

CITY OF SALINAS

Audit Report

CRIME STATISTICS REPORTS FOR THE DEPARTMENT OF JUSTICE PROGRAM

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

July 1, 2001, through June 30, 2012



BETTY T. YEE
California State Controller

March 2018



BETTY T. YEE
California State Controller

March 14, 2018

The Honorable Joe Gunter, Mayor
City of Salinas
200 Lincoln Avenue
Salinas, CA 93901

Dear Mayor Gunter:

The State Controller's Office (SCO) audited the costs claimed by City of Salinas for the legislatively mandated Crime Statistics Reports for the Department of Justice Program (Chapter 1172, Statutes 1989; Chapter 1338, Statutes 1992; Chapter 1230, Statutes 1993; Chapter 933, Statutes 1998; Chapter 571, Statutes 1999; Chapter 626, Statutes 2000; Chapter 700, Statutes 2004) for the period of July 1, 2001, through June 30, 2012.

The city claimed \$1,582,006 for the mandated program. Our audit found that \$603,177 is allowable (\$635,687 less allowable costs that exceed costs claimed totaling \$32,510 for fiscal year [FY] 2011-12) and \$978,829 is unallowable. The costs are unallowable because the city misstated the number of domestic violence-related calls for assistance incident reports, misstated the average time increments per activity, and misstated productive hourly rates and benefit rates. The State made no payments to the city. The State will pay allowable costs, totaling \$603,177, contingent upon available appropriations. Following the issuance of this report, the SCO's Local Government Programs and Services Division will notify the city of the adjustments via a system-generated letter for each fiscal year in the audit period, except FY 2011-12.

This final audit report contains an adjustment to costs claimed by the city. If you disagree with the audit finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on the State Mandates (Commission). Pursuant to Section 1185, subdivision (c), of the Commission's regulations (*California Code of Regulations*, Title 3), an IRC challenging this adjustment must be filed with the Commission no later than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. You may obtain IRC information on the Commission's website at www.csm.ca.gov/forms/IRCForm.pdf.

If you have any questions, please contact Jim L. Spano, CPA, Assistant Division Chief, by telephone at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/as

cc: Matt N. Pressey, CPA, Finance Director
City of Salinas
Miguel Gutierrez, Assistant Finance Director
City of Salinas
David Shaw, Deputy Chief of Police
Salinas 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
Anita Dagan, Manager
Local Government Programs and Services Division
California State Controller's Office

Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	3
Conclusion	4
Follow-up on Prior Audit Findings	4
Views of Responsible Officials	4
Restricted Use	5
Schedule—Summary of Program Costs	6
Finding and Recommendation	10
Attachment—City’s Response to Draft Audit Report	

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by City of Salinas for the legislatively mandated Crime Statistics Reports for the Department of Justice Program (Chapter 1172, Statutes 1989; Chapter 1338, Statutes 1992; Chapter 1230, Statutes 1993; Chapter 933, Statutes 1998; Chapter 571, Statutes 1999; Chapter 626, Statutes 2000; Chapter 700, Statutes 2004) for the period of July 1, 2001, through June 30, 2012.

The city claimed \$1,582,006 for the mandated program. Our audit found that \$603,177 is allowable (\$635,687 less allowable costs that exceed costs claimed totaling \$32,510 for fiscal year [FY] 2011-12) and \$978,829 is unallowable. The costs are unallowable because the city misstated the number of domestic violence-related calls for assistance incident reports, misstated the average time increments per activity, and misstated productive hourly rates (PHR) and benefit rates. The State made no payments to the city. The State will pay allowable costs, totaling \$603,177, contingent upon available appropriations. Following the issuance of this report, the SCO's Local Government Programs and Services Division (LGPSD) will notify the city of the adjustments via a system-generated letter for each fiscal year in the audit period, except FY 2011-12.

Background

Penal Code (PC) sections 12025, subdivisions (h)(1) and (h)(3); section 12031, subdivisions (m)(1) and (m)(3); section 13014 and 13023; and section 13730, subdivision (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:

- 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);
- Local law enforcement agencies to report, in a manner to be prescribed by the Attorney General, any information that may be required relative to any criminal acts or attempted criminal acts to cause physical injury, emotional suffering, or property damage where there is a reasonable cause to believe that the crime was motivated, in whole or in part, by the victim's race, ethnicity, religion, sexual orientation, physical or mental disability, 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 PC 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 section 12025, subdivisions (h)(1) and (h)(3), and PC section 12031, subdivisions (m)(1) and (m)(3)); and
- 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).

