

# **CITY OF FONTANA**

Audit Report

## **CRIME STATISTICS REPORTS 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

September 2021



**BETTY T. YEE**  
California State Controller

September 1, 2021

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Lisa Strong, Management Services Director  
City of Fontana  
8353 Sierra Avenue  
Fontana, CA 92335

Dear Ms. Strong:

The State Controller's Office audited the costs claimed by the City of Fontana 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 \$741,336 for costs of the mandated program. Our audit found that \$531,473 is allowable and \$209,863 is unallowable because the city claimed overstated salary and benefit costs, and related indirect costs. The State made no payments to the city. The State will pay \$531,473, contingent upon available appropriations.

Following issuance of this audit report, the State Controller's Office'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.

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/as

cc: The Honorable Acquanetta Warren, Mayor  
City of Fontana  
Steve McGuffey, Administrative Technician  
Management Services Department  
City of Fontana  
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  
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 Fontana 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 \$741,336 for costs of the mandated program. Our audit found that \$531,473 is allowable and \$209,863 is unallowable because the city claimed overstated salary and benefit costs, and related indirect costs. The State made no payments to the city. The State will pay \$531,473, 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, or 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), Chapter 1230, Statutes of 1993).
- For a local law enforcement agency 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 Penal Code 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, (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, (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 GC section 17558, SCO issues claiming instructions to assist local agencies and school districts 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 audit 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:

- 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. Determined whether there were any errors or unusual or unexpected variances from year to year. Reviewed the activities claimed to determine whether they adhered to the SCO's claiming instructions and the program's parameters and guidelines;
- Completed an internal control questionnaire by interviewing city staff. Discussed the claim preparation process with city staff to determine what information was obtained, who obtained it, and how it was used;
- Assessed the reliability of data generated from the city's management information system (payroll, revenue, and expenditure reports) and the city's record management system by interviewing city staff and examining supporting documentation. Determined that the data was sufficiently reliable to address the audit objectives;
- Interviewed city staff to determine what employee classifications were involved in performing the reimbursable activities during the audit period;
- 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);
- 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);
- Reviewed and analyzed the claimed domestic violence incident report counts 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),
- Traced a non-statistical sample of 140 (20 reports for fiscal year [FY] 2005-06 through FY 2011-12) out of 5,132 domestic violence-related calls for assistance to written incident reports. Errors found were not projected to the population;

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

- Verified whether indirect costs claimed for each fiscal year in the audit period were for common or joint purposes, and whether indirect cost rates were properly supported and applied; and
- Reviewed potential sources of offsetting revenues and reimbursements for the audit period. We inquired with city staff, reviewed single audit reports (with accompanying financial statements), and reviewed revenue reports for the audit period for other sources of funding.

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.

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 Fontana claimed \$741,336 for costs of the legislatively mandated Crime Statistics Reports for the Department of Justice Program. Our audit found that \$531,473 is allowable and \$209,863 is unallowable. The State made no payments to the city. The State will pay \$531,473, 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 representatives during an exit conference conducted on July 19, 2021. City Management Services Department representatives Steve McGuffey, Administrative Technician; and George Pirsko, Accounting Manager, stated that they understood the audit results, 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 Fontana, the California Department of Finance, and 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

