

CITY OF SOUTH LAKE TAHOE

Audit Report

INTERAGENCY CHILD ABUSE AND NEGLECT INVESTIGATION REPORTS PROGRAM

Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9) as added and/or amended by various legislation

July 1, 1999, through June 30, 2012



BETTY T. YEE
California State Controller

May 2018



BETTY T. YEE
California State Controller

May 21, 2018

The Honorable Wendy David, Mayor
City of South Lake Tahoe
1901 Airport Road, Suite 206
South Lake Tahoe, CA 96150

Dear Ms. David:

The State Controller's Office (SCO) audited the costs claimed by the City of South Lake Tahoe for the legislatively mandated Interagency Child Abuse and Neglect Investigation Reports Program for the period of July 1, 1999, through June 30, 2012.

The city claimed \$1,505,262 for the mandated program. Our audit found that \$239,395 is allowable and \$1,265,867 is unallowable. The costs are unallowable because the city overstated the number of Suspected Child Abuse Reports (SCARs) cross-reported, overstated the number of SCARs investigated, misstated productive hourly rates, and overstated indirect cost rates. The State made no payments to the city. The State will pay \$239,395, 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.

This final audit report contains an adjustment to costs claimed by the city. If you disagree with the audit findings, 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than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended.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 Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3138.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/rg

cc: Debbie McIntyre, CPA, Director of Finance
City of South Lake Tahoe
Lieutenant Shannon Laney
South Lake Tahoe Police Department
Chris Hill, Principal Program Budget Analyst
Local Government Unit
California Department of Finance
Steven Pavlov, Finance Budget Analyst
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Local Government Programs and Services Division
California 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 South Lake Tahoe for the legislatively mandated Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program for the period of July 1, 1999, through June 30, 2012.

The city claimed \$1,505,262 for the mandated program. Our audit found that \$239,395 is allowable and \$1,265,867 is unallowable. The costs are unallowable because the city overstated the number of Suspected Child Abuse Reports (SCARs) cross-reported, overstated the number of SCARs investigated, misstated productive hourly rates (PHRs), and overstated indirect cost rates. The State made no payments to the city. The State will pay \$239,395, 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 adjustment via a system-generated letter for each fiscal year in the audit period.

Background

Various statutory provisions, Title 11 *California Code of Regulations* Section 903, and the Child Abuse Investigation Report Form SS 8583 require cities and counties to perform specific duties for reporting child abuse to the state, as well as record-keeping and notification activities that were not required by prior law, thus mandating a new program or higher level of service.

Penal Code (PC) sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9) were added and/or amended by:

- Statutes of 1977, Chapter 958;
- Statutes of 1980, Chapter 1071;
- Statutes of 1981, Chapter 435;
- Statutes of 1982, Chapters 162 and 905;
- Statutes of 1984, Chapters 1423 and 1613;
- Statutes of 1985, Chapter 1598;
- Statutes of 1986, Chapters 1289 and 1496;
- Statutes of 1987, Chapters 82, 531, and 1459;
- Statutes of 1988, Chapters 269, 1497, and 1580;
- Statutes of 1989, Chapter 153;
- Statutes of 1990, Chapters 650, 1330, 1363, and 1603;
- Statutes of 1992, Chapters 163, 459, and 1338;
- Statutes of 1993, Chapters 219 and 510;
- Statutes of 1996, Chapters 1080 and 1081;
- Statutes of 1997, Chapters 842, 843, and 844;
- Statutes of 1999, Chapters 475 and 1012; and
- Statutes of 2000, Chapter 916.

The ICAN Investigation Reports Program addresses statutory amendments to California's mandatory child abuse reporting laws. A child abuse reporting law was first added to the Penal Code in 1963, and initially required medical professionals to report suspected child abuse to local law enforcement or child welfare authorities. The law was regularly expanded to include more professions required to report suspected child abuse (now termed "mandated reporters"); and in 1980, California reenacted and amended the law, entitling it the "Child Abuse and Neglect Reporting Act." As part of this program, the Department of Justice (DOJ) maintains a Child Abuse Centralized Index (CACI), which has tracked reports of child abuse statewide since 1965. A number of changes to the law have occurred, including a reenactment in 1980 and substantive amendments in 1997 and 2000.

The Act, as amended, provides for reporting of suspected child abuse or neglect by certain individuals, identified by their profession as having frequent contact with children. The Act provides rules and procedures for local agencies, including law enforcement, that receive such reports. The Act provides for cross-reporting among law enforcement and other child protective agencies, and to licensing agencies and District Attorney's (DA) offices. The Act requires reporting to the DOJ when a report of suspected child abuse is "not unfounded." The Act requires an active investigation before a report can be forwarded to the DOJ. As of January 1, 2012, the Act no longer requires law enforcement agencies to report to the DOJ, and now requires reporting only of "substantiated" reports by other agencies. The Act imposes additional cross-reporting and recordkeeping duties in the event of a child's death from abuse or neglect. The Act requires agencies and the DOJ to keep records of investigations for a minimum of 10 years, and to notify suspected child abusers that they have been listed in the CACI. The Act imposes certain due process protections owed to persons listed in the index, and provides certain other situations in which a person would be notified of his or her listing in the index.

On December 19, 2007, the Commission on State Mandates (Commission) adopted a statement of decision finding that the test claim statutes impose a partially reimbursable state-mandated program upon local agencies within the meaning of Article XIII B, Section 6 of the California Constitution and Government Code (GC) section 17514. The Commission approved the test claim for the reimbursable activities described in the program's parameters and guidelines, section IV, and performed by city and county police or sheriff's departments, county welfare departments, county probation departments designated by the county to receive mandated reports, DAs' offices, and county licensing agencies. The Commission outlined reimbursable activities relating to the following categories:

