

CITY OF FULLERTON

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

Ellis Chang, Director of Administrative Services
City of Fullerton
303 West Commonwealth Avenue
Fullerton, CA 92832

Dear Ms. Chang:

The State Controller's Office audited the costs claimed by the City of Fullerton 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 \$948,714 for costs of the mandated program. Our audit found that \$349,251 is allowable and \$599,463 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 \$349,251, 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/as

Ellis Chang,
Director of Administrative Services

-2-

September 1, 2021

cc: The Honorable Bruce Whitaker, Mayor
City of Fullerton
Kenneth A. Domer, City Manager
City of Fullerton
Ramona Castañeda, Revenue Manager
City of Fullerton
Robert Dunn, Chief
Fullerton Police Department
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

Contents

Audit Report

Summary	1
Background	1
Audit Authority.....	2
Objective, Scope, and Methodology	3
Conclusion	4
Follow-up on Prior Audit Findings.....	4
Views of Responsible Officials.....	5
Restricted Use	5
Schedule—Summary of Program Costs	6
Finding and Recommendation	12
Attachment—City’s Response to Draft Audit Report	

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Fullerton 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 \$948,714 for costs of the mandated program. Our audit found that \$349,251 is allowable and \$599,463 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 \$349,251, 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 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 the 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.¹

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 key city staff members. Discussed the claim preparation process with city staff members 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, expenditure, and revenue records) and the city's record management system by interviewing city staff members and examining supporting records. Determined that the data was sufficiently reliable to address the audit objectives;
- Interviewed city staff members to determine what employee classifications were involved in performing the reimbursable activities during the audit period;
- Traced productive hourly rate (PHR) calculations for all employee classifications performing the mandated activities to supporting information in the city's payroll system (see the Finding);
- Traced benefit rate calculations for all employee classifications performing the mandated activities to supporting information in the city's payroll system;
- 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);

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

- Traced a judgmentally selected non-statistical sample of 140 (20 reports for fiscal year [FY] 2005-06 through FY 2011-12) out of 2,769 domestic violence calls for assistance to written incident reports. Errors found were not projected to the population;
- 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 members, reviewed single audit reports (with accompanying financial statements), and reviewed revenue reports for the audit period for other sources of funding. 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 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 Fullerton claimed \$948,714 for costs of the legislatively mandated Crime Statistics Reports for the Department of Justice Program. Our audit found that \$349,251 is allowable and \$599,463 is unallowable. The State made no payments to the city. The State will pay \$349,251, 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 issued a draft audit report on July 28, 2021. Ellis Chang, Administrative Services Director, responded by letter dated August 5, 2021 (Attachment), agreeing with the audit finding.

Restricted Use

This audit report is solely for the information and use of the City of Fullerton, 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.

