

# **CITY OF EL MONTE**

Audit Report

## **CRIME STATISTICS REPORT FOR THE DEPARTMENT OF JUSTICE PROGRAM**

Chapter 1172, Statutes of 1989; Chapter 1338, Statutes of 1992; Chapter 1230, Statutes of 1993; Chapter 933, Statutes of 1998; Chapter 571, Statutes of 1999; Chapter 626, Statutes of 2000; and Chapter 700, Statutes of 2004

*July 1, 2001, through June 30, 2012*



**BETTY T. YEE**  
California State Controller

February 2022



**BETTY T. YEE**  
California State Controller

February 2, 2022

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Bruce Foltz, Finance Director  
City of El Monte  
11333 Valley Boulevard  
El Monte, CA 91731

Dear Mr. Foltz:

The State Controller's Office audited the costs claimed by the City of El Monte for the legislatively mandated Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2001, through June 30, 2012.

The city claimed \$928,195 for the costs of the mandated program. Our audit found that \$404,294 is allowable and \$523,901 is unallowable because the city overstated salary and benefit costs, and related indirect costs. The State made no payments to the city. The State will pay \$404,294, contingent upon available appropriations.

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

cc: The Honorable Jessica Ancona, Mayor  
City of El Monte  
Ben Lowry, Acting Chief  
El Monte Police Department  
Anne Blakeley, Finance Manager  
City of El Monte  
Chris Hill, Principal Program Budget Analyst  
Local Government Unit  
California Department of Finance  
Steven Pavlov, Finance Budget Analyst  
Local Government Unit  
California Department of Finance  
Darryl Mar, Manager  
Local Reimbursement Section  
State Controller's Office  
Everett Luc, Supervisor  
Local Reimbursement Section  
State Controller's Office

# Contents

## **Audit Report**

<b>Summary .....</b>	<b>1</b>
<b>Background .....</b>	<b>1</b>
<b>Audit Authority.....</b>	<b>2</b>
<b>Objective, Scope, and Methodology .....</b>	<b>3</b>
<b>Conclusion .....</b>	<b>4</b>
<b>Follow-up on Prior Audit Findings.....</b>	<b>4</b>
<b>Views of Responsible Officials.....</b>	<b>4</b>
<b>Restricted Use .....</b>	<b>5</b>
<b>Schedule—Summary of Program Costs .....</b>	<b>6</b>
<b>Finding and Recommendation .....</b>	<b>12</b>

# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the City of El Monte for the legislatively mandated Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2001, through June 30, 2012.

The city claimed \$928,195 for the costs of the mandated program. Our audit found that \$404,294 is allowable and \$523,901 is unallowable because the city overstated salary and benefit costs, and related indirect costs. The State made no payments to the city. The State will pay \$404,294, contingent upon available appropriations.

## Background

Penal Code (PC) sections 12025 (h)(1) and (h)(3), 12031 (m)(1) and (m)(3), 13014, 13023, and 13730 (a) require local agencies to report information related to certain specified criminal acts to the California Department of Justice (DOJ). These sections were added and/or amended by Chapter 1172, Statutes of 1989; Chapter 1338, Statutes of 1992; Chapter 1230, Statutes of 1993; Chapter 933, Statutes of 1998; Chapter 571, Statutes of 1999; Chapter 626, Statutes of 2000; and Chapter 700, Statutes of 2004.

On June 26, 2008, the Commission on State Mandates (Commission) adopted a statement of decision for the Crime Statistics Reports for the Department of Justice Program. The Commission found that the test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program on city and county claimants beginning on July 1, 2001, within the meaning of Article XII B, section 6 of the California Constitution and Government Code (GC) section 17514.

On July 31, 2009, the Commission heard an amended test claim on PC section 13023 (added by Chapter 700, Statutes of 2004), which imposed additional crime reporting requirements. The Commission also found that this test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program for city and county claimants beginning on January 1, 2004. On April 10, 2010, the Commission issued a corrected statement of decision to correctly identify the operative and effective date of the reimbursable state-mandated program as January 1, 2005.