The Commission also found that, beginning January 1, 2005, local law enforcement agencies are entitled to reimbursement for reporting the following information in a manner to be prescribed by the Attorney General:

- Any information that may be required relative to hate crimes, as defined in PC section 422.55 as criminal acts committed, in whole or in part, because of one or more of the following perceived characteristics of the victim: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, and (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, and (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, the SCO issues claiming instructions to assist local agencies and school districts 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 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.

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

To achieve our audit objective, we:

- Reviewed the annual mandated cost claims filed by the city for the audit period to identify the material cost components of each claim and to determine whether there were any errors or any unusual or unexpected variances from year to year. We also 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, and performed a walk-through of the claim preparation process to determine what information was obtained, who obtained it, and how it was used;
- Reviewed and analyzed the detailed listing of domestic violence-related incident reports for each fiscal year to identify any possible exclusions; and verified that the incident report counts were supported by appropriate reports. We also randomly selected a sample of 333 domestic violence-related incident reports (110 out of 734 in FY 2009-10, 114 out of 756 in FY 2010-11, and 109 out of 691 in FY 2011-12) to confirm the validity of the city's data tracking system. We noted no exceptions and accepted the listing of domestic violence-related incident reports provided during the audit for each fiscal year;
- Interviewed the city's staff to determine which employee classifications were involved in performing the reimbursable activities during the audit period;
- Reviewed the city's time study and other supporting documentation to assess whether average time increments claimed to perform the reimbursable activities were reasonable per the requirements of the program;
- Traced all PHR calculations to supporting information and verified all computations of the average productive hourly rates for each classification;
- Verified department-wide benefit rate computations for each fiscal year; and
- Verified whether indirect costs claimed were for common or joint purposes and whether indirect cost rates were properly supported and applied.

The legal authority to conduct this audit is provided by GC sections 12410, 17558.5, and 17561. 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

Our audit found an instance of noncompliance with the requirements outlined in the Objective section. This instance is described in the accompanying Schedule (Summary of Program Costs) and in the Finding and Recommendation section of this report. For the audit period, City of Salinas claimed \$1,582,006 for costs related to the Crime Statistics Reports for the Department of Justice Program. Our audit found that \$603,177 is allowable (\$635,687 less allowable costs that exceed costs claimed totaling \$32,510 for FY 2011-12) and \$978,829 is unallowable.

The State made no payments to the city. The State will pay \$603,177, contingent upon available appropriations. Following the issuance of this report, the SCO's LGPSD will notify the city of the adjustments via a system-generated letter for each fiscal year in the audit period, except FY 2011-12.

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 report on January 12, 2018. Matt N. Pressey, CPA, Finance Director, responded by letter dated January 22, 2018 (Attachment), agreeing with the finding, but stating that while the city agrees with the finding, it finds the claim filing process and documentation requirements difficult to comply with.

Restricted Use

This report is solely for the information and use of the City of Salinas, 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 report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