September 1, 2021

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

| Cost Elements                                    | Actual Costs<br>Claimed | Allowable<br>per Audit | Audit<br>Adjustment <sup>1</sup> |
|--|-------------------------|------------------------|----------------------------------|
| <u>July 1, 2001, through June 30, 2002</u>       |                         |                        |                                  |
| Direct costs:                                    |                         |                        |                                  |
| Revise existing policies and procedures          | \$ 762                  | \$ 762                 | \$ -                             |
| Homicide reports                                 | 224                     | 224                    | -                                |
| Domestic violence related calls for assistance   | 40,654                  | 24,515                 | (16,139)                         |
| Total direct costs                               | 41,640                  | 25,501                 | (16,139)                         |
| Indirect costs                                   | 16,531                  | 10,124                 | (6,407)                          |
| Total program costs                              | <u>\$ 58,171</u>        | 35,625                 | <u>\$ (22,546)</u>               |
| Less amount paid by the State <sup>2</sup>       |                         | -                      |                                  |
| Allowable costs claimed in excess of amount paid |                         | <u>\$ 35,625</u>       |                                  |
| <u>July 1, 2002, through June 30, 2003</u>       |                         |                        |                                  |
| Direct costs:                                    |                         |                        |                                  |
| Homicide reports                                 | \$ 263                  | \$ 263                 | \$ -                             |
| Domestic violence related calls for assistance   | 41,383                  | 25,903                 | (15,480)                         |
| Total direct costs                               | 41,646                  | 26,166                 | (15,480)                         |
| Indirect costs                                   | 14,493                  | 9,107                  | (5,386)                          |
| Total program costs                              | <u>\$ 56,139</u>        | 35,273                 | <u>\$ (20,866)</u>               |
| Less amount paid by the State <sup>2</sup>       |                         | -                      |                                  |
| Allowable costs claimed in excess of amount paid |                         | <u>\$ 35,273</u>       |                                  |

## Schedule (continued)

| Cost Elements                                    | Actual Costs<br>Claimed | Allowable<br>per Audit | Audit<br>Adjustment <sup>1</sup> |
|--|-------------------------|------------------------|----------------------------------|
| <u>July 1, 2003, through June 30, 2004</u>       |                         |                        |                                  |
| Direct costs:                                    |                         |                        |                                  |
| Homicide reports                                 | \$ 373                  | \$ 373                 | \$ -                             |
| Domestic violence related calls for assistance   | 44,248                  | 28,756                 | (15,492)                         |
| Total direct costs                               | 44,621                  | 29,129                 | (15,492)                         |
| Indirect costs                                   | 16,778                  | 10,952                 | (5,826)                          |
| Total program costs                              | <u>\$ 61,399</u>        | 40,081                 | <u>\$ (21,318)</u>               |
| Less amount paid by the State <sup>2</sup>       |                         | -                      |                                  |
| Allowable costs claimed in excess of amount paid |                         | <u>\$ 40,081</u>       |                                  |
| <br><u>July 1, 2004, through June 30, 2005</u>   |                         |                        |                                  |
| Direct costs:                                    |                         |                        |                                  |
| Homicide reports                                 | \$ 166                  | \$ 166                 | \$ -                             |
| Domestic violence related calls for assistance   | 42,487                  | 33,352                 | (9,135)                          |
| Total direct costs                               | 42,653                  | 33,518                 | (9,135)                          |
| Indirect costs                                   | 17,957                  | 14,111                 | (3,846)                          |
| Total program costs                              | <u>\$ 60,610</u>        | <u>\$ 47,629</u>       | <u>\$ (12,981)</u>               |
| Less amount paid by the State <sup>2</sup>       |                         | -                      |                                  |
| Allowable costs claimed in excess of amount paid |                         | <u>\$ 47,629</u>       |                                  |

## Schedule (continued)

| Cost Elements                                    | Actual Costs<br>Claimed | Allowable<br>per Audit | Audit<br>Adjustment <sup>1</sup> |
|--|-------------------------|------------------------|----------------------------------|
| <u>July 1, 2005, through June 30, 2006</u>       |                         |                        |                                  |
| Direct costs:                                    |                         |                        |                                  |
| Homicide reports                                 | \$ 206                  | \$ 206                 | \$ -                             |
| Domestic violence related calls for assistance   | 40,161                  | 24,692                 | (15,469)                         |
| Total direct costs                               | 40,367                  | 24,898                 | (15,469)                         |
| Indirect costs                                   | 13,806                  | 8,516                  | (5,290)                          |
| Total program costs                              | <u>\$ 54,173</u>        | 33,414                 | <u>\$ (20,759)</u>               |
| Less amount paid by the State <sup>2</sup>       |                         | -                      |                                  |
| Allowable costs claimed in excess of amount paid |                         | <u>\$ 33,414</u>       |                                  |
| <br><u>July 1, 2006, through June 30, 2007</u>   |                         |                        |                                  |
| Direct costs:                                    |                         |                        |                                  |
| Homicide reports                                 | \$ 91                   | \$ 91                  | \$ -                             |
| Domestic violence related calls for assistance   | 51,937                  | 46,478                 | (5,459)                          |
| Total direct costs                               | 52,028                  | 46,569                 | (5,459)                          |
| Indirect costs                                   | 14,828                  | 13,272                 | (1,556)                          |
| Total program costs                              | <u>\$ 66,856</u>        | 59,841                 | <u>\$ (7,015)</u>                |
| Less amount paid by the State <sup>2</sup>       |                         | -                      |                                  |
| Allowable costs claimed in excess of amount paid |                         | <u>\$ 59,841</u>       |                                  |