- Distributing the SCAR form;
- Reporting between local departments;
- Reporting to the DOJ;
- Providing notifications following reports to the CACI;
- Retaining records; and
- Complying with due process procedures offered to persons listed in the CACI.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on December 6, 2013. 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 ICAN Investigation Reports 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, 1999, 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;
- Interviewed the city's staff to determine which employee classifications were involved in performing the reimbursable activities;
- Assessed whether average time increments claimed for each activity related to all three reimbursable components claimed were reasonable per the requirements of the program (see Findings 1 and 2);
- Traced all PHR calculations for fiscal year (FY) 2004-05 through FY 2011-12 to the city's salary schedules. We recomputed the rates and made adjustments to all PHRs claimed for FY 2004-05 through FY 2011-12. For FY 1999-2000 through FY 2003-04, supporting salary information was not recoverable. Therefore, we applied a price deflator (the Consumer Price Index [CPI]) to compute allowable PHRs for FY 1999-2000 through FY 2003-04 (see Findings 1 and 2);
- Reviewed and analyzed the city's listing of SCAR case counts for FY 2000-01 through FY 2011-12 to identify possible exclusions and verify that claimed counts were supported by appropriate reports in the city's data tracking system. To provide reasonable assurance that the city's counts were accurate, we re-counted the number of cases provided by the city's data tracking reports for FY 2008-09 through FY 2010-11. We concluded that the city's counts for these three years were accurate. Therefore, we accepted the listing of SCAR case counts provided and used this listing when performing our analysis of the three cost components. The city did not provide a listing of SCAR case counts for FY 1999-2000. We accepted the count for this fiscal year as claimed;

- Reviewed and analyzed the city's claimed number of SCARs cross-reported for FY 2010-11. We did not analyze the number of SCARs cross-reported for FY 1999-2000 through FY 2009-10 and FY 2011-12 because the costs claimed for the cross-reporting component were not material. For FY 2010-11, we re-computed and adjusted the claimed number of SCARs cross-reported based on the average percent of Law Enforcement Agency (LEA)-generated SCARs for the audit period per our SCAR case sampling (see Finding 1);
- Reviewed and analyzed the city's listing of SCARs investigated for FY 1999-2000 through FY 2011-12. To confirm the validity of the number of SCARs investigated, we performed random non-statistical case sampling for the three most recent fiscal years of the audit period (FY 2008-09, FY 2009-10, and FY 2010-11). The three years sampled were representative of all fiscal years, as the investigation process had not changed throughout the audit period. We sampled and reviewed 148 cases (32 out of 163 in FY 2008-09, 66 out of 654 in FY 2009-10, and 50 out of 456 in FY 2010-11). Our review of these 148 cases yielded an identical common deviation with identical nature and cause of the error. Our sampling results indicated that only 10% of the SCAR cases in the city's listing had actually been investigated. Consistent with the American Institute of Certified Public Accountants (AICPA) Audit Sampling Guide, we projected the error to the population of all SCAR cases claimed as investigated for the audit period (see Finding 2); and
- Verified whether indirect costs claimed were for common or joint purposes, and whether indirect cost rates were properly supported and applied for each fiscal year of the audit period (see Finding 3).

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 instances of noncompliance with the requirements outlined in the Objective, Scope, and Methodology section. These instances are quantified in the accompanying Schedule (Summary of Program Costs) and described in the Findings and Recommendations section of this report.

For the audit period, the City of South Lake Tahoe claimed \$1,505,262 for costs of the ICAN Investigation Reports Program. Our audit found that \$239,395 is allowable and \$1,265,867 is unallowable. The State made no payments to the city. The State will pay \$239,395, 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.

**Follow-up on
Prior Audit
Findings**

We have not conducted a prior audit of the city's legislatively mandated ICAN Investigation Reports Program.

**Views of
Responsible
Officials**

We issued a draft audit report on February 28, 2018. Debbie McIntyre, Director of Finance, responded by letter dated March 7, 2018 (Attachment), disagreeing with Findings 2 and 3 and providing no comment on Finding 1. This final audit report includes the city's response.

Restricted Use

This report is solely for the information and use of the City of South Lake Tahoe, 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