March 14, 2018

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 – salaries and benefits			
Domestic violence-related calls for assistance	\$ 75,043	\$ 40,775	\$ (34,268)
Total direct costs	75,043	40,775	(34,268)
Indirect costs	14,731	8,004	(6,727)
Total program costs	<u>\$ 89,774</u>	48,779	<u>\$ (40,995)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 48,779</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs – salaries and benefits			
Domestic violence-related calls for assistance	\$ 120,166	\$ 49,332	\$ (70,834)
Total direct costs	120,166	49,332	(70,834)
Indirect costs	23,733	9,743	(13,990)
Total program costs	<u>\$ 143,899</u>	59,075	<u>\$ (84,824)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 59,075</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs – salaries and benefits			
Domestic violence-related calls for assistance	\$ 131,039	\$ 45,013	\$ (86,026)
Total direct costs	131,039	45,013	(86,026)
Indirect costs	22,565	7,751	(14,814)
Total program costs	<u>\$ 153,604</u>	52,764	<u>\$ (100,840)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 52,764</u>	
<u>July 1, 2004, through June 30, 2005</u>			
Direct costs – salaries and benefits			
Domestic violence-related calls for assistance	\$ 138,683	\$ 51,584	\$ (87,099)
Total direct costs	138,683	51,584	(87,099)
Indirect costs	23,424	8,713	(14,711)
Total program costs	<u>\$ 162,107</u>	60,297	<u>\$ (101,810)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 60,297</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 – salaries and benefits			
Domestic violence-related calls for assistance	\$ 139,756	\$ 48,243	\$ (91,513)
Total direct costs	139,756	48,243	(91,513)
Indirect costs	30,132	10,401	(19,731)
Total program costs	<u>\$ 169,888</u>	58,644	<u>\$ (111,244)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 58,644</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs – salaries and benefits			
Domestic violence-related calls for assistance	\$ 137,387	\$ 49,514	\$ (87,873)
Total direct costs	137,387	49,514	(87,873)
Indirect costs	43,249	15,587	(27,662)
Total program costs	<u>\$ 180,636</u>	65,101	<u>\$ (115,535)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 65,101</u>	
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs – salaries and benefits			
Domestic violence-related calls for assistance	\$ 160,868	\$ 46,118	\$ (114,750)
Total direct costs	160,868	46,118	(114,750)
Indirect costs	41,327	11,848	(29,479)
Total program costs	<u>\$ 202,195</u>	57,966	<u>\$ (144,229)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 57,966</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs – salaries and benefits			
Domestic violence-related calls for assistance	\$ 151,646	\$ 39,509	\$ (112,137)
Total direct costs	151,646	39,509	(112,137)
Indirect costs	31,269	8,147	(23,122)
Total program costs	<u>\$ 182,915</u>	47,656	<u>\$ (135,259)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 47,656</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 – salaries and benefits			
Domestic violence-related calls for assistance	\$ 148,219	\$ 46,266	\$ (101,953)
Total direct costs	148,219	46,266	(101,953)
Indirect costs	43,710	13,644	(30,066)
Total program costs	<u>\$ 191,929</u>	59,910	<u>\$ (132,019)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 59,910</u>	
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs – salaries and benefits			
Domestic violence-related calls for assistance	\$ 52,859	\$ 44,543	\$ (8,316)
Total direct costs	52,859	44,543	(8,316)
Indirect costs	23,887	20,129	(3,758)
Total program costs	<u>\$ 76,746</u>	64,672	<u>\$ (12,074)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 64,672</u>	
<u>July 1, 2011, through June 30, 2012</u>			
Direct costs – salaries and benefits			
Domestic violence-related calls for assistance	\$ 27,648	\$ 41,597	\$ 13,949
Homicide reports	665	665	-
Total direct costs	28,313	42,262	13,949
Indirect costs	-	18,561	18,561
Total direct and indirect costs	28,313	60,823	32,510
Less allowable costs that exceed claimed costs ²	-	(32,510)	(32,510)
Total program costs	<u>\$ 28,313</u>	28,313	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 28,313</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment ¹
<u>Summary: July 1, 2001, through June 30, 2012</u>			
Direct costs – salaries and benefits			
Domestic violence-related calls for assistance	\$ 1,283,314	\$ 502,494	\$ (780,820)
Homicide reports	665	665	-
Total direct costs	1,283,979	503,159	(780,820)
Indirect costs	298,027	132,528	(165,499)
Total direct and indirect costs	1,582,006	635,687	(946,319)
Less allowable costs that exceed claimed costs	-	(32,510)	(32,510)
Total program costs	<u>\$ 1,582,006</u>	603,177	<u>\$ (978,829)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 603,177</u>	

¹ See the Finding and Recommendation section.

² GC section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2011-12.