## Schedule (continued)

| Cost Elements                                    | Actual Costs<br>Claimed | Allowable<br>per Audit | Audit<br>Adjustment <sup>1</sup> |
|--|-------------------------|------------------------|----------------------------------|
| <u>July 1, 2007, through June 30, 2008</u>       |                         |                        |                                  |
| Direct costs:                                    |                         |                        |                                  |
| Homicide reports                                 | \$ 160                  | \$ 160                 | \$ -                             |
| Hate crime reports                               | 30                      | 30                     | -                                |
| Domestic violence related calls for assistance   | 50,223                  | 44,603                 | (5,620)                          |
| Total direct costs                               | 50,413                  | 44,793                 | (5,620)                          |
| Indirect costs                                   | 14,115                  | 12,541                 | (1,574)                          |
| Total program costs                              | <u>\$ 64,528</u>        | 57,334                 | <u>\$ (7,194)</u>                |
| Less amount paid by the State <sup>2</sup>       |                         | -                      |                                  |
| Allowable costs claimed in excess of amount paid |                         | <u>\$ 57,334</u>       |                                  |
| <br><u>July 1, 2008, through June 30, 2009</u>   |                         |                        |                                  |
| Direct costs:                                    |                         |                        |                                  |
| Homicide reports                                 | \$ 372                  | \$ 372                 | \$ -                             |
| Domestic violence related calls for assistance   | 67,275                  | 45,618                 | (21,657)                         |
| Total direct costs                               | 67,647                  | 45,990                 | (21,657)                         |
| Indirect costs                                   | 18,671                  | 12,693                 | (5,978)                          |
| Total program costs                              | <u>\$ 86,318</u>        | 58,683                 | <u>\$ (27,635)</u>               |
| Less amount paid by the State <sup>2</sup>       |                         | -                      |                                  |
| Allowable costs claimed in excess of amount paid |                         | <u>\$ 58,683</u>       |                                  |

## Schedule (continued)

| Cost Elements                                    | Actual Costs<br>Claimed | Allowable<br>per Audit | Audit<br>Adjustment <sup>1</sup> |
|--|-------------------------|------------------------|----------------------------------|
| <u>July 1, 2009, through June 30, 2010</u>       |                         |                        |                                  |
| Direct costs:                                    |                         |                        |                                  |
| Homicide reports                                 | \$ 511                  | \$ 511                 | \$ -                             |
| Hate crime reports                               | 30                      | 30                     | -                                |
| Domestic violence related calls for assistance   | <u>52,803</u>           | <u>46,254</u>          | <u>(6,549)</u>                   |
| Total direct costs                               | 53,344                  | 46,795                 | (6,549)                          |
| Indirect costs                                   | <u>10,135</u>           | <u>8,890</u>           | <u>(1,245)</u>                   |
| Total program costs                              | <u>\$ 63,479</u>        | 55,685                 | <u>\$ (7,794)</u>                |
| Less amount paid by the State <sup>2</sup>       |                         | <u>-</u>               |                                  |
| Allowable costs claimed in excess of amount paid |                         | <u>\$ 55,685</u>       |                                  |
| <br><u>July 1, 2010, through June 30, 2011</u>   |                         |                        |                                  |
| Direct costs:                                    |                         |                        |                                  |
| Homicide reports                                 | \$ 139                  | \$ 139                 | \$ -                             |
| Domestic violence related calls for assistance   | <u>73,786</u>           | <u>47,636</u>          | <u>(26,150)</u>                  |
| Total direct costs                               | 73,925                  | 47,775                 | (26,150)                         |
| Indirect costs                                   | <u>24,321</u>           | <u>15,718</u>          | <u>(8,603)</u>                   |
| Total program costs                              | <u>\$ 98,246</u>        | \$ 63,493              | <u>\$ (34,753)</u>               |
| Less amount paid by the State <sup>2</sup>       |                         | <u>-</u>               |                                  |
| Allowable costs claimed in excess of amount paid |                         | <u>\$ 63,493</u>       |                                  |