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 Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Revise existing policies and procedures	\$ 120	\$ 120	\$ -
Homicide reports	585	585	-
Domestic violence related calls for assistance	49,358	19,084	(30,274)
Total direct costs	50,063	19,789	(30,274)
Indirect costs	10,463	4,136	(6,327)
Total program costs	<u>\$ 60,526</u>	23,925	<u>\$ (36,601)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 23,925</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Homicide reports	\$ 709	\$ 709	\$ -
Domestic violence related calls for assistance	50,880	19,394	(31,486)
Total direct costs	51,589	20,103	(31,486)
Indirect costs	8,203	3,197	(5,006)
Total program costs	<u>\$ 59,792</u>	23,300	<u>\$ (36,492)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 23,300</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Homicide reports	\$ 747	\$ 747	\$ -
Domestic violence related calls for assistance	61,317	20,432	(40,885)
Total direct costs	62,064	21,179	(40,885)
Indirect costs	10,241	3,495	(6,746)
Total program costs	<u>\$ 72,305</u>	24,674	<u>\$ (47,631)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 24,674</u>	
 <u>July 1, 2004, through June 30, 2005</u>			
Direct costs:			
Homicide reports	\$ 747	\$ -	\$ (747)
Domestic violence related calls for assistance	62,817	22,085	(40,732)
Total direct costs	63,564	22,085	(41,479)
Indirect costs	9,534	3,313	(6,221)
Total program costs	<u>\$ 73,098</u>	25,398	<u>\$ (47,700)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 25,398</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Revise existing policies and procedures	\$ 130	\$ 130	\$ -
Homicide reports	521	-	(521)
Hate crime reports	521	521	-
Domestic violence related calls for assistance	85,834	23,795	(62,039)
Total direct costs	87,006	24,446	(62,560)
Indirect costs	14,351	4,031	(10,320)
Total program costs	<u>\$ 101,357</u>	28,477	<u>\$ (72,880)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 28,477</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Homicide reports	\$ 507	\$ 507	\$ -
Hate crime reports	509	509	-
Domestic violence related calls for assistance	93,623	31,101	(62,522)
Total direct costs	94,639	32,117	(62,522)
Indirect costs	15,593	5,291	(10,302)
Total program costs	<u>\$ 110,232</u>	37,408	<u>\$ (72,824)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 37,408</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs:			
Homicide reports	\$ 505	\$ 505	\$ -
Hate crime reports	505	505	-
Domestic violence related calls for assistance	<u>84,849</u>	<u>30,122</u>	<u>(54,727)</u>
Total direct costs	85,859	31,132	(54,727)
Indirect costs	<u>16,386</u>	<u>5,942</u>	<u>(10,444)</u>
Total program costs	<u>\$ 102,245</u>	37,074	<u>\$ (65,171)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 37,074</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs:			
Homicide reports	\$ 543	\$ 543	\$ -
Hate crime reports	541	541	-
Domestic violence related calls for assistance	<u>80,886</u>	<u>29,251</u>	<u>(51,635)</u>
Total direct costs	81,970	30,335	(51,635)
Indirect costs	<u>15,069</u>	<u>5,577</u>	<u>(9,492)</u>
Total program costs	<u>\$ 97,039</u>	35,912	<u>\$ (61,127)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 35,912</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs:			
Homicide reports	\$ 543	\$ 543	\$ -
Hate crime reports	492	492	-
Domestic violence related calls for assistance	88,046	32,124	(55,922)
Total direct costs	89,081	33,159	(55,922)
Indirect costs	16,376	6,096	(10,280)
Total program costs	<u>\$ 105,457</u>	39,255	<u>\$ (66,202)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 39,255</u>	
 <u>July 1, 2010, through June 30, 2011</u>			
Direct costs:			
Homicide reports	\$ 530	\$ 530	\$ -
Domestic violence related calls for assistance	68,016	28,550	(39,466)
Total direct costs	68,546	29,080	(39,466)
Indirect costs	13,517	5,735	(7,782)
Total program costs	<u>\$ 82,063</u>	\$ 34,815	<u>\$ (47,248)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 34,815</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2011, through June 30, 2012</u>			
Direct costs:			
Domestic violence related calls for assistance	\$ 70,478	\$ 32,500	\$ (37,978)
Total direct costs	70,478	32,500	(37,978)
Indirect costs	14,122	6,513	(7,609)
Total program costs	<u>\$ 84,600</u>	\$ 39,013	<u>\$ (45,587)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 39,013</u>	
 <u>Summary: July 1, 2001, through June 30, 2012</u>			
Direct costs:			
Revise existing policies and procedures	\$ 250	\$ 250	\$ -
Homicide reports	5,937	4,669	(1,268)
Hate crime reports	2,568	2,568	-
Domestic violence related calls for assistance	796,104	288,438	(507,666)
Total direct costs	804,859	295,925	(508,934)
Indirect costs	143,855	53,326	(90,529)
Total program costs	<u>\$ 948,714</u>	\$ 349,251	<u>\$ (599,463)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 349,251</u>	

¹ See the Finding and Recommendation section.

² Payment amount current as of August 19, 2021.

Finding and Recommendation

FINDING— Overstated salary and benefit costs

The city claimed \$804,859 in salary and benefit costs. We found that \$295,925 is allowable and \$508,934 is unallowable. Unallowable related indirect costs total \$90,529, for a total finding of \$599,463. The audit adjustments are related to the Domestic Violence Related Calls for Assistance and Homicide Reports cost components. The city overstated the number of domestic violence-related calls for assistance, overstated the ATIs used to perform the mandated activities, claimed ineligible costs for a employee in a classification that did not perform the mandated activity, overstated the PHRs, claimed unsupported costs for the Homicide Reports cost component, 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 *State Controller's Office Mandated Cost Manual for Local Agencies*.