Finding and Recommendation

**FINDING—
Domestic Violence
Related Calls for
Assistance Cost
Component –
unallowable salary
and benefit and
related indirect costs**

The city claimed \$1,283,314 in salaries and benefits and \$298,027 in related indirect costs for the Domestic Violence Related Calls for Assistance cost component during the audit period. We found that \$502,494 is allowable and \$780,020 is unallowable for salaries and benefits. The costs claimed are unallowable because the city misstated the number of domestic violence-related calls for assistance incident reports, misstated the average time increments per activity, and misstated PHRs and benefit rates. Related unallowable indirect costs total \$165,499.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits for the audit period:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
2001-02	\$ 75,043	\$ 40,775	\$ (34,268)
2002-03	120,166	49,332	(70,834)
2003-04	131,039	45,013	(86,026)
2004-05	138,683	51,584	(87,099)
2005-06	139,756	48,243	(91,513)
2006-07	137,387	49,514	(87,873)
2007-08	160,868	46,118	(114,750)
2008-09	151,646	39,509	(112,137)
2009-10	148,219	46,266	(101,953)
2010-11	52,859	44,543	(8,316)
2011-12	27,648	41,597	13,949
Total	<u>\$ 1,283,314</u>	<u>\$ 502,494</u>	<u>\$ (780,820)</u>

Salaries and Benefits Claimed

The city claimed costs based on estimated average time increments. The city multiplied the estimated time increments per activity by the total number of domestic violence-related calls for assistance incidents to arrive at the claimed hours. The city used the PHRs and related benefit amounts for the Police Officer, Commander, and Sergeant classifications to calculate the salaries and benefits claimed.

Number of Domestic Violence-Related Calls for Assistance

Claimed

The city obtained the claimed number of domestic violence-related calls for assistance incidents from the reports used to forward information to the DOJ for the fiscal years under the audit period. The city used the number of incidents to compute claimed costs for the activity of writing the reports and reviewing and editing the reports.

Allowable

During fieldwork, we requested to review documentation supporting the number of domestic violence-related calls for assistance incidents that included a written report. The city provided data reports from the Application Xtender Document Manager system to support the number of domestic violence-related calls for assistance incidents, for which reports were written for FY 2001-02 through FY 2011-12. We found that the number of incidents claimed was misstated (overstated in some years and understated in other years).

We reviewed a sample of domestic violence-related calls for assistance incidents to verify that they were properly supported with a written incident report that was also reviewed and edited. For FY 2009-10 through FY 2011-12, we selected a non-statistical random sample of 333 domestic violence-related calls for assistance incidents for review (110 out of 734 in FY 2009-10, 114 out of 756 in FY 2010-11, and 109 out of 691 in FY 2011-12).

During the review, we did not find any discrepancies in the city's written incident reports in the fiscal years tested. We concluded that the city sufficiently and appropriately generated data from the Application Xtender Document Manager system. We therefore concluded that the query reports provided for our review for the audit period were reliable.

The following table summarizes the claimed, allowable, and misstated number of domestic-violence related calls for assistance incidents for the audit period:

<u>Fiscal Year</u>	<u>Claimed Count</u>	<u>Allowable Count</u>	<u>Difference</u>
2001-02	625	1,021	396
2002-03	947	1,161	214
2003-04	992	1,031	39
2004-05	877	1,008	131
2005-06	856	906	50
2006-07	801	895	94
2007-08	830	815	(15)
2008-09	688	648	(40)
2009-10	604	734	130
2010-11	711	756	45
2011-12	364	691	327
Total	<u>8,295</u>	<u>9,666</u>	<u>1,371</u>

Time Increments*Claimed*

For FY 2001-02 through FY 2009-10, the city estimated that it took 90 minutes per incident for a Police Officer to support all domestic violence-related calls for assistance incidents with a written incident report, 20 minutes for a Commander to review and edit the report, and 30 minutes for a Police Officer to review and edit the report.

For FY 2010-11 and FY 2011-12, the city estimated that it took 30 minutes per incident for a Police Officer to support all domestic violence-related calls for assistance incidents with a written incident report and 15 minutes for a Sergeant to review and edit the report.

The city did not provide any source documentation based on actual time records to support these estimated time increments.

Allowable

The city conducted a time study during August 2017. The time study documented the time that it took Police Officers to support all domestic violence-related calls for assistance incidents with written incident reports. In addition, the city provided documentation in October 2017 to support the average time increments for the classifications of Commander and Sergeant to review and edit the reports.