**Schedule (continued)**

| Cost Elements   | Actual Costs<br>Claimed | Allowable<br>per Audit | Audit<br>Adjustment <sup>1</sup> |
|---|-------------------------|------------------------|----------------------------------|
| <u>July 1, 2011, through June 30, 2012</u>              |                         |                        |                                  |
| Direct costs:   |                         |                        |                                  |
| Homicide reports  | \$ 301                  | \$ 301                 | \$ -                             |
| Domestic violence related calls for assistance          | 51,301                  | 31,791                 | (19,510)                         |
| Total direct costs                                      | 51,602                  | 32,092                 | (19,510)                         |
| Indirect costs  | 19,815                  | 12,323                 | (7,492)                          |
| Total program costs                                     | <u>\$ 71,417</u>        | \$ 44,415              | <u>\$ (27,002)</u>               |
| Less amount paid by the State <sup>2</sup>              |                         | -                      |                                  |
| Allowable costs claimed in excess of amount paid        |                         | <u>\$ 44,415</u>       |                                  |
| <br><u>Summary: July 1, 2001, through June 30, 2012</u> |                         |                        |                                  |
| Direct costs:   |                         |                        |                                  |
| Revise existing policies and procedures                 | \$ 762                  | \$ 762                 | \$ -                             |
| Homicide reports  | 2,806                   | 2,806                  | -                                |
| Hate crime reports                                      | 60                      | 60                     | -                                |
| Domestic violence related calls for assistance          | 556,258                 | 399,598                | (156,660)                        |
| Total direct costs                                      | 559,886                 | 403,226                | (156,660)                        |
| Indirect costs  | 181,450                 | 128,247                | (53,203)                         |
| Total program costs                                     | <u>\$ 741,336</u>       | \$ 531,473             | <u>\$ (209,863)</u>              |
| Less amount paid by the State <sup>2</sup>              |                         | -                      |                                  |
| Allowable costs claimed in excess of amount paid        |                         | <u>\$ 531,473</u>      |                                  |

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

<sup>2</sup> Payment amount current as of July 21, 2021.

# Finding and Recommendation

**FINDING—  
Overstated salary and  
benefit costs**

The city claimed \$556,258 in salaries and benefits for the Domestic Violence Related Calls for Assistance cost component. We found that \$399,598 is allowable and \$156,660 is unallowable. Unallowable related indirect costs total \$53,203, for a total finding of \$209,863.

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 ATIs necessary to process a report, then multiplied the resulting hours by a PHR and related benefit rate.

During testing, we found that the city overstated the claimed hours; for FY 2011-12, claimed ineligible costs for a classification that did not perform the mandated activity of writing incident reports; overstated PHRs in some fiscal years; and overstated the 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 *State Controller’s Office Mandated Cost Manual for Local Agencies*.