The Commission found that the following activities are reimbursable:

- For a local government entity responsible for the investigation and prosecution of a homicide case to provide the DOJ with demographic information about the victim and the person or persons charged with the crime, including the victim's and person's age, gender, race, and ethnic background (PC section 13014);
- For local law enforcement agencies to report, in a manner to be prescribed by the Attorney General, any information that may be required relative to any criminal acts or attempted criminal acts to

- cause physical injury, emotional suffering, or property damage where there is a reasonable cause to believe that the crime was motivated, in whole or in part, by the victim's race, ethnicity, religion, sexual orientation, physical or mental disability, or gender or national origin (PC section 13023);
- For district attorneys to report annually on or before June 30, to the Attorney General, on profiles by race, age, gender, and ethnicity any person charged with a felony or misdemeanor under PC section 12025 (carrying a concealed firearm) or section 12031 (carrying a loaded firearm in a public place), and any other offense charged in the same complaint, indictment, or information. The Commission found that this activity is a reimbursable mandate from July 1, 2001, through January 1, 2005. (PC sections 12025(h)(1) and (h)(3), and 12031 (m)(1) and (m)(3));
  - For local law enforcement agencies to support all domestic violence related calls for assistance with a written incident report (PC section 13730, subdivision (a), as amended by Chapter 1230, Statutes of 1993);
  - For local law enforcement agencies to report the following in a manner to be prescribed by the Attorney General:
    - Any information that may be required relative to hate crimes, as defined in PC section 422.55 as criminal acts committed, in whole or in part, because of one or more of the following perceived characteristics of the victim: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, or (6) sexual orientation; and
    - Any information that may be required relative to hate crimes, defined in PC section 422.55 as criminal acts committed, in whole or in part, because of association with a person or group with one or more of the following actual or perceived characteristics: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, or (6) sexual orientation.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The Commission adopted the parameters and guidelines on September 30, 2010, and amended them on January 24, 2014, to clarify reimbursable costs related to domestic violence related calls for assistance.

In compliance with Government Code section 17558, 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.

## Objective, Scope, and Methodology

The objective of our audit was to determine whether costs claimed represent increased costs resulting from the legislatively mandated Crime Statistics Reports for the Department of Justice Program. Specifically, we conducted this audit to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.<sup>1</sup>

The audit period was July 1, 2001, through June 30, 2012.

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, benefits, and indirect costs. We 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 assessed the reliability of data generated by the city's information management system (payroll, expenditure, and revenue records) and the city's record management system by interviewing city staff members and examining supporting records. We determined that the data was sufficiently reliable to address the audit objectives.
- We interviewed city staff members to determine what employee classifications were involved in performing the reimbursable activities during the audit period.
- We traced productive hourly rate (PHR) and benefit rate calculations for all employee classifications performing the mandated activities to supporting information in the city's payroll system (see the Finding).
- We assessed whether the average time increments (ATIs) claimed for each fiscal year in the audit period to perform the reimbursable activities were reasonable per the requirements of the program and supported by source documentation (see the Finding).
- We reviewed and analyzed the claimed domestic violence incident, hate crime, and homicide report counts for consistency and possible exclusions, and verified that counts were supported by the reports that the city submitted to the DOJ (see the Finding).
- We traced a judgmentally selected non-statistical sample of 220 (20 reports for FY 2001-02 through FY 2011-12) out of 5,233 domestic violence related calls for assistance to written incident reports. Errors found were not projected to the population.

---

<sup>1</sup> Unreasonable and/or excessive costs include ineligible costs that are not identified in the program's parameters and guidelines as a reimbursable cost.

- We verified that indirect costs claimed for each fiscal year in the audit period were for common or joint purposes and that indirect cost rates were properly supported and applied.
- We reviewed potential sources of offsetting revenues and reimbursements for the audit period. We inquired with city staff members, reviewed single audit reports (with accompanying financial statements), and reviewed revenue reports for the audit period for other sources of funding. We determined that claimed costs were not funded by another source.

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 audit 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.

We did not audit the city's financial statements.

## **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 of this audit report.

For the audit period, the City of El Monte claimed \$928,195 for costs of the legislatively mandated Crime Statistics Reports for the Department of Justice Program. Our audit found that \$404,294 is allowable and \$523,901 is unallowable. The State made no payments to the city. The State will pay \$404,294, contingent upon available appropriations.

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**

We have not previously conducted an audit of the city's legislatively mandated Crime Statistics Reports for the Department of Justice Program.