Based on the city's time study results and additional documentation provided, we determined that it takes a Police Officer an average of 0.32 hours (or 19 minutes) to support all domestic violence-related calls for assistance with written incident reports, and a Commander or a Sergeant an average of 0.30 hours (or 18 minutes) to review and edit the reports. We also determined that the Police Officer classification does not review and edit the reports as initially claimed.

We applied the allowable average time increments to the domestic violence-related calls for assistance incident counts to arrive at the total allowable hours.

The following table summarizes the claimed, allowable, and misstated hours for the Police Officer classification for the activity of writing the incident reports:

<u>Fiscal Year</u>	<u>Hours Claimed</u>	<u>Hours Allowable</u>	<u>Difference</u>
Allowable Hours - Writing the Report (Police Officer)			
2001-02	937.50	326.72	(610.78)
2002-03	1,420.50	371.52	(1,048.98)
2003-04	1,488.00	329.92	(1,158.08)
2004-05	1,315.50	322.56	(992.94)
2005-06	1,284.00	289.92	(994.08)
2006-07	1,201.50	286.40	(915.10)
2007-08	1,245.00	260.80	(984.20)
2008-09	1,032.00	207.36	(824.64)
2009-10	906.00	234.88	(671.12)
2010-11	355.50	241.92	(113.58)
2011-12	182.00	221.12	39.12
Total	<u>11,367.50</u>	<u>3,093.12</u>	<u>(8,274.38)</u>

The following table summarizes the claimed, allowable, and unallowable hours for the Police Officer classification for the activity of reviewing and editing the incident reports:

<u>Fiscal Year</u>	<u>Hours Claimed</u>	<u>Hours Allowable</u>	<u>Difference</u>
Allowable Hours - Review and Edit (Police Officer)			
2001-02	312.50	-	(312.50)
2002-03	473.50	-	(473.50)
2003-04	496.00	-	(496.00)
2004-05	438.50	-	(438.50)
2005-06	428.00	-	(428.00)
2006-07	400.50	-	(400.50)
2007-08	415.00	-	(415.00)
2008-09	344.00	-	(344.00)
2009-10	302.00	-	(302.00)
2010-11	-	-	-
2011-12	-	-	-
Total	<u>3,610.00</u>	<u>-</u>	<u>(3,610.00)</u>

The following table summarizes the claimed, allowable, and misstated hours for the Commander (FY 2001-02 through FY 2009-10) and Sergeant (FY 2010-11 and FY 2011-12) classifications for the activity of reviewing and editing the incident reports:

<u>Fiscal Year</u>	<u>Hours Claimed</u>	<u>Hours Allowable</u>	<u>Difference</u>
Allowable Hours - Review and Edit (Commander or Sergeant)			
2001-02	208.33	306.30	97.97
2002-03	315.67	348.30	32.63
2003-04	330.67	309.30	(21.37)
2004-05	292.33	302.40	10.07
2005-06	285.33	271.80	(13.53)
2006-07	267.00	268.50	1.50
2007-08	276.67	244.50	(32.17)
2008-09	229.33	194.40	(34.93)
2009-10	201.33	220.20	18.87
2010-11	177.75	226.80	49.05
2011-12	<u>91.00</u>	<u>207.30</u>	<u>116.30</u>
Total	<u>2,675.41</u>	<u>2,899.80</u>	<u>224.39</u>

Productive Hourly Rates

Claimed

For FY 2001-02 through FY 2007-08, the city computed claimed PHRs for Police Officer and Commander classifications based on the average salary for each classification. For FY 2008-09 through FY 2011-12, the city used the blended PHR methodology to compute claimed rates that included multiple classifications into claimed PHRs. In computing the blended rates for FY 2008-09 through FY 2011-12, the city combined average salaries for the Police Officer, Police Corporal, and Sergeant classifications.

Allowable

We traced average salary amounts for all fiscal years of the audit period to supporting documentation, and recomputed the claimed PHRs to ensure that they were accurately computed. We determined that claimed PHRs were allowable for FY 2001-02 through FY 2007-08. We also determined that claimed blended PHRs for FY 2008-09 through FY 2011-12 were not appropriate to use in computing allowable costs, as specific classifications perform each reimbursable activity rather than three classifications combined as claimed.