May 21, 2018

Schedule—

Summary of Program Costs

July 1, 1999, through June 30, 2012

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Direct costs – salaries and benefits:				
Prepare policies and procedures	\$ 146	\$ 146	\$ -	
Train staff	192	192	-	
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	559	559	-	
Reporting to DOJ				
Complete an investigation	29,629	5,595	(24,034)	Finding 2
Prepare and submit reports to DOJ	333	333	-	
Total direct costs	30,859	6,825	(24,034)	
Indirect costs	10,967	1,317	(9,650)	Finding 3
Total program costs ²	<u>\$ 41,826</u>	8,142	<u>\$ (33,684)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 8,142</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	\$ 642	\$ 642	\$ -	
Reporting to DOJ				
Complete an investigation	34,031	6,319	(27,712)	Finding 2
Prepare and submit reports to DOJ	382	382	-	
Total direct costs	35,055	7,343	(27,712)	
Indirect costs	15,401	1,991	(13,410)	Finding 3
Total program costs ²	<u>\$ 50,456</u>	9,334	<u>\$ (41,122)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 9,334</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	\$ 668	\$ 668	\$ -	
Reporting to DOJ				
Complete an investigation	35,406	6,735	(28,671)	Finding 2
Prepare and submit reports to DOJ	432	432	-	
Total direct costs	36,506	7,835	(28,671)	
Indirect costs	18,241	2,900	(15,341)	Finding 3
Total program costs ²	<u>\$ 54,747</u>	10,735	<u>\$ (44,012)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 10,735</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	\$ 843	\$ 843	\$ -	
Reporting to DOJ				
Complete an investigation	50,920	7,824	(43,096)	Finding 2
Prepare and submit reports to DOJ	670	670	-	
Total direct costs	52,433	9,337	(43,096)	
Indirect costs	29,653	3,969	(25,684)	Finding 3
Total program costs ²	<u>\$ 82,086</u>	13,306	<u>\$ (68,780)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 13,306</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs – salaries and benefits:				
Cross-reporting to county welfare and DA's Office	\$ 901	\$ 901	\$ -	
Reporting to DOJ				
Complete an investigation	55,447	6,808	(48,639)	Finding 2
Prepare and submit reports to DOJ	572	572	-	
Total direct costs	56,920	8,281	(48,639)	
Indirect costs	32,331	3,368	(28,963)	Finding 3
Total program costs ²	<u>\$ 89,251</u>	11,649	<u>\$ (77,602)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 11,649</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	\$ 983	\$ 983	\$ -	
Reporting to DOJ				
Complete an investigation	59,885	9,349	(50,536)	Finding 2
Prepare and submit reports to DOJ	613	613	-	
Total direct costs	61,481	10,945	(50,536)	
Indirect costs	36,433	4,678	(31,755)	Finding 3
Total program costs ²	<u>\$ 97,914</u>	15,623	<u>\$ (82,291)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 15,623</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	\$ 1,063	\$ 1,063	\$ -	
Reporting to DOJ				
Complete an investigation	63,218	10,468	(52,750)	Finding 2
Prepare and submit reports to DOJ	829	829	-	
Total direct costs	65,110	12,360	(52,750)	
Indirect costs	41,922	5,204	(36,718)	Finding 3
Total program costs ²	<u>\$ 107,032</u>	<u>17,564</u>	<u>\$ (89,468)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 17,564</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	\$ 1,202	\$ 1,202	\$ -	
Reporting to DOJ				
Complete an investigation	70,608	11,269	(59,339)	Finding 2
Prepare and submit reports to DOJ	869	869	-	
Total direct costs	72,679	13,340	(59,339)	
Indirect costs	48,886	5,250	(43,636)	Finding 3
Total program costs ²	<u>\$ 121,565</u>	<u>18,590</u>	<u>\$ (102,975)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 18,590</u>		
<u>July 1, 2007, through June 30, 2008</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	\$ 1,237	\$ 1,237	\$ -	
Reporting to DOJ				
Complete an investigation	68,669	11,255	(57,414)	Finding 2
Prepare and submit reports to DOJ	852	852	-	
Total direct costs	70,758	13,344	(57,414)	
Indirect costs	48,966	5,599	(43,367)	Finding 3
Total program costs ²	<u>\$ 119,724</u>	<u>18,943</u>	<u>\$ (100,781)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 18,943</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	\$ 1,641	\$ 1,641	\$ -	
Reporting to DOJ				
Complete an investigation	94,122	6,877	(87,245)	Finding 2
Prepare and submit reports to DOJ	834	834	-	
Total direct costs	96,597	9,352	(87,245)	
Indirect costs	68,206	3,563	(64,643)	Finding 3
Total program costs ²	<u>\$ 164,803</u>	12,915	<u>\$ (151,888)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 12,915</u>		
<u>July 1, 2009, through June 30, 2010</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	\$ 2,172	\$ 2,172	\$ -	
Reporting to DOJ				
Complete an investigation	128,540	29,841	(98,699)	Finding 2
Prepare and submit reports to DOJ	982	982	-	
Total direct costs	131,694	32,995	(98,699)	
Indirect costs	110,850	16,186	(94,664)	Finding 3
Total program costs ²	<u>\$ 242,544</u>	49,181	<u>\$ (193,363)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 49,181</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	\$ 9,164	\$ 1,975	\$ (7,189)	Finding 1
Reporting to DOJ				
Complete an investigation	131,069	22,689	(108,380)	Finding 2
Prepare and submit reports to DOJ	994	994	-	
Total direct costs	141,227	25,658	(115,569)	
Indirect costs	91,644	9,025	(82,619)	Finding 3
Total program costs ²	<u>\$ 232,871</u>	34,683	<u>\$ (198,188)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 34,683</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2011, through June 30, 2012</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	\$ 2,080	\$ 2,080	\$ -	
Reporting to DOJ				
Complete an investigation	61,975	11,026	(50,949)	Finding 2
Prepare and submit reports to DOJ	540	540	-	
Total direct costs	64,595	13,646	(50,949)	
Indirect costs	35,848	5,084	(30,764)	Finding 3
Total program costs ²	<u>\$ 100,443</u>	18,730	<u>\$ (81,713)</u>	
Less amount paid by the State ³		-		
Allowable costs claimed in excess of amount paid		<u>\$ 18,730</u>		
<u>Summary: July 1, 1999, through June 30, 2012</u>				
Direct costs – salaries and benefits:				
Prepare policies and procedures	\$ 146	\$ 146	-	
Train staff	192	192	-	
Reporting between local departments				
Cross-reporting to county welfare and DA's Office	23,155	15,966	(7,189)	Finding 1
Reporting to DOJ				
Complete an investigation	883,519	146,055	(737,464)	Finding 2
Prepare and submit reports to DOJ	8,902	8,902	-	
Total direct costs	915,914	171,261	(744,653)	
Indirect costs	589,348	68,134	(521,214)	Finding 3
Total program costs	<u>\$ 1,505,262</u>	239,395	<u>\$ (1,265,867)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of amount paid		<u>\$ 239,395</u>		

¹ See the Findings and Recommendations section.

² The city's claims for FY 1999-2000 through FY 2011-12 are initial reimbursement claims and were filed on time on July 15, 2014. The city then submitted an amended claim for FY 1999-2000 through FY 2011-12 on July 15, 2015. As the amended claims were filed after the filing deadline specified within the SCO's claiming instructions, they were subject to the late penalty as specified in GC section 17561, subdivision (d)(3), equal to 10% of the total amount of the initial claim without limitation. However, the allowable audited costs for each year of the audit period (FY 1999-2000 through FY 2011-12) are less than the amount originally claimed for each of these years. Therefore, a late penalty is no longer applicable to the city's claims.

³ Payment amount current as of April 18, 2018.

Findings and Recommendations

FINDING 1— Unallowable salaries and benefits – Cross- Reporting from Law Enforcement to the County Welfare and District Attorney’s Office cost component

The city claimed \$23,155 in salaries and benefits for the Cross-Reporting to County Welfare and DA’s Office cost component during the audit period. We found that \$15,966 is allowable and \$7,189 is unallowable.