## **Views of Responsible Officials**

We discussed our audit results with the city's representative during an exit conference on December 21, 2021. Anne Blakeley, Finance Manager, agreed with the audit results. Ms. Blakeley declined a draft audit report and agreed that we could issue the audit report as final.



**Restricted Use**

This audit report is solely for the information and use of the City of El Monte, 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](http://www.sco.ca.gov).

*Original signed by*

KIMBERLY TARVIN, CPA  
Chief, Division of Audits

February 2, 2022

**Schedule—**  
**Summary of Program Costs**  
**July 1, 2001, through June 30, 2012**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Homicide reports	\$ 579	\$ 579	\$ -
Domestic violence related calls for assistance	79,464	37,451	(42,013)
Total direct costs	80,043	38,030	(42,013)
Indirect costs	12,327	5,912	(6,415)
Total program costs	<u>\$ 92,370</u>	43,942	<u>\$ (48,428)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 43,942</u>	
 <u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Homicide reports	\$ 394	\$ 394	\$ -
Domestic violence related calls for assistance	60,764	28,427	(32,337)
Total direct costs	61,158	28,821	(32,337)
Indirect costs	8,012	3,821	(4,191)
Total program costs	<u>\$ 69,170</u>	32,642	<u>\$ (36,528)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 32,642</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Homicide reports	\$ 756	\$ 756	\$ -
Domestic violence related calls for assistance	<u>67,511</u>	<u>31,436</u>	<u>(36,075)</u>
Total direct costs	68,267	32,192	(36,075)
Indirect costs	<u>7,911</u>	<u>4,881</u>	<u>(3,030)</u>
Total program costs	<u>\$ 76,178</u>	37,073	<u>\$ (39,105)</u>
Less amount paid by the State <sup>2</sup>		<u>-</u>	
Allowable costs claimed in excess of amount paid		<u>\$ 37,073</u>	
 <u>July 1, 2004, through June 30, 2005</u>			
Direct costs:			
Homicide reports	\$ 694	\$ 694	\$ -
Domestic violence related calls for assistance	<u>76,217</u>	<u>31,508</u>	<u>(44,709)</u>
Total direct costs	76,911	32,202	(44,709)
Indirect costs	<u>7,983</u>	<u>4,846</u>	<u>(3,137)</u>
Total program costs	<u>\$ 84,894</u>	37,048	<u>\$ (47,846)</u>
Less amount paid by the State <sup>2</sup>		<u>-</u>	
Allowable costs claimed in excess of amount paid		<u>\$ 37,048</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Homicide reports	\$ 723	\$ 723	\$ -
Hate crime reports	468	468	-
Domestic violence related calls for assistance	<u>56,342</u>	<u>22,683</u>	<u>(33,659)</u>
Total direct costs	57,533	23,874	(33,659)
Indirect costs	<u>5,866</u>	<u>3,503</u>	<u>(2,363)</u>
Total program costs	<u>\$ 63,399</u>	27,377	<u>\$ (36,022)</u>
Less amount paid by the State <sup>2</sup>		<u>-</u>	
Allowable costs claimed in excess of amount paid		<u>\$ 27,377</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Homicide reports	\$ 915	\$ 915	\$ -
Hate crime reports	732	732	-
Domestic violence related calls for assistance	<u>60,010</u>	<u>25,337</u>	<u>(34,673)</u>
Total direct costs	61,657	26,984	(34,673)
Indirect costs	<u>7,884</u>	<u>4,784</u>	<u>(3,100)</u>
Total program costs	<u>\$ 69,541</u>	31,768	<u>\$ (37,773)</u>
Less amount paid by the State <sup>2</sup>		<u>-</u>	
Allowable costs claimed in excess of amount paid		<u>\$ 31,768</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs:			
Homicide reports	\$ 1,112	\$ 1,112	\$ -
Hate crime reports	879	879	-
Domestic violence related calls for assistance	59,644	26,246	(33,398)
Total direct costs	61,635	28,237	(33,398)
Indirect costs	10,100	6,037	(4,063)
Total program costs	<u>\$ 71,735</u>	34,274	<u>\$ (37,461)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 34,274</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs:			
Homicide reports	\$ 609	\$ 609	\$ -
Hate crime reports	681	681	-
Domestic violence related calls for assistance	95,467	29,757	(65,710)
Total direct costs	96,757	31,047	(65,710)
Indirect costs	15,140	6,551	(8,589)
Total program costs	<u>\$ 111,897</u>	37,598	<u>\$ (74,299)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 37,598</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs:			
Domestic violence related calls for assistance	\$ 111,811	\$ 32,557	\$ (79,254)
Total direct costs	111,811	32,557	(79,254)
Indirect costs	19,598	8,059	(11,539)
Total program costs	<u>\$ 131,409</u>	40,616	<u>\$ (90,793)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 40,616</u>	
 <u>July 1, 2010, through June 30, 2011</u>			
Direct costs:			
Homicide reports	\$ 462	\$ 462	\$ -
Hate crime reports	660	660	-
Domestic violence related calls for assistance	81,768	37,201	(44,567)
Total direct costs	82,890	38,323	(44,567)
Indirect costs	16,407	7,964	(8,443)
Total program costs	<u>\$ 99,297</u>	46,287	<u>\$ (53,010)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 46,287</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2011, through June 30, 2012</u>			
Direct costs:			
Homicide reports	\$ 462	\$ 462	\$ -
Hate crime reports	1,322	1,322	-
Domestic violence related calls for assistance	48,222	28,555	(19,667)
Total direct costs	50,006	30,339	(19,667)
Indirect costs	8,299	5,330	(2,969)
Total program costs	<u>\$ 58,305</u>	35,669	<u>\$ (22,636)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 35,669</u>	
 <u>Summary: July 1, 2001, through June 30, 2012</u>			
Direct costs:			
Homicide reports	\$ 6,706	\$ 6,706	\$ -
Hate crime reports	4,742	4,742	-
Domestic violence related calls for assistance	797,220	331,158	(466,062)
Total direct costs	808,668	342,606	(466,062)
Indirect costs	119,527	61,688	(57,839)
Total program costs	<u>\$ 928,195</u>	404,294	<u>\$ (523,901)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 404,294</u>	