We revised the city's calculations of blended PHRs in FY 2008-09 through FY 2011-12, based on the segregated salary amounts for each classification. Specifically, for the activity of supporting each domestic violence-related incident with a written report, we excluded the average salary amounts for Corporal and Sergeant classifications and used the average salary amounts for Police Officer classification to calculate the allowable PHRs for these fiscal years.

The following table summarizes the claimed, allowable, and overstated average PHRs for the Police Officer classification for the audit period:

<u>Fiscal Year</u>	<u>Claimed PHR</u>	<u>Allowable PHR</u>	<u>Difference</u>
2001-02	\$ 33.15	\$ 33.15	\$ -
2002-03	33.55	33.55	-
2003-04	35.81	35.81	-
2004-05	38.93	38.93	-
2005-06	40.53	40.53	-
2006-07	41.68	41.68	-
2007-08	47.52	47.52	-
2008-09	60.02	50.01	(10.01)
2009-10	61.31	52.51	(8.80)
2010-11	61.31	52.51	(8.80)
2011-12	61.31	52.51	(8.80)

Benefit Rates

Claimed

The city used department-wide benefit rates when claiming costs for the Police Officer and Sergeant classifications throughout the audit period. However, the city used separate benefit rates when claiming costs for the Commander classification for FY 2005-06 through FY 2007-08 and FY 2009-10.

Allowable

We reviewed supporting documentation for the department-wide benefit rates and concluded that they were accurately computed throughout the audit period. We also requested that the city provide documentation supporting the benefit rates claimed for the Commander classification for FY 2005-06 through FY 2007-08 and FY 2009-10. The city did not provide any documentation supporting the benefit rates claimed for the Commander classification in these fiscal years. We therefore recomputed the allowable costs for the Commander classification using the department-wide benefit rates for the audit period.

The table below summarizes the claimed, allowable, and misstated benefit rates for the Commander classification for the audit period:

<u>Fiscal Year</u>	<u>Claimed Rate</u>	<u>Allowable Rate</u>	<u>Difference</u>
2001-02	38.84%	38.84%	0.00%
2002-03	44.27%	44.27%	0.00%
2003-04	41.96%	41.96%	0.00%
2004-05	58.19%	58.19%	0.00%
2005-06	50.66%	59.06%	8.40%
2006-07	63.31%	59.10%	-4.21%
2007-08	55.54%	59.10%	3.56%
2008-09	49.40%	49.40%	0.00%
2009-10	51.80%	47.10%	-4.70%
2010-11	51.60%	51.60%	0.00%
2011-12	54.89%	54.89%	0.00%

The city also inadvertently used an incorrect department-wide benefit rate for the Police Officer classification in FY 2007-08 and FY 2009-10. The following table summarizes claimed, allowable, and misstated benefit rates for the Police Officer classification for the audit period:

Fiscal Year	Claimed Rate	Allowable Rate	Difference
2001-02	38.84%	38.84%	0.00%
2002-03	44.27%	44.27%	0.00%
2003-04	41.96%	41.96%	0.00%
2004-05	58.19%	58.19%	0.00%
2005-06	59.06%	59.06%	0.00%
2006-07	59.10%	59.10%	0.00%
2007-08	66.91%	59.10%	-7.81%
2008-09	49.40%	49.40%	0.00%
2009-10	64.30%	47.10%	-17.20%
2010-11	51.60%	51.60%	0.00%
2011-12	54.89%	54.89%	0.00%

Summary of Audit Adjustment

We applied the allowable domestic violence-related calls for assistance incident counts to the average time study increments to arrive at the total allowable hours. We then applied the audited PHRs to the total allowable hours to compute total allowable salaries, and applied the audited department-wide benefit rates to the total allowable salaries to compute total allowable benefits costs. The city overstated salaries and benefits totaling \$780,820 for the audit period. Related unallowable indirect costs totaled \$165,499.

