

CITY OF SAN DIEGO

Audit Report

DOMESTIC VIOLENCE ARREST POLICIES AND STANDARDS PROGRAM

Chapter 246, Statutes of 1995

July 1, 2013, through June 30, 2017



BETTY T. YEE
California State Controller

January 2020



BETTY T. YEE
California State Controller

January 10, 2020

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Kris Michell, Chief Operating Officer
City of San Diego
202 C Street, MS 9A
San Diego, CA 92101

Dear Ms. Michell:

The State Controller's Office (SCO) audited the costs claimed by the City of San Diego for the legislatively mandated Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2013, through June 30, 2017.

The city claimed and was paid \$669,225 for costs of the mandated program. Our audit found that \$536,167 is allowable and \$133,058 is unallowable. The costs are unallowable primarily because the city claimed ineligible salaries and benefits.

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.

If you have any questions, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3138.

Sincerely,

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

JLS/hf

cc: The Honorable Kevin L. Faulconer, Mayor
City of San Diego
Rolando Charvel, Chief Financial Officer
City of San Diego
Kyle Meaux, Administrative Services Manager
San Diego Police Department
Martha Barrick, Program Coordinator
San Diego Police Department
Chris Hill, Principal Program Budget Analyst
Local Government Unit
California Department of Finance
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California Department of Finance
Debra Morton, Manager
Local Government Programs and Services Division
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 San Diego for the legislatively mandated Domestic Violence Arrest Policies and Standards (DVAPS) Program for the period of July 1, 2013, through June 30, 2017.

The city claimed and was paid \$669,225 for costs of the mandated program. Our audit found that \$536,167 is allowable and \$133,058 is unallowable. The costs are unallowable primarily because the city claimed ineligible salaries and benefits.

Background

Penal Code (PC) section 13701, subdivision (b) (added by Chapter 246, Statutes of 1995), required local law enforcement agencies to develop, adopt, and implement written arrest policies for domestic violence offenders by July 1, 1996. The legislation also required local law enforcement agencies to obtain input from local domestic violence agencies in developing the arrest policies. Under previous law, local law enforcement agencies were required to develop, adopt, and implement written policies for response to domestic violence calls and were encouraged, but not obligated, to consult with domestic violence experts.

On September 25, 1997, the Commission on State Mandates (Commission) determined that Chapter 246, Statutes of 1995, imposed a state mandated program reimbursable under Government Code (GC) section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The Commission adopted the parameters and guidelines on August 20, 1998, and amended them on October 30, 2009. In compliance with GC section 17558, the SCO issues claiming instructions to assist local agencies in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

The objective of our audit was to determine whether costs claimed represent increased costs resulting from the legislatively mandated DVAPS 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.

The audit period was July 1, 2013, through June 30, 2017.

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 and 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. Discussed the claim preparation process with city staff to determine what information was obtained, who obtained it, and how it was used;
- Interviewed city staff to determine which employee classifications were involved in performing the reimbursable activities during the audit period;
- Traced all average productive hourly rate calculations to supporting information in the city's payroll system;
- Reviewed indirect costs claimed to determine whether the standard 10% rate was properly applied to direct labor costs, excluding fringe benefits;
- Verified that the city used the uniform time allowance and applied it properly;
- Reviewed and analyzed the claimed domestic violence incident report counts and verified that these counts were supported by the city's report management system;
- Using a simple random sample, selected a statistical sample of the claimed incident reports, as follows:
 - Selected a sample of 146 incident reports from a population of 5,532 incident reports for FY 2013-14;
 - Selected a sample of 146 incident reports from a population of 5,494 incident reports for FY 2014-15;
 - Selected a sample of 146 incident reports from a population of 5,398 incident reports for FY 2015-16;
 - Selected a sample of 146 incident reports from a population of 5,129 incident reports for FY 2016-17;
- Verified that the sampled incident reports included interviews with both parties involved in the domestic violence incident, and that the officer considered various factors listed in the parameters and guidelines to identify the primary aggressor. Our testing identified the following errors:
 - Identified 53 partially reimbursable incident reports and 12 non-mandate-related incident reports from the 146 sampled incident reports for FY 2013-14;
 - Identified 61 partially reimbursable incident reports and 13 non-mandate-related incident reports from the 146 sampled incident reports for FY 2014-15;
 - Identified 59 partially reimbursable incident reports and 14 non-mandate-related incident reports from the 146 sampled incident reports for FY 2015-16;
 - Identified 57 partially reimbursable incident reports and 10 non-mandate-related incident reports from the 146 sampled incident reports for FY 2016-17;