The costs for this component include cross-reporting by the LEA to the county welfare department and DA’s Office every known or suspected instance of child abuse. The city computed claimed costs based on estimated average time increments. For the audit period, the city estimated that it took a Sergeant and a Records Technician 10 minutes (0.16 hours) each to cross-report each SCAR to the County Welfare and the DA’s Office. The city multiplied the estimated time increment to cross-report each SCAR by an estimated number of LEA-generated SCARs to arrive at the claimed hours. The city used the average classification PHRs for the Sergeant and Records Technician classifications, and department-wide benefit rates to calculate claimed salaries and benefits. Costs claimed are unallowable because the city misinterpreted the program’s parameters and guidelines; as a result, the city overstated the number of SCARs that it cross-reported in FY 2010-11.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits costs for the cross-reporting activity for the audit period:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
1999-2000	\$ 559	\$ 559	\$ -
2000-01	642	642	-
2001-02	668	668	-
2002-03	843	843	-
2003-04	901	901	-
2004-05	983	983	-
2005-06	1,063	1,063	-
2006-07	1,202	1,202	-
2007-08	1,237	1,237	-
2008-09	1,641	1,641	-
2009-10	2,172	2,172	-
2010-11	9,164	1,975	(7,189)
2011-12	2,080	2,080	-
Total	<u>\$ 23,155</u>	<u>\$ 15,966</u>	<u>\$ (7,189)</u>

Number of SCARs Cross-Reported

Claimed

For each fiscal year of the audit period, the city estimated the number of SCARs cross-reported by multiplying the total number of SCARs for the year by 24%. The city obtained the total number of SCARs for each year from its listing of all SCARs contained in the city’s data tracking system. The city computed the 24% projection from reviewing FY 2013-14 statistical data, in which 42 of 177 total SCARs were LEA-generated.

However, the city inadvertently neglected to apply its projection of 24% to the total number of SCARs in FY 2010-11. The city therefore overstated the number of SCARs that it cross-reported in FY 2010-11.

Allowable

For every fiscal year except for FY 2010-11, the costs claimed for this component were immaterial. Therefore, we did not perform an analysis; we accepted the costs as claimed. For FY 2010-11, we adjusted the claimed number of SCARs cross-reported by multiplying the total number of SCARs for the year by 18.24%. The 18.24% is the average ratio of LEA-generated SCARs for the audit period per our SCAR case sampling. The methodology and results of our case sampling are described in detail in our discussion of the Complete an Investigation for Purposes of Preparing the SS 8583 Report cost component (see Finding 2).

Summary

The following table summarizes the number of claimed, allowable, and adjusted number of SCARs cross-reported for the audit period:

Fiscal Year	Number of SCARs Cross-Reported Claimed	Number of SCARs Cross-Reported Allowable	Difference
1999-2000	55	55	-
2000-01	58	58	-
2001-02	55	55	-
2002-03	66	66	-
2003-04	69	69	-
2004-05	69	69	-
2005-06	67	67	-
2006-07	76	76	-
2007-08	72	72	-
2008-09	91	91	-
2009-10	111	111	-
2010-11	460	83	(377)
2011-12	102	102	-
	<u>1,351</u>	<u>974</u>	<u>(377)</u>

Time Increments

The city claimed 10 minutes (0.16 hours) per SCAR for the Sergeant and Records Technician classifications to cross-report each LEA-generated SCAR during the audit period. The city did not provide any source documentation based on actual data to support the estimated time increment. We interviewed the city's staff about this reimbursable activity. We accepted the time increment claimed for both classifications.

The following table summarizes the claimed, allowable, and adjusted hours for the cross-reporting activity based on the adjustments made to the number of SCARs cross-reported:

Fiscal Year	Hours Claimed	Hours Allowable	Difference
1999-2000	18.32	18.32	-
2000-01	19.28	19.28	-
2001-02	18.32	18.32	-
2002-03	22.16	22.16	-
2003-04	22.88	22.88	-
2004-05	22.88	22.88	-
2005-06	22.32	22.32	-
2006-07	25.20	25.20	-
2007-08	24.83	24.83	-
2008-09	30.17	30.17	-
2009-10	36.87	36.87	-
2010-11	153.33	27.66	(125.67)
2011-12	34.16	34.16	-
	<u>450.72</u>	<u>325.05</u>	<u>(125.67)</u>

Productive Hourly Rates

For every fiscal year except for FY 2010-11, the costs claimed for this component were immaterial. Therefore, except for FY 2010-11, we did not perform an analysis of the PHRs claimed for this cost component. For FY 2010-11 we applied our recalculated PHRs, which were higher than the claimed rates. As explained in Finding 2, we recalculated the claimed PHRs by multiplying each classification's monthly salary amount (at the highest step of its range) by 12 months, and then dividing the product by 1,800 productive hours.

Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of SCARs cross-reported by the allowable time increment per SCAR. We then applied the allowable PHRs and department-wide benefit rates to the allowable hours. We found that the city overstated costs totaling \$7,189 for the audit period.

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 – B.2.c) allow ongoing activities related to costs for reporting between local departments, as follows:

Cross-Reporting of Suspected Child Abuse or Neglect from the Law Enforcement Agency to the County Welfare and Institutions Code Section 300 Agency, County Welfare, and the District Attorney's Office:

City and county police or sheriff's departments shall:

- 1) Report by telephone immediately, or as soon as practically possible, to the agency given responsibility for investigation of cases under Welfare and Institutions Code section 300 and to the district attorney's office every known or suspected instance of child abuse reported to it, except acts or omissions coming within Penal Code section 11165.2(b), which shall be reported only to the county welfare department (Penal Code section 11166(i) (As added by Stats. 1980, ch. 1071; amended by Stats. 1981, ch. 435; Stats. 1982, ch. 905; Stats. 1984, ch. 1423; Stats. 1986, ch. 1289; Stats. 1987, ch. 1459; Stats. 1988, chs. 269 and 1580; Stats. 1990, ch. 1603; Stats. 1992, ch. 459; Stats. 1993, ch. 510; Stats. 1996, chs. 1080 and 1081; and Stats. 2000, ch. 916 (AB 1241)). Renumbered at subdivision (j) by Statutes 2004, chapter 842 (SB 1313), and renumbered again at subdivision (k) by Statutes 2005, chapter 42 (AB 299)).
- 2) Report to the county welfare department every known or suspected instance of child abuse reported to it which is alleged to have occurred as a result of the action of a person responsible for the child's welfare, or as the result of the failure of a person responsible for the child's welfare to adequately protect the minor from abuse when the person responsible for the child's welfare knew or reasonably should have known that the minor was in danger of abuse.
- 3) Send a written report thereof within 36 hours of receiving the information concerning the incident to any agency to which it is required to make a telephone report under Penal Code section 11166. As of January 1, 2006, initial reports may be made by fax or electronic transmission, instead of by telephone, and will satisfy the requirement for a written report within 36 hours (Ibid).