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 |                   |                     |                            |                        |
|--------------|-----------------------|-------------------|---------------------|----------------------------|------------------------|
|              | Amount Claimed        | Amount Allowable  | Audit Adjustment    | Unallowable Indirect Costs | Total Audit Adjustment |
| 2001-02      | \$ 40,654             | \$ 24,515         | \$ (16,139)         | \$ (6,407)                 | \$ (22,546)            |
| 2002-03      | 41,383                | 25,903            | (15,480)            | (5,386)                    | (20,866)               |
| 2003-04      | 44,248                | 28,756            | (15,492)            | (5,826)                    | (21,318)               |
| 2004-05      | 42,487                | 33,352            | (9,135)             | (3,846)                    | (12,981)               |
| 2005-06      | 40,161                | 24,692            | (15,469)            | (5,290)                    | (20,759)               |
| 2006-07      | 51,937                | 46,478            | (5,459)             | (1,556)                    | (7,015)                |
| 2007-08      | 50,223                | 44,603            | (5,620)             | (1,574)                    | (7,194)                |
| 2008-09      | 67,275                | 45,618            | (21,657)            | (5,978)                    | (27,635)               |
| 2009-10      | 52,803                | 46,254            | (6,549)             | (1,245)                    | (7,794)                |
| 2010-11      | 73,786                | 47,636            | (26,150)            | (8,603)                    | (34,753)               |
| 2011-12      | 51,301                | 31,791            | (19,510)            | (7,492)                    | (27,002)               |
| <b>Total</b> | <b>\$ 556,258</b>     | <b>\$ 399,598</b> | <b>\$ (156,660)</b> | <b>\$ (53,203)</b>         | <b>\$ (209,863)</b>    |

**Overstated hours/unsupported incident reports**

The city overstated claimed hours for the Domestic Violence Related Calls for Assistance cost component. As a result, the city overstated salary and benefit costs totaling \$112,392. Unallowable related indirect costs total \$39,320, for a total adjustment of \$151,712. The claimed hours are derived by multiplying the time it takes employees to complete the mandated



activity (time increment) by the number of domestic violence incident reports that were reported to the DOJ. We reviewed each component separately.

### **Incident Reports**

For FY 2001-02 through FY 2009-10, the city's claims did not identify the total number of domestic violence-related calls for assistance incident reports claimed. However, the city's claims identified 727 incident reports for FY 2010-11 and 495 incident reports for FY 2011-12.

During testing, we requested that the city provide copies of the monthly reports that had been submitted to the DOJ, and summary reports to identify the domestic violence-related incident reports that had been claimed. The city provided copies of the monthly reports that had been submitted to the DOJ and summary reports generated by the city's Records Management System for FY 2005-06 through FY 2011-12 to support the number of incident reports claimed. During our review of the documents, we verified the number of incident reports, and verified that they met the mandate criteria requirements.

For FY 2001-02 through FY 2004-05, the city was unable to provide summary reports to verify the number of incident reports claimed. Our discussions with city staff disclosed that the records for these fiscal years were lost during a change in the city's Records Management System. For these fiscal years, we calculated an average incident report count based on the data provided for FY 2005-06 through FY 2011-12. We applied the average incident report count to FY 2001-02 through FY 2004-05.

The following table summarizes the allowable number of domestic violence related calls for assistance written incident reports:

| Fiscal<br>Year | Reports<br>Allowable |
|----------------|----------------------|
| 2001-02        | 678                  |
| 2002-03        | 678                  |
| 2003-04        | 678                  |
| 2004-05        | 678                  |
| 2005-06        | 474                  |
| 2006-07        | 841                  |
| 2007-08        | 759                  |
| 2008-09        | 729                  |
| 2009-10        | 722                  |
| 2010-11        | 727                  |

### **Average Time Increments**

For the audit period, the city estimated that it took Police Officers 40 minutes to write an incident report and 15 minutes for Sergeants to review incident reports. The city did not maintain a time study to support the 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. Based on our interviews, we concluded that the claimed ATIs are reasonable.

For FY 2010-11 and FY 2011-12, we found that the city did not calculate the claimed hours for the Sergeant classification using the ATI of 15 minutes to review incident reports. Instead, the city erroneously claimed the same number of hours that it claimed for Police Officers to write the incident reports.

Furthermore, as discussed previously, the city claimed unsupported incident reports. We recalculated the allowable costs based on the allowable ATIs and the allowable number of incident reports. We found that the city overstated the claimed hours for the Sergeant classification to review incident reports in FY 2010-11 and FY 2011-12.

