-mandate-related.

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

- We recalculated the allowable costs using the audited incident report counts.
- We verified that the indirect costs that were claimed for each fiscal year in the audit period were for common or joint purposes, and that the indirect cost rates were properly supported and applied.
- We inquired with city staff members, and reviewed the independent auditor's reports (with accompanying financial statements) to identify potential sources of offsetting revenues and reimbursements for the audit period. We determined that the costs were not funded by another source.

We did not audit the city's financial statements.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards required 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 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 did find that it claimed unsupported and ineligible costs, as quantified in the Schedule and described in the Finding and Recommendation section.

For the audit period, the City of Santa Ana claimed \$227,307 for costs of the legislatively mandated Domestic Violence Arrest Policies and Standards Program. Our audit found that \$165,969 is allowable and \$61,338 is unallowable. The State paid the city \$226,779.

Following issuance of this audit 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 satisfactorily resolved the finding noted in our prior audit report for the period of July 1, 2001, through June 30, 2004, issued on May 18, 2007.

Views of Responsible Officials

We issued the draft audit report on September 5, 2023. The City of Santa Ana's representative responded by letter dated September 13, 2023, concurring with the audit finding. 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 of Santa Ana, the California Department of Finance, and the SCO; it is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

KIMBERLY TARVIN, CPA
Chief, Division of Audits

November 20, 2023

Schedule— Summary of Program Costs July 1, 2017, through June 30, 2021

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2017, through June 30, 2018</u>			
Direct costs – salaries and benefits:			
Implementation of the New Domestic Violence Arrest Policies to Identify the Primary Aggressor	\$ 51,797	\$ 34,565	\$ (17,232)
Total direct costs	51,797	34,565	(17,232)
Indirect costs	11,270	7,520	(3,750)
Total direct and indirect costs	63,067	42,085	(20,982)
Less offsetting revenues and reimbursements ²	-	-	-
Total program costs	<u>\$ 63,067</u>	42,085	<u>\$ (20,982)</u>
Less amount paid by the State ³		(63,067)	
Amount paid in excess of allowable costs claimed		<u>\$ (20,982)</u>	
<u>July 1, 2018, through June 30, 2019</u>			
Direct costs – salaries and benefits:			
Implementation of the New Domestic Violence Arrest Policies to Identify the Primary Aggressor	\$ 55,785	\$ 38,290	\$ (17,495)
Total direct costs	55,785	38,290	(17,495)
Indirect costs	12,080	8,292	(3,788)
Total direct and indirect costs	67,865	46,582	(21,283)
Less offsetting revenues and reimbursements ²	-	-	-
Total program costs	<u>\$ 67,865</u>	46,582	<u>\$ (21,283)</u>
Less amount paid by the State ³		(67,865)	
Amount paid in excess of allowable costs claimed		<u>\$ (21,283)</u>	
<u>July 1, 2019, through June 30, 2020</u>			
Direct costs – salaries and benefits:			
Implementation of the New Domestic Violence Arrest Policies to Identify the Primary Aggressor	\$ 36,209	\$ 27,917	\$ (8,292)
Training Officers About New Written Domestic Violence Arrest Policies	834	834	-
Total direct costs	37,043	28,751	(8,292)
Indirect costs	9,232	7,165	(2,067)
Total direct and indirect costs	46,275	35,916	(10,359)
Less offsetting revenues and reimbursements ²	-	-	-
Total program costs	<u>\$ 46,275</u>	35,916	<u>\$ (10,359)</u>
Less amount paid by the State ³		(46,275)	
Amount paid in excess of allowable costs claimed		<u>\$ (10,359)</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2020, through June 30, 2021</u>			
Direct costs - salaries and benefits:			
Implementation of the New Domestic Violence Arrest Policies to Identify the Primary Aggressor	\$ 36,818	\$ 29,918	\$ (6,900)
Training Officers About New Written Domestic Violence Arrest Policies	2,849	2,849	-
Total direct costs	39,667	32,767	(6,900)
Indirect costs	10,433	8,619	(1,814)
Total direct and indirect costs	50,100	41,386	(8,714)
Less offsetting revenues and reimbursements ²	-	-	-
Total program costs	<u>\$ 50,100</u>	41,386	<u>\$ (8,714)</u>
Less amount paid by the State ³		(49,572)	
Amount paid in excess of allowable costs claimed		<u>\$ (8,186)</u>	
<u>Summary: July 1, 2017, through June 30, 2021</u>			
Direct costs - salaries and benefits:			
Implementation of the New Domestic Violence Arrest Policies to Identify the Primary Aggressor	\$ 180,609	\$ 130,690	\$ (49,919)
Training Officers About New Written Domestic Violence Arrest Policies	3,683	3,683	-
Total direct costs	184,292	134,373	(49,919)
Indirect costs	43,015	31,596	(11,419)
Total direct and indirect costs	227,307	165,969	(61,338)
Less offsetting revenues and reimbursements ²	-	-	-
Total program costs	<u>\$ 227,307</u>	165,969	<u>\$ (61,338)</u>
Less amount paid by the State ³		(226,779)	
Amount paid in excess of allowable costs claimed		<u>\$ (60,810)</u>	