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 reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

The ICAN Investigation Reports program was suspended from FY 2015-16 through FY 2017-18. If the program becomes active again, we recommend that the city follow the mandated program claiming instructions and the parameters and guidelines to ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City's Response

The city did not comment on this finding.

SCO Comment

Our finding and recommendation remain unchanged.

**FINDING 2—
Unallowable salaries
and benefits –
Reporting to the State
Department of
Justice: Complete an
Investigation for
Purposes of Preparing
the SS 8583 Report
Form cost component**

The city claimed \$883,519 in salaries and benefits for the Complete an Investigation for Purposes of Preparing the SS 8583 Report Form cost component during the audit period. We found that \$146,055 is allowable and \$737,464 is unallowable.

The costs for this component include completing a preliminary investigation for the purposes of preparing the SS 8583 report form. Reimbursable activities consist of reviewing the initial SCAR form SS 8572, conducting initial interviews with involved parties, and making a written report of those interviews which may be reviewed by a supervisor. The city computed claimed costs based on estimated average time increments. For each fiscal year of the audit period, the city estimated that it took, on average, four hours and 18 minutes (4.3 hours) to perform the initial investigation activities for each SCAR. The city multiplied the estimated average time increments for different employee classifications by the total number of SCARs to calculate the claimed hours. The city then used the PHRs for each classification, and department-wide benefit rates to calculate the claimed salaries and benefits for this component. Costs claimed are unallowable because the city misinterpreted the program's parameters and guidelines; as a result, the city overstated the number of SCARs investigated, estimated time increments, and misstated PHRs.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits costs related to Completing an Investigation cost component for the audit period:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
1999-2000	\$ 29,629	\$ 5,595	\$ (24,034)
2000-01	34,031	6,319	(27,712)
2001-02	35,406	6,735	(28,671)
2002-03	50,920	7,824	(43,096)
2003-04	55,447	6,808	(48,639)
2004-05	59,885	9,349	(50,536)
2005-06	63,218	10,468	(52,750)
2006-07	70,608	11,269	(59,339)
2007-08	68,669	11,255	(57,414)
2008-09	94,122	6,877	(87,245)
2009-10	128,540	29,841	(98,699)
2010-11	131,069	22,689	(108,380)
2011-12	61,975	11,026	(50,949)
Total	<u>\$ 883,519</u>	<u>\$ 146,055</u>	<u>\$ (737,464)</u>

Number of SCARs Investigated

Claimed

The city claimed a total of 3,952 SCARs investigated for the audit period. During fieldwork, the city provided revised SCAR statistics for each fiscal year of the audit period except for FY 1999-2000. The SCAR statistics provided total numbers of SCARs for the following categories per fiscal year:

- Substantiated or Inconclusive Reports
- Unfounded Reports
- Total Reports

Per the city's revised statistics, the number of SCARs investigated totaled 3,802 for the audit period. The city claimed the number of SCARs appearing under the "Total Reports" category as the number of SCARs investigated. The city did not exclude SCARs initiated by the South Lake Tahoe Police Department (Police Department) as the mandated reporter, nor did the city exclude the SCARs that had not been investigated.

Allowable

To provide reasonable assurance that the city's SCAR statistics provided during the audit were accurate, we reviewed the detailed listing of SCARs using the city's Crime Analysis Results reports for FY 2008-09, FY 2009-10, and FY 2010-11. These reports listed the SCARs by case numbers, penal code numbers, and other identifying information. We verified the accuracy of the city's SCAR statistics by reconciling the counts to the detailed listing of SCARs from the Crime Analysis Results reports. We concluded that the city's counts for these three years were accurate. Therefore, we accepted the summary of SCAR statistics provided during fieldwork and used the statistics summary for our analysis of allowable costs for this component.

This component provides reimbursement for costs associated with completing an initial investigation of SCARs for the purposes of preparing and submitting the SS 8583 report form to the DOJ. Reimbursable activities are limited to reviewing the SCAR, conducting initial interviews, and writing a report about the interviews, which may be reviewed by a supervisor. Additionally, time spent performing an initial investigation of a SCAR is only reimbursable for those SCARs which were *not* initiated by the Police Department (or other agency-generated SCARs).

We requested a sampled selection of cases to review. Upon reviewing the case files sampled, we discovered that, contrary to what the city had claimed, the Police Department investigated very few of the other agency-generated SCARs that had been cross-reported to them, as no additional follow-up was deemed necessary.

SCAR Case Sampling

We performed a random non-statistical case sampling for three years of the audit period (FY 2008-09, FY 2009-10, and FY 2010-11). The three years sampled were representative of the total population, as the investigation process had not changed throughout the audit period. We sampled and thoroughly reviewed the contents of 148 cases (32 out of 163 in FY 2008-09; 66 out of 654 in FY 2009-10; and 50 out of 457 in FY 2010-11). In reviewing the case files, we made note of those SCARs generated by another mandated reporter (other agency-generated) and those generated by the Police Department (LEA-generated). A vast majority of other agency-generated SCARs were referred from Child Protective Services (CPS), and very few came from other mandated reporters. For other agency-generated SCARs, we searched for documentation supporting that the Police Department had conducted an initial investigation. Our review of the 148 sampled cases revealed that very few other agency-generated SCARs were investigated by the Police Department or no investigation was documented in these cases.

The files showed that CPS regularly and systematically cross-reported SCARs to the Police Department. The Police Department received these CPS referrals and made notes of the referrals in their files, but typically did not perform an investigation on these cases before closing the files. For the vast majority of SCARs referred from CPS, the Police Department identified CPS as the investigating agency and closed the cases if no further investigation was deemed necessary.

For the few cases in which the Police Department did in fact perform an investigation, the SCAR files contained clear evidence and support that an investigation had been performed. For these SCARs, the files contained very detailed written narratives of the investigation(s) performed and of the interviews conducted. These narratives identified the officers involved, the type of investigative work performed, the type of crimes committed, any follow-up investigations needed, who had been interviewed, and dates and times of the interviews, etc.

SCAR Case Sampling Results – Number of Initial Investigations

The results of our SCAR file sampling were consistent from year to year and from case to case. For the three years sampled, the weighted average number of SCARs generated by other agencies was 81.76%. Of these other agency-generated SCARs, the weighted average for which the Police Department completed and documented an initial investigation was 10%.