The city claimed overstated costs as a result of overstated hours and 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     | \$ (12,063)           | \$ (4,789)             | \$ (16,852)         |
| 2002-03     | (12,065)              | (4,198)                | (16,263)            |
| 2003-04     | (11,498)              | (4,324)                | (15,822)            |
| 2004-05     | (4,929)               | (2,075)                | (7,004)             |
| 2005-06     | (12,732)              | (4,354)                | (17,086)            |
| 2008-09     | (15,539)              | (4,289)                | (19,828)            |
| 2010-11     | (26,150)              | (8,603)                | (34,753)            |
| 2011-12     | (17,416)              | (6,688)                | (24,104)            |
| Total       | <u>\$ (112,392)</u>   | <u>\$ (39,320)</u>     | <u>\$ (151,712)</u> |

### Productive hourly rates

The city overstated the average PHRs claimed for the Police Officer and Sergeant classifications, which resulted in overstated salary and benefit costs, totaling \$44,268. Unallowable related indirect costs total \$13,883, for a total adjustment of \$58,151.

For the audit period, the city calculated average PHRs for the Police Officer and Sergeant classifications using information from its Hourly Billing Rate by Classification document. Based on our review of this document, we found that the claimed PHRs were derived by using the top step “hourly rate at step (E)” for each classification. The city provided salary schedules for our review. We reviewed the salary schedules and found that the Police Officer classification has three tiers: basic, intermediate, and advanced; and the Sergeant classification has two tiers: intermediate and advanced. Each tier’s salary schedule is based on a five-step progression.

Discussions with Police Department staff members disclosed that the department had high turnover during the audit period and employees at all salary steps performed the mandated activities. Therefore, we recalculated the PHRs using the approved monthly salaries of each salary step for each classification to calculate the average annual salary amounts. To determine the average PHR for the Police Officer and Sergeant classifications, we divided the average annual salary amounts for each classification by 1,800 hours.

For FY 2011-12, the city claimed an hourly rate, based on the salary of the Corporal Advanced classification, to write incident reports rather than the Police Officer classification. Discussions with key personnel confirmed that Corporals did not perform this mandated activity; instead, they performed follow-up investigations as necessary. Therefore, we determined that the city claimed ineligible costs for a classification that did not perform the mandated activity of writing an incident report in FY 2011-12. We determined that the calculated average PHR for the Police Officer classification was allowable for this fiscal year.

Our review of the PHRs disclosed that the city overstated the average PHRs in all fiscal years except FY 2010-11. The overstatement occurred because the city calculated PHRs based on the top step of the salary schedule rather than calculating an average PHR, and claimed an ineligible classification in FY 2011-12. We calculated allowable costs based on allowable PHRs and classifications.

The city claimed overstated costs as a result of overstated PHRs and claiming an ineligible classification. The following table summarizes the fiscal years that resulted in an audit adjustment:

| Fiscal<br>Year | Salaries<br>and Benefits | Related<br>Indirect Costs | Audit<br>Adjustment |
|----------------|--------------------------|---------------------------|---------------------|
| 2001-02        | \$ (4,076)               | \$ (1,618)                | \$ (5,694)          |
| 2002-03        | (3,415)                  | (1,188)                   | (4,603)             |
| 2003-04        | (3,994)                  | (1,502)                   | (5,496)             |
| 2004-05        | (4,206)                  | (1,771)                   | (5,977)             |
| 2005-06        | (2,737)                  | (936)                     | (3,673)             |
| 2006-07        | (5,459)                  | (1,556)                   | (7,015)             |
| 2007-08        | (5,620)                  | (1,574)                   | (7,194)             |
| 2008-09        | (6,118)                  | (1,689)                   | (7,807)             |
| 2009-10        | (6,549)                  | (1,245)                   | (7,794)             |
| 2011-12        | (2,094)                  | (804)                     | (2,898)             |
| Total          | <u>\$ (44,268)</u>       | <u>\$ (13,883)</u>        | <u>\$ (58,151)</u>  |

### Criteria

Section IV of the parameters and guidelines states, in part:

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.

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 2020-21 Budget Acts. If the program becomes active, we recommend that the city:

- Follow the mandated program claiming instructions and parameters and guidelines when claiming reimbursement for mandated costs;
- Claim costs based on the number of domestic violence-related calls for assistance that are reported to the DOJ and supported with a written report;
- Claim costs based on the actual time increments required to perform the mandated cost activity; and
- Calculate PHRs based on the employee classification that perform the mandated activities.

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