<sup>1</sup> See the Finding and Recommendation section.

<sup>2</sup> Payment amount current as of December 23, 2021.

# Finding and Recommendation

## FINDING — Overstated salary and benefit costs

The city claimed \$797,220 in salaries and benefits for the Domestic Violence Related Calls for Assistance cost component. We found that \$331,158 is allowable and \$466,062 is unallowable. Unallowable related indirect costs total \$57,839, for a total finding of \$523,901.

Reimbursable activities for this cost component consist of writing, reviewing, and editing incident reports. The parameters and guidelines require that a written incident report support each domestic violence related call for assistance.

To calculate the claimed salaries and benefits, the city multiplied the number of written incident reports by the average time increments necessary to process a report, then multiplied the resulting hours by a productive hourly rate and a related benefit rate.

During testing, we found that the city overstated the number of domestic violence related calls for assistance; overstated the average time increments necessary to perform the mandated activity of writing incident reports; overstated the benefit rates in some fiscal years; and overstated related indirect costs. 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 overstated costs for the Domestic Violence Related Calls for Assistance cost component by fiscal year:

Fiscal Year	Salaries and Benefits			Unallowable Indirect Costs	Total Audit Adjustment
	Amount Claimed	Amount Allowable	Audit Adjustment		
2001-02	\$ 79,464	\$ 37,451	\$ (42,013)	\$ (6,415)	\$ (48,428)
2002-03	60,764	28,427	(32,337)	(4,191)	(36,528)
2003-04	67,511	31,436	(36,075)	(3,030)	(39,105)
2004-05	76,217	31,508	(44,709)	(3,137)	(47,846)
2005-06	56,342	22,683	(33,659)	(2,363)	(36,022)
2006-07	60,010	25,337	(34,673)	(3,100)	(37,773)
2007-08	59,644	26,246	(33,398)	(4,063)	(37,461)
2008-09	95,467	29,757	(65,710)	(8,589)	(74,299)
2009-10	111,811	32,557	(79,254)	(11,539)	(90,793)
2010-11	81,768	37,201	(44,567)	(8,443)	(53,010)
2011-12	48,222	28,555	(19,667)	(2,969)	(22,636)
Total	\$ 797,220	\$ 331,158	\$ (466,062)	\$ (57,839)	\$ (523,901)

## Incident Reports

The city overstated salary and benefit costs totaling \$57,527. The related indirect cost is \$9,645, for a total audit adjustment of \$67,172.