¹ See the Finding and Recommendation section.

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

³ Payment amount current as of September 18, 2023.

Finding and Recommendation

FINDING— Unallowable salaries, benefits, and related indirect costs

The city claimed \$180,609 in salaries and benefits for the Implementation of the New Domestic Violence Arrest Policies to Identify the Primary Aggressor cost component during the audit period. We found that \$130,690 is allowable and \$49,919 is unallowable. Unallowable related indirect costs total \$11,419, for a total finding of \$61,338.

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 its claimed costs, the city multiplied the number of reported responses to incidents by the average productive hourly rate, including the applicable indirect costs, then multiplied the resulting amount by the standard time allowance of 29 minutes (0.48 hour).

For each fiscal year, we selected a statistical sample from the documented number of domestic violence incident reports (the 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 519 incident reports (133 for FY 2017-18, 132 for FY 2018-19, 127 for FY 2019-20, and 127 for FY 2020-21). We reviewed the sample incident reports to determine whether the city had performed the required mandated program activities. Our review found the following results:

- Two hundred and sixty-three incident reports were fully reimbursable under the mandated program. These reports are reimbursable at 29 minutes (0.48 hours) per report.
- One hundred and sixty-eight 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.
- Eighty-eight incident reports were not reimbursable because they were not mandate-related. The incidents did not meet the definition of domestic violence provided in PC section 13700. The incidents were related to restraining order violations, harassing and/or annoying text messages, verbal arguments, and physical assault between family members where no domestic violence occurred.

During testing, we found that the city had claimed the full time-increment (e.g. 29 minutes) for incidents that were only partially reimbursable, and had also claimed reimbursement for ineligible 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
	2017-18	2018-19	2019-20	2020-21	
Allowable incident reports	69	60	63	71	263
Partially reimbursable incident reports (only one party interviewed)	30	43	51	44	168
Non-mandate-related incident reports	34	29	13	12	88
Total reports sampled	<u>133</u>	<u>132</u>	<u>127</u>	<u>127</u>	<u>519</u>

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

	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Allowable incident reports	69	60	63	71	<u>263</u>
Uniform time allowance (hours)	× <u>0.48</u>	× <u>0.48</u>	× <u>0.48</u>	× <u>0.48</u>	
Subtotal [a]	<u>33</u>	<u>29</u>	<u>30</u>	<u>34</u>	
Partially reimbursable incident reports (only one party interviewed)	30	43	51	44	<u>168</u>
Allowable uniform time allowance (hours)	× <u>0.34</u>	× <u>0.34</u>	× <u>0.34</u>	× <u>0.34</u>	
Subtotal [b]	<u>10</u>	<u>15</u>	<u>17</u>	<u>15</u>	
Total reimbursable hours for sampled reports [[a]+ [b]]	43	44	47	49	
Statistical sample size	÷ <u>133</u>	÷ <u>132</u>	÷ <u>127</u>	÷ <u>127</u>	
Reimbursable hours per report	0.32	0.33	0.37	0.39	
Number of documented incident reports	× <u>1,142</u>	× <u>1,116</u>	× <u>838</u>	× <u>845</u>	
Total reimbursable hours	365	368	310	330	
Less hours per documented incident report	<u>(548)</u>	<u>(536)</u>	<u>(402)</u>	<u>(406)</u>	
Total unallowable hours	<u>(183)</u>	<u>(168)</u>	<u>(92)</u>	<u>(76)</u>	