The following table summarizes the claimed, allowable and overstated salaries, benefits, and related indirect costs for the audit period:

Fiscal Year	Salaries and Benefits			Unallowable Indirect Costs	Total Audit Adjustment
	Amount Claimed	Amount Allowable	Audit Adjustment		
2001-02	\$ 50,063	\$ 19,789	\$ (30,274)	\$ (6,327)	\$ (36,601)
2002-03	51,589	20,103	(31,486)	(5,006)	(36,492)
2003-04	62,064	21,179	(40,885)	(6,746)	(47,631)
2004-05	63,564	22,085	(41,479)	(6,221)	(47,700)
2005-06	87,006	24,446	(62,560)	(10,320)	(72,880)
2006-07	94,639	32,117	(62,522)	(10,302)	(72,824)
2007-08	85,859	31,132	(54,727)	(10,444)	(65,171)
2008-09	81,970	30,335	(51,635)	(9,492)	(61,127)
2009-10	89,081	33,159	(55,922)	(10,280)	(66,202)
2010-11	68,546	29,080	(39,466)	(7,782)	(47,248)
2011-12	70,478	32,500	(37,978)	(7,609)	(45,587)
Total	\$ 804,859	\$ 295,925	\$ (508,934)	\$ (90,529)	\$ (599,463)

Homicide Reports Costs

The city claimed \$5,937 in salaries and benefits for the Homicide Reports cost component. We found that \$4,669 is allowable and \$1,268 is unallowable. The costs are unallowable because the supporting documentation provided did not show that city staff members performed the mandated activities in FY 2004-05 and FY 2005-06. Unallowable related indirect costs total \$198, for a total finding of \$1,466.

Reimbursable activities for this component consist of extracting demographic information from local records, reporting the information to the DOJ monthly, verifying information contained in the report, and providing additional explanation when specifically requested by DOJ.

The city is required to submit monthly reports to the DOJ identifying known crimes that occurred during the month. The city refers to this report as the Uniform Crime Report (UCR). This report identifies the number of homicide reports that occurred during the month. During our testing, the

city provided the UCRs to show that it completed the mandated activities required for the Homicide Report cost component. Based on our review of the UCRs, we found that the city did not report any homicide reports to the DOJ in FY 2004-05 or FY 2005-06. We concluded that the claimed costs are not supported because the documentation provided does not show that city staff members performed the mandated activities in FY 2004-05 and FY 2005-06.

The following table summarizes the overstated costs for the Homicide Reports cost component:

Fiscal Year ¹	Salaries and Benefits	Related Indirect Costs	Audit Adjustment
2004-05	\$ (747)	\$ (112)	\$ (859)
2005-06	(521)	(86)	(607)
Total	<u>\$ (1,268)</u>	<u>\$ (198)</u>	<u>\$ (1,466)</u>

¹ We identified only the fiscal years that resulted in an audit adjustment.

Domestic Violence Related Calls for Assistance Costs

The city overstated salaries and benefits totaling \$468,769. The costs are unallowable because the city overstated the number of domestic violence-related calls for assistance incident reports, overstated the ATIs claimed, and claimed ineligible costs for a classification that did not perform the mandated activity. Unallowable related indirect costs total \$83,645, for a total finding of \$552,414.

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

Incident Reports

For the audit period, the city's claims did not identify the total number of domestic violence-related calls for assistance incident reports claimed. We requested and the city provided summary reports generated from the city's Records Management System for FY 2005-06 through FY 2011-12 to support the number of domestic violence-related calls for assistance incident reports claimed. During our review of the summary reports, we identified the number of domestic violence-related calls for assistance incident reports and verified that the incident reports meet the mandate criteria requirements.

For FY 2001-02 through FY 2004-05, the city was unable to provide summary reports to identify the number of domestic violence-related calls for assistance incident reports claimed. City staff members stated that the records for these fiscal years had been purged from 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, for which supporting documentation was not available. We recalculated the allowable costs using the allowable incident report counts.

The following table summarizes the allowable number of Domestic Violence Related Calls for Assistance written incident reports for the audit period:

<u>Fiscal Year</u>	<u>Allowable Reports</u>
2001-02	396
2002-03	396
2003-04	396
2004-05	396
2005-06	393
2006-07	436
2007-08	404
2008-09	378
2009-10	411
2010-11	369
2011-12	<u>378</u>
Total	<u><u>4,353</u></u>

Average Time Increments

The city claimed costs for Police Officers to write incident reports and Sergeants and Lieutenants to review and edit incident reports. However, the city's claims did not support the time increments used to calculate the claimed costs for Police Department staff members to write, review, and edit incident reports during the audit period. Police Department staff members stated that the department did not conduct a time study to support the time it took employees to complete the mandated activities.