During our review, we verified the claimed number of domestic violence related calls for assistance incident reports on the city's mandated cost claims for the audit period. At our request, the city provided the monthly



reports that were submitted to the DOJ for each fiscal year. We analyzed the information and found that the claimed number of domestic violence related calls for assistance incident reports did not reconcile with the numbers in the monthly reports that were submitted to the DOJ. We found that the city claimed more incident reports than were reported to the DOJ.

The parameters and guidelines require that all domestic violence related calls for assistance be supported by a written report. Therefore, we requested a summary report of domestic violence incident reports for each fiscal year to verify the number of calls for assistance based on the city's Records Management System. The city provided and we analyzed the summary reports. During our review of the Records Management System summary reports and the monthly reports that were submitted to DOJ, we compared the information in both documents to determine the allowable number of incident reports. Based on our review, we concluded that the city had overstated the claimed number of incident reports that were reported to DOJ in all fiscal years except FY 2003-04, FY 2004-05 and FY 2011-12.

The following table summarizes the claimed, allowable, and overstated number of domestic violence related calls for assistance written incident reports during the audit period:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
2001-02	675	631	(44)
2002-03	531	485	(46)
2003-04	486	486	-
2004-05	503	503	-
2005-06	389	380	(9)
2006-07	403	397	(6)
2007-08	358	348	(10)
2008-09	541	381	(160)
2009-10	545	377	(168)
2010-11	498	385	(113)
2011-12	304	304	-
Total	5,233	4,677	(556)

The city claimed overstated costs as a result of claiming the unsupported incident reports. The following table summarizes the fiscal years that resulted in an audit adjustment:

Fiscal Year	Salaries and Benefits	Related Indirect Costs	Audit Adjustment
2001-02	\$ (3,158)	\$ (431)	\$ (3,589)
2002-03	(3,170)	(371)	(3,541)
2005-06	(756)	(77)	(833)
2006-07	(519)	(66)	(585)
2007-08	(1,024)	(168)	(1,192)
2008-09	(16,955)	(2,659)	(19,614)
2009-10	(20,455)	(3,591)	(24,046)
2010-11	(11,490)	(2,282)	(13,772)
Total	\$ (57,527)	\$ (9,645)	\$ (67,172)

### Average Time Increments

The city overstated salary and benefit costs totaling \$314,800. The related indirect cost is \$46,388, for a total audit adjustment of \$361,188.

For the audit period, the city estimated that it took Police Officers 120 minutes to write incident reports. The city did not maintain a time study to support time increments claimed for Police Department staff members performing the mandated activities.

We interviewed key personnel and performed a walk-through of the city's report writing process. Our review disclosed that the claimed time increments for writing incident reports included the time Police Officers spent interviewing the involved parties, and gathering information and completing the following forms when necessary: a victim medical waiver; a confidentiality form; an emergency protection order, if applicable; a victims' rights card; a booking sheet, if a suspect is arrested; and other required forms per Police Department policy. These activities are not reimbursable under the mandate.

Based on our discussion with key personnel, we concluded that an average time increment of 60 minutes to write incident reports is reasonable. We recalculated the overstated salaries and benefits related to the overstated average time increments.

The following table summarizes the audit adjustment:

Fiscal Year	Salaries and Benefits	Related Indirect Costs	Audit Adjustment
2001-02	\$ (31,523)	\$ (4,855)	\$ (36,378)
2002-03	(23,996)	(3,143)	(27,139)
2003-04	(26,168)	(3,030)	(29,198)
2004-05	(30,250)	(3,137)	(33,387)
2005-06	(22,424)	(2,286)	(24,710)
2006-07	(23,723)	(3,034)	(26,757)
2007-08	(23,790)	(3,895)	(27,685)
2008-09	(38,135)	(5,930)	(44,065)
2009-10	(45,451)	(7,948)	(53,399)
2010-11	(31,297)	(6,161)	(37,458)
2011-12	(18,043)	(2,969)	(21,012)
Total	<u>\$ (314,800)</u>	<u>\$ (46,388)</u>	<u>\$ (361,188)</u>

### Benefit Rates

The city overstated benefit rates, which resulted in overstated benefit costs totaling \$93,735. The related indirect cost is \$1,806, for a total audit adjustment of \$95,541. The city applied indirect cost rates to salary and benefit costs for FY 2001-02 and FY 2002-03; therefore, we re-calculated the related indirect costs for these fiscal years.