The following table summarizes the salary and benefit audit adjustments per fiscal year as described above:

Fiscal Year	Time Increment and Incident Counts Related Adjustment	Productive Hourly Rate Related Adjustment	Related Benefits Adjustment	Total Audit Adjustment
2001-02	\$ (24,682)	\$ -	\$ (9,586)	\$ (34,268)
2002-03	(49,038)	-	(21,796)	(70,834)
2003-04	(60,599)	-	(25,427)	(86,026)
2004-05	(55,059)	-	(32,040)	(87,099)
2005-06	(58,563)	-	(32,950)	(91,513)
2006-07	(54,728)	-	(33,145)	(87,873)
2007-08	(68,674)	-	(46,076)	(114,750)
2008-09	(73,023)	(2,035)	(37,079)	(112,137)
2009-10	(58,023)	(2,067)	(41,863)	(101,953)
2010-11	(3,356)	(2,129)	(2,831)	(8,316)
2011-12	10,952	(1,946)	4,943	13,949
Total	\$ (494,793)	\$ (8,177)	\$ (277,850)	\$ (780,820)

Criteria

The parameters and guidelines (Section IV – Reimbursable Activities) require claimed costs to be supported by source documents. The parameters and guidelines state, in part:

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to employee time records or time logs, sign-in sheets, invoices, and receipts.

The parameters and guidelines (Section IV – Ongoing Activities) allow ongoing activities related to supporting calls with a written incident report and reviewing the reports as follows:

D. Domestic Violence Related Calls for Assistance: (Pen. Code, § 13730 (a); Stats. 1993, ch. 1230)

The following activity, performed by city, county, and city and county, law enforcement agencies, is eligible for reimbursement:

1. Support all domestic-violence related calls for assistance with a written incident report.
2. Review and edit the report.

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

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

The parameters and guidelines (Section V – Claim Preparation and Submission – Direct Cost Reporting – Salaries and Benefits) state that, for salaries and benefits, claimants are required to:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

The Crime Statistics Reports for the Department of Justice Program was suspended in FY 2012-13 through FY 2017-18. If the program becomes active again, we recommend that the city follow the mandated program claiming instructions and ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

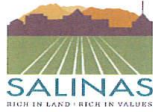
City's Response

The city agreed with the finding, but stated that it found the claim filing process and documentation requirements difficult to comply with.

SCO's Comment

Our finding and recommendation remain unchanged.

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



City of Salinas

Finance Department • 200 Lincoln Avenue • Salinas, California 93901-2639 • (831) 758-7317

January 22, 2018

Jim L. Spano, CPA
Assistant Division Chief at the State Controller's Office
Division of Audits, Mandated Cost Audits Bureau
P.O. Box 942850
Sacramento, CA 94250-5874

Subject: **Response to City of Salinas Audit on Crime Statistics Reports for the DOJ**

Dear Ms. Vorobyova:

Thank you for providing the City of Salinas with a draft report of your State Controller's Office audit of the Crime Statistics Reports for the DOJ program. Based on information provided in your exit conference held on December 5, 2017, the draft report is in line with our expectations and the findings discussed then. We appreciate your efforts to work directly with our Police Department and contract SB 90 consultant throughout the audit process.

City staff agrees in general terms with the four findings detailed by your audit report draft findings, however, it is appropriate to mention that we find the State's process extremely difficult to comply with. Although the City takes all necessary steps to track its costs accurately, these audit findings are at times unavoidable. As you know the claiming instructions were released for this program in 2011, ten years after the first year (FY 2001-2002) was eligible for reimbursement. At that time, the City has two options: either forgo reimbursement or estimate its costs. Shortly after the initial filing by the City for this mandated program was made, the funding of this program was suspended. By the time adequate processes and procedures could be put into place to better track the costs of this program, the program was gone and no longer reimbursable. This cycle makes it nearly impossible to track costs appropriately and within the program's parameters and guidelines.

Thank you again for the opportunity to comment on this audit and the feedback provided in your report. If you have any questions about this response, please do not hesitate to our Assistant Finance Director, Miguel Gutierrez, and/or Patrick Dyer with MGT Consulting at 916-502-5243 pdyer@mgtconsulting.com

Sincerely,

Matt N. Pressey, CPA
Finance Director, City of Salinas

cc: Beth Mariano, Finance Department
Jack Ramey, SCO
Masha Vorobyava, SCO
Virginia Hernandez, Police Department
Patrick Dyer, MGT Consulting

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

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