We met with key personnel to determine the time it took for employees to perform the mandated activities and the reasonableness of the claimed costs. Our interviews disclosed that Police Officers are responsible for responding to and writing the initial report for domestic violence-related calls for assistance, and Sergeants review incident reports. In response to our inquiry, city staff members confirmed that Lieutenants did not perform the mandated activity. The Police Department's Report Writing Policy states that the employee's immediate supervisor is required to review incident reports. We concluded that the cost claimed for Lieutenants is ineligible for reimbursement because employees in this classification did

not perform the mandated activity of reviewing and editing incident reports.

Our discussions with key personal also disclosed that, on average, it takes Police Officers 60 minutes to write incident reports and 10 minutes for Sergeants to review incident reports. We calculated the overstated hours due to the overstated time increments for writing, reviewing, and editing incident reports then calculated the related costs.

The following table summarizes the audit adjustment:

Fiscal Year	Salaries and Benefits	Related Indirect Costs	Audit Adjustment
2001-02	\$ (27,962)	\$ (5,844)	\$ (33,806)
2002-03	(27,699)	(4,404)	(32,103)
2003-04	(35,907)	(5,925)	(41,832)
2004-05	(34,088)	(5,113)	(39,201)
2005-06	(55,449)	(9,147)	(64,596)
2006-07	(59,200)	(9,754)	(68,954)
2007-08	(52,552)	(10,029)	(62,581)
2008-09	(49,167)	(9,038)	(58,205)
2009-10	(53,554)	(9,845)	(63,399)
2010-11	(37,361)	(7,367)	(44,728)
2011-12	(35,830)	(7,179)	(43,009)
Total	<u>\$ (468,769)</u>	<u>\$ (83,645)</u>	<u>\$ (552,414)</u>

Productive hourly rates

For the audit period, the city overstated the average PHRs for the Domestic Violence Related Calls for Assistance cost component because it claimed unsupported PHRs. This resulted in overstated salary and benefit costs totaling \$38,897. The related indirect cost is \$6,686, for a total adjustment of \$45,583.

The city calculated an average PHR for the Police Officer and Sergeant classifications using what appeared to be different methodologies. City staff members disclosed that they were unsure how the PHRs were calculated for FY 2001-02 through FY 2011-12. The city provided salary schedules for our review. Based on our review of the salary schedules, we averaged the monthly salaries of the six-step-salary scale in order to determine an average monthly salary for each job classification. We then multiplied the average monthly salary by 12 to determine the average annual salary, then divided the result by 1800 to determine the average PHR. We compared the calculated PHRs with the claimed PHRs and found that the PHRs were overstated.

The following table summarizes the audit adjustment:

Fiscal Year	Salaries and Benefits	Related Indirect Costs	Audit Adjustment
2001-02	\$ (2,312)	\$ (483)	\$ (2,795)
2002-03	(3,787)	(602)	(4,389)
2003-04	(4,978)	(821)	(5,799)
2004-05	(6,644)	(996)	(7,640)
2005-06	(6,590)	(1,087)	(7,677)
2006-07	(3,322)	(548)	(3,870)
2007-08	(2,175)	(415)	(2,590)
2008-09	(2,468)	(454)	(2,922)
2009-10	(2,368)	(435)	(2,803)
2010-11	(2,105)	(415)	(2,520)
2011-12	(2,148)	(430)	(2,578)
Total	<u>\$ (38,897)</u>	<u>\$ (6,686)</u>	<u>\$ (45,583)</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 ongoing activities related to costs 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 again, 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 only for those employees who performed the mandated activities;
- Claim costs based on the actual time increment required to perform the mandated cost activity;
- Calculate PHRs and benefit rates based on the employee classification that perform the mandated activities; and
- Claim costs for only the mandated activities that were actually performed.

City's Response

The city agrees with the audit finding.

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



CITY OF FULLERTON

Administrative Services Department

August 5, 2021

State Controller's Office
Division of Audits
Kimberly Tarvin, CPA
Chief, Division of Audits
P.O. Box 942850
Sacramento, CA 94250

Dear Ms. Tarvin,

The City of Fullerton is in receipt of the State's Audit Report concerning the legislatively mandated Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2001 through June 30, 2012. We have reviewed the report and agree with the findings. The City appreciates your examination of the costs claimed for this program and recognizes that unsupported and ineligible expenses were submitted due to a misunderstanding of the eligibility rules.

Please contact me if you have any further questions at (714) 738-6522.

Sincerely,

A handwritten signature in black ink, appearing to read "Ellis Chang".

Ellis Chang
Administrative Services Director

cc Ramona Castañeda, Revenue Manager

THE EDUCATION COMMUNITY

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