During our discussions with the city's representative regarding the city's methodology for calculating benefit rates, we learned that the city calculated a departmental benefit rate by dividing total departmental benefit costs by the total departmental salaries. The departmental salaries

were identified in the Police Department's expenditure report; the departmental benefit costs were identified on the Salary and Fringe Benefit Summary by Department from the Police Department's *Budget Book* for FY 2001-02 through FY 2007-08. In addition, we learned that the benefit costs include health insurance, retirement costs, workers' compensation, and car allowance.

In response to our inquiries, city staff disclosed that El Monte has a pension tax that fully funded employer and employee contributions to city employees' retirement plans during the audit period. We verified that El Monte is one of the cities in California that has a pension tax. In 1946, the voters of the City of El Monte approved a ballot initiative to pay for employee pension obligations, and the tax was levied on property owners. The tax was later challenged in the court system; however, the California Supreme Court upheld the pension tax (*Carman v. Alvord* [1982] 31 Cal.3d 318) in a decision commonly referred to as the "Carman Override." Based on this ruling, the city continued to levy the retirement tax; therefore, total retirement costs were fully funded. As a result, there was no effect on the city's operating costs during the audit period.

The SCO's *Mandated Cost Manual* allows local agencies to calculate benefit rates using only the employer's contribution. In the city's case, the total retirement costs—both employer and employee contributions—were fully funded during the audit period by a special pension tax. Based on the information provided, we concluded that retirement costs should not have been included in the benefit rate calculation for mandated cost reimbursement purposes because the costs were fully paid for with restricted funds.

We recalculated the benefit rates for all fiscal years by excluding retirement costs from the benefit cost calculation, and dividing the adjusted departmental benefit costs by the total departmental salaries.

The following table summarizes the audit adjustment:

<u>Fiscal Year</u>	<u>Salaries and Benefits</u>	<u>Related Indirect Costs</u>	<u>Audit Adjustment</u>
2001-02	\$ (7,332)	\$ (1,129)	\$ (8,461)
2002-03	(5,171)	(677)	(5,848)
2003-04	(9,907)	-	(9,907)
2004-05	(14,459)	-	(14,459)
2005-06	(10,479)	-	(10,479)
2006-07	(10,431)	-	(10,431)
2007-08	(8,584)	-	(8,584)
2008-09	(10,620)	-	(10,620)
2009-10	(13,348)	-	(13,348)
2010-11	(1,780)	-	(1,780)
2011-12	(1,624)	-	(1,624)
Total	<u>\$ (93,735)</u>	<u>\$ (1,806)</u>	<u>\$ (95,541)</u>

## Criteria

Section IV 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....

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 – Ongoing Activities subsection D, allows costs related to supporting domestic violence related calls for assistance with a written incident report, and reviewing and editing the report.

Reimbursement is **not** required to interview parties, complete a booking sheet or restraining order, transport the victim to the hospital, book the perpetrator, or other related activities to enforce a crime and assist the victim.

In addition, reimbursement is **not** required to include the information in the incident report required by Penal Code section 13730(c)(1)(2), based on the Commission decision denying reimbursement for that activity in *Domestic Violence Training and Incident Reporting* (CSM-96-362-01). Reimbursement for including the information in the incident report required by Penal Code section 13730(c)(3) is not provided in these parameters and guidelines and may not be claimed under this program, but is addressed in *Domestic Violence Incident Reports II* (02-TC-18).

Section V of the parameters and guidelines states that cost elements must be identified for the reimbursable activities identified in Section IV of the parameters and guidelines. Each reimbursable cost must be supported by source documentation. For salary and benefit costs, claimants are to report each employee implementing the reimbursable activities by name, job classification, and PHR.

## Recommendation

The Crime Statistics Reports for the Department of Justice Program was suspended in the FY 2012-13 through FY 2021-22 Budget Acts. If the program becomes active again, we recommend that the city:

- Follow the parameters and guidelines and the SCO's *Mandated Cost Manual* when preparing its reimbursement claims;
- Claim costs based on the number of domestic violence related calls for assistance that are reported to DOJ and supported with a written report;
- Claim costs based on the actual time increments required to perform the mandated cost activity; and
- Calculate benefit rates using only those costs that effect the city's operating costs.

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250**

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