- Errors found were projected to the intended population. See the Finding and Recommendation section for additional information;
- Recalculated allowable costs claimed using our audited incident report counts; and
- Reviewed potential sources of offsetting savings and reimbursements for the audit period. We inquired with city staff and reviewed single audit reports (with accompanying financial statements) for other sources of funding.

GC sections 12410, 17558.5, and 17561 provide the legal authority to conduct this audit. 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 limited our review of the city's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures. Our audit scope did not assess the efficiency or effectiveness of program operations. 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 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 San Diego claimed and was paid \$669,225 for costs of the legislatively mandated DVAPS Program. Our audit found that \$536,167 is allowable and \$133,058 is unallowable.

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

Follow-up on Prior Audit Findings

The city has not resolved the finding noted in our prior audit report for the period of July 1, 2006, through June 30, 2011, issued on September 24, 2013, as described in the finding.

**Views of
Responsible
Officials**

We issued a draft audit report on November 1, 2019. Kyle Meaux, Administrative Services Manager, responded by letter dated September 12, 2019 (Attachment), accepting the audit results. This final audit report includes the city's response.

Restricted Use

This audit report is solely for the information and use of the City of San Diego, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

January 10, 2020

Schedule—
Summary of Program Costs
July 1, 2013, through June 30, 2017

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2013, through June 30, 2014</u>			
Direct costs:			
Salaries and benefits	\$ 169,439	\$ 137,601	\$ (31,838)
Indirect costs	<u>9,716</u>	<u>7,890</u>	<u>(1,826)</u>
Total program costs	<u>\$ 179,155</u>	145,491	<u>\$ (33,664)</u>
Less amount paid by the State ²		<u>(179,155)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ (33,664)</u>	
<u>July 1, 2014, through June 30, 2015</u>			
Direct costs:			
Salaries and benefits	\$ 159,678	\$ 126,015	\$ (33,663)
Indirect costs	<u>9,293</u>	<u>7,334</u>	<u>(1,959)</u>
Total program costs	<u>\$ 168,971</u>	133,349	<u>\$ (35,622)</u>
Less amount paid by the State ²		<u>(168,971)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ (35,622)</u>	
<u>July 1, 2015, through June 30, 2016</u>			
Direct costs:			
Salaries and benefits	\$ 156,758	\$ 123,242	\$ (33,516)
Indirect costs	<u>8,957</u>	<u>7,042</u>	<u>(1,915)</u>
Total program costs	<u>\$ 165,715</u>	130,284	<u>\$ (35,431)</u>
Less amount paid by the State ²		<u>(165,715)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ (35,431)</u>	
<u>July 1, 2016, through June 30, 2017</u>			
Direct costs:			
Salaries and benefits	\$ 146,829	\$ 120,048	\$ (26,781)
Indirect costs	<u>8,555</u>	<u>6,995</u>	<u>(1,560)</u>
Total program costs	<u>\$ 155,384</u>	127,043	<u>\$ (28,341)</u>
Less amount paid by the State ²		<u>(155,384)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ (28,341)</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>Summary: July 1, 2013, through June 30, 2017</u>			
Direct costs:			
Salaries and benefits	\$ 632,704	\$ 506,906	\$ (125,798)
Indirect costs	<u>36,521</u>	<u>29,261</u>	<u>(7,260)</u>
Total program costs	<u>\$ 669,225</u>	536,167	<u>\$ (133,058)</u>
Less amount paid by the State ²		<u>(669,225)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ (133,058)</u>	

¹ See the Finding and Recommendation section.

² Payment amount current as of November 12, 2019.