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

	Fiscal Year				Total
	2017-18	2018-19	2019-20	2020-21	
Unallowable Hours	(183)	(168)	(92)	(76)	
Claimed average productive hourly rate (salary)	× \$ 60.36	× \$ 65.56	× \$ 66.18	× \$ 65.22	
Unallowable salaries [c]	\$ (11,046)	\$ (11,014)	\$ (6,089)	\$ (4,957)	\$ (33,106)
Claimed benefit rate	× 56.00%	× 58.84%	× 36.18%	× 39.19%	
Related unallowable benefit costs [d]	(6,186)	(6,481)	(2,203)	(1,943)	(16,813)
Total unallowable salaries & benefits [[e] = [c] + [d]]	(17,232)	(17,495)	(8,292)	(6,900)	\$ (49,919)
Claimed indirect cost rate [f]	× 33.95%	× 34.39%	× 33.95%	× 36.60%	
Related indirect costs [[g] = [f] x [c]]	(3,750)	(3,788)	(2,067)	(1,814)	(11,419)
Audit adjustment [[h]= [g] + [e]]	\$ (20,982)	\$ (21,283)	\$ (10,359)	\$ (8,714)	\$ (61,338)

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. . . .

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, subsection 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 mandated program's parameters and guidelines and the SCO's *Mandated Cost Manual* when preparing its reimbursement claims;
- Claim costs for only those reports that document incidents meeting the definition of domestic violence provided in PC section 13700; and
- Claim only the portion of the uniform time allowance that is attributable to the mandated activities that were actually performed.

City's Response

The city concurred with the audit finding.

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

MAYOR
Valerie Amezcua
MAYOR PRO TEM
Jessie Lopez
COUNCILMEMBERS
Phil Bacerra
Johnathan Ryan Hernandez
David Penaloza
Thai Viet Phan
Benjamin Vazquez



CITY MANAGER
Kristine Ridge
CITY ATTORNEY
Sonia R. Carvalho
CLERK OF THE COUNCIL
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CITY OF SANTA ANA

POLICE DEPARTMENT

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September 13, 2023

Lisa Kurokawa, Chief
Office of State Controller Malia M. Cohen
Compliance Audits Bureau, Division of Audits
P.O. Box 942850
Sacramento, CA 94250

Dear Ms. Kurokawa,

Thank you for the opportunity to provide comments to the State Controller's Office (SCO) audit of the Domestic Violence Arrest Policies and Standards Program (DVAP) claims submitted by the City of Santa Ana for the period of July 1, 2017 through June 30, 2021.

We concur with the SCO's finding of the number of unallowable and partially reimbursable incident reports from the samples and the calculation of the unallowable costs. While each domestic violence report is reviewed and approved by various levels within the Police Department, we currently do not have an error free method to determine the exact number of incidents that meet the definition of domestic violence as defined by PC section 13700.

Additionally, the only way to ensure we capture the applicable reimbursable activities accurately is to review each incident report again as we gather the data during the state mandated program submission period. With the current volume of domestic violence cases in the city, we are unable to dedicate the amount of resources to re-review each incident report.

However, as we continue to integrate our Records Management System (RMS) with the Computer Aided Dispatch (CAD), we plan to explore options to better capture the data necessary to submit claims that meet the parameter and guidelines of the SCO's Mandated Cost Manual.

If you have any questions, please feel free to contact me at (714) 245-8410.

Sincerely,

A handwritten signature in blue ink, appearing to read "Enrique Esparza".

ENRIQUE ESPARZA
Deputy Chief, Investigations Bureau

cc: Lisa Kearney, Liliana Juarez, Kai Liu – State Controller's Office, Division of Audits
David Valentin, Susan Gorospe, Leo Martinez – City of Santa Ana, Police Department
Kathryn Downs, Alex Trinidad, Sarah Ro – City of Santa Ana, Finance and Management Services Agency

SANTA ANA CITY COUNCIL

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