For those SCARs that we identified as having an error (no investigation was performed), the error identified was identical from case to case. Those SCARs, which the Police Department did not investigate, were referred by CPS and investigations were completed by CPS. The error observed demonstrated an identical nature and cause, and identical correlation to the remaining population of SCARs. Consistent with the AICPA Audit Sampling Guide, we projected the sampling results to the population of SCARs in the audit period.

We applied the results of our sampling to the audit period to calculate an allowable number of SCARs investigated. We first took the total number of SCARs for a particular fiscal year as listed on the city's summary statistics report provided during fieldwork, and multiplied this number by 81.76% to exclude LEA-generated SCARs and account for other agency-generated SCARs that are reimbursable in this cost component. We then multiplied the result by 10% to account for SCARs that the Police Department actually investigated as our sampling had indicated.

The following table summarizes the claimed, allowable, and adjusted number of SCARs investigated for the audit period:

Fiscal Year	Claimed Number of SCARs Investigated (a)	Number of SCARs Investigated per Revised Statistics Provided by City (b)	Number of Other Agency-Generated SCARs (c) = (b) * 81.76%	Allowable Number of SCARs Investigated (d) = (c) * 10%	Difference (e) = (d) - (a)
1999-2000	229	229	187	19	(210)
2000-01	241	250	204	20	(221)
2001-02	229	242	198	20	(209)
2002-03	277	261	213	21	(256)
2003-04	286	210	172	17	(269)
2004-05	286	273	223	22	(264)
2005-06	279	267	218	22	(257)
2006-07	315	289	236	24	(291)
2007-08	298	294	240	24	(274)
2008-09	377	163	133	13	(364)
2009-10	461	654	535	54	(407)
2010-11	460	456	373	37	(423)
2011-12	214	214	175	18	(196)
Total	3,952	3,802	3,107	311	(3,641)

Partial Initial Investigations

Upon sharing the results of our SCAR file sampling with the city, Police Department staff members explained that, for some cases in which a full initial investigation was not performed, some preliminary investigative activities might have taken place and not been documented in the SCAR case files. These preliminary activities might have helped to corroborate the information reported by CPS, make a determination if the cases were unfounded, and then close the cases.

Per the program's parameters and guidelines, reimbursement for the Complete an Investigation cost component is limited to the following three activities:

1. Review the initial SCAR;
2. Conduct initial interviews with parents, victims, witnesses, or suspects if applicable; and
3. Make a report of the findings of those interviews, which may be reviewed by a supervisor.

Reimbursement for these activities is allowable only to the extent that the city obtains information required to prepare and submit the SS 8583 report form to the DOJ.

We agreed with the city that the review of the initial SCAR is a necessary and reimbursable activity. Not all cases reported by CPS had an initial SCAR documented on file, but the majority did. Therefore, we concluded that it was reasonable to expect a review of the initial SCAR as part of the necessary process to determining whether the case was unfounded. Additionally, the time it took a supervisor to approve closing a case, and the time a records technician spent documenting the case in the system, might be reimbursable as part of an initial investigation.

Therefore, we concluded that allowing the time spent on the initial review of a SCAR (activity 1 from the list on previous page) for every SCAR would be a reasonable approach. Additionally, allowing the time spent closing the SCAR cases out and then documenting the cases in the system would also be reasonable only for those SCARs not fully investigated. However, as documented in the actual case files, activities 2 and 3 from the list on the previous page are allowable for the population of SCARs (10%) that had documentation on file relating to full investigations performed and interviews conducted by the Police Department.

We calculated the number of SCARs allowable for the partial initial investigation by subtracting the allowable number of SCARs fully investigated from the total number of other agency-generated SCARs in each fiscal year.

The following table summarizes the allowable number of SCARs with a partial initial investigation for the audit period:

Fiscal Year	Number of Other Agency-Generated SCARs (a)	Allowable Number of SCARs Fully Investigated (b)	Allowable Number of SCARs Partially Investigated (c)=(a) - (b)
1999-2000	187	19	168
2000-01	204	20	184
2001-02	198	20	178
2002-03	213	21	192
2003-04	172	17	155
2004-05	223	22	201
2005-06	218	22	196
2006-07	236	24	212
2007-08	240	24	216
2008-09	133	13	120
2009-10	535	54	481
2010-11	373	37	336
2011-12	175	18	157
Total	3,107	311	2,796

Time Increments

Claimed

For each fiscal year of the audit period, the city claimed an average time increment of four hours and 18 minutes (4.3 hours) to perform an initial

investigation for each SCAR. The time increments claimed for each classification are as follows:

- Officer/Detective – Four hours and three minutes
- Sergeant – 10 minutes
- Records Technician – Five minutes

The time increment claimed for the Officer/Detective classification included 3.55 hours for completing the initial investigation, plus an additional half hour for writing and editing the report of the investigation. The 10-minute time increment claimed for the Sergeant classification was for reviewing and approving the report. The five-minute time increment claimed for the Records Technician classification was for processing the report.

Allowable

Based on interviews with city staff, the Records Technician classification was not directly involved with the investigations. Rather, this classification entered report information into the system. Because the time increment claimed for this classification is not material, we accepted the increment as claimed. We also concluded that the time increments claimed for the Sergeant classification and Officer/Detective classification were allowable as well. These time increments are applicable to those SCARs for which a full preliminary investigation was completed as shown by our SCAR cases sampling, totaling 311 SCAR investigations for the audit period.

Additional Time Increment for Partial Initial Investigations

As indicated above, we accepted the city's proposal to allow additional time increments for performing partial initial investigation activities for those SCARs referred from CPS, in which the Police Department closed cases without completing and documenting a full initial investigation. For these SCARs, Police Department staff members explained that some preliminary investigative activities might have taken place to corroborate the information reported by CPS (which completed the investigations) and make a determination of whether the cases were unfounded. For these partial initial investigations, the city proposed an additional 18-minute (0.30 hours) time increment for the Officer/Detective classification to read and review each SCAR, five-minute (0.09 hours) time increment for the Sergeant classification to approve closing the case, and five-minute (0.09 hours) time increment for the Records Technician classification to document and file the closed case. We discussed the proposed time increments with the city's staff and found this proposal to be reasonable. These time increments are applicable to those SCARs, referred from CPS, in which the Police Department closed the cases without completing and documenting a full initial investigation, totaling 2,796 SCARs for the audit period.