Finding and Recommendation

**REPEAT
FINDING—
Ineligible salaries and
benefits**

The city claimed \$632,704 in salaries and benefits for the audit period. During testing, we found that \$506,906 is allowable and \$125,798 is unallowable. Unallowable related indirect costs total \$7,260, for a total audit finding of \$133,058. The costs are unallowable because the city claimed the full time-increment (e.g. 29 minutes) for incidents that are only partially reimbursable and claimed reimbursement for ineligible incident reports.

We previously audited the city’s program claims filed for fiscal year (FY) 2006-07 through FY 2010-11. That audit also found that the city claimed non-mandate-related incident reports and the full time-increment for incident reports that are only partially reimbursable.

The city provided documentation to support the total number of incident reports claimed for each fiscal year. The following table summarizes the number of incident reports claimed and the total hours claimed:

	Fiscal Year			
	2013-14	2014-15	2015-16	2016-17
Number of domestic violence incident reports claimed	5,532	5,494	5,398	5,129
Uniform time allowance (hours)	× 0.48	× 0.48	× 0.48	× 0.48
Total hours claimed	2,655	2,637	2,591	2,462

For each fiscal year, we selected a statistical sample from the documented number of domestic violence incident reports (the population) based on a 95% confidence level, a precision rate of +/- 8%, and an expected error rate of 50%. We used statistical samples so that the results could be projected to the population for each fiscal year. We selected a random sample of 146 incident reports for each fiscal year, for a total of 584 incident reports, and reviewed the sample incident reports to determine whether the city performed the required mandated program activities. Our review found that:

- 305 incident reports were fully reimbursable under the mandated program. These reports are reimbursable at 29 minutes (0.48 hours) per report;
- 230 incident reports were only partially reimbursable because the officers did not interview both parties involved in the domestic violence incident. These reports are reimbursable at 20.5 minutes (0.34 hours) per report, based on 8.5 minutes to interview one party and 12 minutes to consider various factors identified in the parameters and guidelines. The error occurred because the city’s case management system is not capable of identifying whether an officer interviewed both parties involved in a domestic violence incident; and

- 49 incident reports were not reimbursable because the incidents did not meet the definition of domestic violence, as defined by PC section 13700. The incidents involved issues such as court-order violations, harassing and annoying text messages, and burglary. The error occurred because the city misinterpreted the requirements of the mandated program.

The following table summarizes the results of our statistical sampling:

	Fiscal Year				Total
	2013-14	2014-15	2015-16	2016-17	
Allowable incident reports	81	72	73	79	305
Partially reimbursable incident reports – only one party interviewed	53	61	59	57	230
Non-mandate-related incident reports	12	13	14	10	49
Total reports sampled	146	146	146	146	584

The following table shows the calculation of unallowable hours based on the results of the statistical sampling:

	Fiscal Year				Total
	2013-14	2014-15	2015-16	2016-17	
Allowable incident reports	81	72	73	79	305
Uniform time allowance (hours)	× 0.48	× 0.48	× 0.48	× 0.48	
Subtotal (A)	38.88	34.56	35.04	37.92	
Partially reimbursable incident reports – only one party interviewed	53	61	59	57	230
Allowable uniform time allowance (hours)	× 0.34	× 0.34	× 0.34	× 0.34	
Subtotal (B)	18.02	20.74	20.06	19.38	
Total reimbursable hours for sampled reports [(A) + (B)]	56.9	55.3	55.1	57.3	
Statistical sample size	÷ 146	÷ 146	÷ 146	÷ 146	
Reimbursable hours per report	0.3897	0.3788	0.3774	0.3925	
Number of domestic violence incident reports claimed	× 5,532	× 5,494	× 5,398	× 5,129	
Total reimbursable hours	2,156	2,081	2,037	2,013	
Less: total hours claimed	(2,655)	(2,637)	(2,591)	(2,462)	
Unallowable hours	(499)	(556)	(554)	(449)	

The following table summarizes unallowable costs based on the unallowable hours identified from the statistical sampling:

	Fiscal Year				Total
	2013-14	2014-15	2015-16	2016-17	
Unallowable hours	(499)	(556)	(554)	(449)	
Claimed average productive hourly rate (salary)	× \$ 36.59	× \$ 35.24	× \$ 34.57	× \$ 34.75	
Unallowable salaries (C) ¹	\$ (18,258)	\$ (19,593)	\$ (19,152)	\$ (15,603)	\$ (72,606)
Benefit rate	× 74.38%	× 71.81%	× 75.00%	× 71.64%	
Unallowable benefits (D)	(13,580)	(14,070)	(14,364)	(11,178)	(53,192)
Unallowable salaries and benefits [(E) = (C) + (D)]	(31,838)	(33,663)	(33,516)	(26,781)	\$ (125,798)
Unallowable salaries	(18,258)	(19,593)	(19,152)	(15,603)	
Indirect cost rate claimed	× 10.00%	× 10.00%	× 10.00%	× 10.00%	
Related indirect costs (F)	(1,826)	(1,959)	(1,915)	(1,560)	(7,260)
Audit adjustment [(E) + (F)]	\$ (33,664)	\$ (35,622)	\$ (35,431)	\$ (28,341)	\$ (133,058)

¹ The average productive hourly rate claimed for FY 2013-14 through FY 2016-17 combined salaries and benefits. We calculated salaries and benefits separately to show that the indirect cost rates were applied to the correct cost base of salaries for each fiscal year.

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.

Section IV.E of the parameters and guidelines authorizes a total uniform time allowance of 29 minutes (0.48 hours) for responding officers to interview both parties (17 minutes) and consider various specified factors (12 minutes) in a domestic violence incident.

Recommendation

We recommend that the city:

- Follow the SCO’s claiming instructions and the mandated program’s parameters and guidelines;
- Claim costs for only those reports that document incidents meeting the definition of domestic violence as provided by PC section 13700; and
- Claim only the portion of the uniform time allowance that is attributable to the mandated activities actually performed.

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

September 12, 2019

Lisa Kurokawa, Audit Bureau Chief
State Controller's Office
Division of Audits
PO Box 942850
Sacramento, CA 94250

Dear Ms. Kurokawa,

Following is the City of San Diego's response to the State Controller's Office audit of costs claimed for the legislatively mandated Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2013 through June 30, 2017.

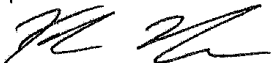
FINDING -- Ineligible salaries and benefits

The San Diego Police Department investigates any and all domestic violence allegations, including violation of court orders between domestic parties, as any of these situations could escalate into violence. Unfortunately for purposes of SB90 reimbursements, Penal Code 13700 narrowly defines domestic violence as abuse that involves bodily injury or the fear of imminent bodily injury. In reviewing cases for potential reimbursement, the Department did not narrow the criteria as all domestic violence allegations are serious and not dismissed regardless of potential for reimbursement.

The City accepts the audit finding that some incident reports were not reimbursable because the incidents did not meet the definition of domestic violence, as defined by PC section 13700. The City will update its procedures for determining mandate-related cases to only include cases involving a violent crime that have the domestic violence indicator and exclude those codes that were identified as being outside PC Section 13700 by the audit. Additional internal controls, including a formal process narrative, will be implemented to ensure domestic incidents included on the reimbursement claim meet the definition outlined in 13700 PC.

The City accepts the audit finding that some incident reports were only partially reimbursable because the officers did not interview both parties involved in the domestic violence incident. The City will update its procedures for the reimbursement category for two parties interviewed to only include crime cases involving violent crimes that have both the domestic violence indicator and the suspect in custody indicator, which would ensure both parties were interviewed. The remaining domestic violence cases involving a violent crime that do not have the suspect in custody indicator will be included in the reimbursement category for one party interviewed. This will also be included in the formal process narrative mentioned above.

Thank you for your consideration of our comments. If you have any questions, please contact me at (619-531-2221).



Kyle Meaux
Administrative Services Manager
KM/ch

Cc: Rolando Charvel, Chief Financial Officer
Tracy McCraner, Department of Finance Director & City Comptroller
Sarah Mayen, Assistant Director, Department of Finance
Albert Guaderrama, Assistant Chief of Police, Police Department
Richard Freedman, Police Captain, Police Department
Chris Haley, Program Manager, Police Department
Adam Jones, Financial Operations Manager, Department of Finance
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