The following table summarizes the claimed and allowable hours per employee classification for the audit period, based on the adjustment to the number of SCAR investigations and the allowable time increments per SCAR:

Classification	Hours Claimed	Hours Allowable	Difference
<u>Full Initial Investigation (311 SCARs)</u>			
Officer/Detective	16,003.39	1,259.55	(14,743.84)
Sergeant	658.60	51.83	(606.77)
Records Technician	329.25	25.91	(303.34)
<u>Partial Initial Investigation (2,796 SCARs)</u>			
Officer/Detective	-	838.80	838.80
Sergeant	-	223.68	223.68
Records Technician	-	223.68	223.68
Total	<u>16,991.24</u>	<u>2,623.45</u>	<u>(14,367.79)</u>

The following table summarizes the total claimed, allowable, and adjusted hours per fiscal year based on the adjustment to the number of SCAR investigations and the allowable time increments per SCAR:

Fiscal Year	Hours Claimed	Hours Allowable	Difference
1999-2000	984.49	158.98	(825.51)
2000-01	1,036.30	170.64	(865.66)
2001-02	984.70	167.88	(816.82)
2002-03	1,191.10	178.62	(1,012.48)
2003-04	1,229.80	144.40	(1,085.40)
2004-05	1,229.80	187.06	(1,042.74)
2005-06	1,199.70	184.76	(1,014.94)
2006-07	1,354.50	200.72	(1,153.78)
2007-08	1,281.40	202.56	(1,078.84)
2008-09	1,621.53	111.10	(1,510.43)
2009-10	1,981.87	453.46	(1,528.41)
2010-11	1,978.00	313.65	(1,664.35)
2011-12	<u>918.05</u>	<u>149.62</u>	<u>(768.43)</u>
Total	<u>16,991.24</u>	<u>2,623.45</u>	<u>(14,367.79)</u>

Productive Hourly Rates

The city claimed PHRs based on salary ranges for employee classifications rather than the actual salary amounts paid to each employee performing the reimbursable activities during the audit period. Our analysis of claimed PHRs showed that the city understated the rates for each fiscal year of the audit period.

Claimed

For eight fiscal years of the audit period (FY 2004-05 through FY 2011-12), the city computed claimed PHRs by using hourly rates that were reported on the city's Salary Table by Bargaining Unit report. The report specified the amounts for six salary ranges (steps) per each classification. Within each range, the report identified an hourly rate and a monthly salary amount. The city computed claimed PHRs based on

1,800 annual productive hours. To compute claimed PHRs for four of these eight fiscal years (FY 2005-06, FY 2006-07, FY 2010-11 and FY 2011-12), the city used the salary amounts listed at Range Four for each employee classification claimed. For the remaining four fiscal years (FY 2004-05, FY 2007-08, FY 2008-09, and FY 2009-10), the city used various inconsistent salary ranges to compute claimed PHRs. For the first five fiscal years of the audit period (FY 1999-2000 through FY 2003-04), the city did not provide salary tables. Therefore, we were unable to determine how the city computed claimed rates for FY 1999-2000 through FY 2003-04.

Allowable

During the course of the audit, we recalculated PHRs for each classification claimed for the eight fiscal years in which salary tables were available (FY 2004-05 through FY 2011-12). The city proposed that PHRs should be recomputed at the highest salary range (Range Six) because staff working on reimbursable activities were paid at the top of their respective salary ranges. Additionally, the city explained that it had erroneously claimed the Senior Records Technician classification rather than the Records Supervisor classification for each fiscal year. We worked with the city's Finance Department and determined that a Records Supervisor performed reimbursable activities for FY 1999-2000 through FY 2003-04 and FY 2008-09 through FY 2011-12, and a Senior Records Technician performed reimbursable activities for FY 2004-05 through FY 2007-08. Therefore, we made adjustments to these classifications accordingly in our recalculations of claimed PHRs.

For FY 2004-05 through FY 2011-12, we recomputed the claimed PHRs for each classification at salary Range Six using 1,800 annual productive hours. For FY 1999-2000 through FY 2003-04, the city did not provide salary tables. Therefore, we used the CPI, obtained from the California Department of Finance, to calculate allowable PHRs for FY 1999-2000 through FY 2003-04, using the FY 2004-05 recalculated PHRs as a base. Our analysis showed that the PHRs claimed were understated for each fiscal year of the audit period.

The following table summarizes the claimed, allowable, and adjusted PHRs for all classifications performing reimbursable activities for the audit period:

Fiscal Year	Classification	Claimed Productive Hourly Rates	Allowable Productive Hourly Rates	Difference
1999-2000	Records Supervisor	\$ 18.46	\$ 20.75	\$ 2.29
	Officer/Detective	22.50	26.54	4.04
	Sergeant	27.41	30.80	3.39
2000-01	Records Supervisor	19.97	21.65	1.68
	Officer/Detective	24.33	27.69	3.36
	Sergeant	29.65	32.13	2.48
2001-02	Records Supervisor	20.78	22.29	1.51
	Officer/Detective	25.32	28.51	3.19
	Sergeant	30.85	33.09	2.24
2002-03	Records Supervisor	17.31	22.87	5.56
	Officer/Detective	28.47	29.26	0.79
	Sergeant	33.36	33.95	0.59
2003-04	Records Supervisor	17.83	23.29	5.46
	Officer/Detective	28.47	29.80	1.33
	Sergeant	31.77	34.58	2.81
2004-05	Records Technician (Senior)	17.83	20.63	2.80
	Officer/Detective	29.61	30.79	1.18
	Sergeant	34.36	35.73	1.37
2005-06	Records Technician (Senior)	20.09	22.14	2.05
	Officer/Detective	31.09	33.95	2.86
	Sergeant	36.08	39.40	3.32
2006-07	Records Technician (Senior)	20.81	22.93	2.12
	Officer/Detective	31.09	33.95	2.86
	Sergeant	36.08	39.40	3.32
2007-08	Records Technician (Senior)	22.28	23.73	1.45
	Officer/Detective	32.34	33.95	1.61
	Sergeant	37.90	39.40	1.50
2008-09	Records Supervisor	24.79	32.65	7.86
	Officer/Detective	34.65	36.74	2.09
	Sergeant	40.21	42.63	2.42
2009-10	Records Supervisor	25.79	35.04	9.25
	Officer/Detective	39.35	39.73	0.38
	Sergeant	45.66	45.66	-
2010-11	Records Supervisor	25.79	35.65	9.86
	Officer/Detective	40.14	43.83	3.69
	Sergeant	46.57	50.86	4.29
2011-12	Records Supervisor	25.79	35.65	9.86
	Officer/Detective	40.14	43.83	3.69
	Sergeant	46.57	50.86	4.29

Benefit Rates

The city claimed department-wide benefit rates that were derived from the Police Department's Indirect Cost Rate Proposals (ICRPs) for each fiscal year of the audit period. We found the claimed benefit rates to be reasonable and properly computed. We applied the department-wide benefit rates to the allowable salaries to arrive at allowable benefit costs for the audit period.

Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of SCARs investigated (311 full initial investigations and 2,796 partial initial investigations), by the allowable time increments per activity per SCAR. We then applied the allowable PHRs and department-wide benefit rates to the allowable hours to compute allowable salaries and benefits costs. We found that the city overstated salaries and benefits costs totaling \$737,464 for the audit period.

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

Fiscal Year	SCARs/Hours Related Adjustment	PHR Adjustment	Benefit Costs Adjustment	Total Audit Adjustment
1999-2000	\$ (18,664)	\$ 607	\$ (5,977)	\$ (24,034)
2000-01	(21,163)	530	(7,079)	(27,712)
2001-02	(20,781)	490	(8,380)	(28,671)
2002-03	(28,893)	219	(14,422)	(43,096)
2003-04	(30,902)	273	(18,010)	(48,639)
2004-05	(30,938)	254	(19,852)	(50,536)
2005-06	(31,627)	524	(21,647)	(52,750)
2006-07	(36,919)	1,535	(23,955)	(59,339)
2007-08	(34,991)	320	(22,743)	(57,414)
2008-09	(52,417)	298	(35,126)	(87,245)
2009-10	(60,390)	536	(38,845)	(98,699)
2010-11	(66,968)	1,362	(42,774)	(108,380)
2011-12	(30,919)	647	(20,677)	(50,949)
Total	\$ (465,572)	\$ 7,595	\$ (279,487)	\$ (737,464)

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 – B.3.a.1.) allow ongoing activities related to costs for reporting to the California DOJ. For the following reimbursable activities:

From July 1, 1999 to December 31, 2011, city and county police or sheriff's departments, county probation departments if designated by the county to receive mandated reports, and county welfare departments shall: (Pursuant to amendments to Penal Code section 11169(b) enacted by Statutes 2011, chapter 468 (AB 717), the mandate to report to DOJ *for law enforcement agencies only* ends on January 1, 2012. In addition, the duty for all other affected agencies is modified to exclude an "inconclusive" report.)

1) Complete an investigation for purposes of preparing the report

Complete an investigation to determine whether a report of suspected child abuse or severe neglect is unfounded, substantiated or inconclusive, as defined in Penal Code section 11165.12, for purposes of preparing and submitting the state "Child Abuse Investigation Report" Form SS 8583, or subsequent designated form, to the Department of Justice. (Penal Code section 11169(a) (Stats. 1997, ch. 842, § 5 (SB 644); Stats. 2000, ch. 916 (AB 1241); Stats. 2011, ch. 468, § 2 (AB 717)); Code of Regulations, Title 11, section 903; "Child Abuse Investigation Report" Form SS 8583.) Except as provided in paragraph below, this activity includes review of the initial Suspected Child Abuse Report (Form 8572), conducting initial interviews with parents, victims, suspects, or witnesses, where applicable, and making a report of the findings of those interviews, which may be reviewed by a supervisor.

Reimbursement is not required in the following circumstances:

- i. Investigative activities conducted by a mandated reporter to complete the Suspected Child Abuse Report (Form SS 8572) pursuant to Penal Code section 11166(a).
- ii. In the event that the mandated reporter is employed by the same child protective agency required to investigate and submit the "Child Abuse Investigation Report" Form SS 8583 or subsequent designated form to the Department of Justice, pursuant to Penal Code section 11169(a), reimbursement is not required if the investigation required to complete the Form SS 8572 is also sufficient to make the determination required under section 11169(a), and sufficient to complete the essential information items required on the Form SS 8583, pursuant to Code of Regulations, title 11, section 903 (Register 98, No. 29).
- iii. Investigative activities undertaken subsequent to the determination whether a report of suspected child abuse is substantiated, inconclusive, or unfounded, as defined in Penal Code section 11165.12, for purposes of preparing the Form SS 8583, including the collection of physical evidence, the referral to a child abuse investigator, and the conduct of follow-up interviews.

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 reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

The ICAN Investigation Reports Program was suspended from FY 2015-16 through FY 2017-18. If the program becomes active again, we recommend that the city follow the mandated program claiming instructions and the parameters and guidelines to ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City's Response

FINDING 2: Complete an investigation for purposes of preparing the SS8583 report

Issue 1:

Excessively narrow interpretation of eligible investigations. (DISALLOWANCE OF ALL LAW ENFORCEMENT AGENCY (LEA) GENERATED CASES

The SCO audit determined that City statistics for Suspected Child Abuse Reports (SCARs) was accurate.

Of the total SCARs however, only 81.76% was found to be eligible (SCARs generated by other local agencies) and 18.24% was determined to be ineligible (Law Enforcement Agency (LEA) generated cases).

The City disagrees with the State Controller's Office's (SCO) interpretation that **all** LEA generated cases were ineligible for reimbursement.

Claiming instructions for Investigative Activities state: "Reimbursement is not required in the following circumstances:

"ii. In the event that the mandated reporter is employed by the same child protective agency require to investigate and submit the "Child Abuse Investigation Report" Form SS 8583 or subsequent designated form to the Department of Justice, pursuant to Penal Code Section 11169(a), *reimbursement is not required **if the investigation required to complete the Form SS 8572 is also sufficient to complete the essential information items required on the Form SS 8583...***"

We believe that the cases listed below demonstrated that the investigation level exceeded the base requirements that would have been needed to simply fill out a Mandated Reporter form (SS 8572). In other words, the investigation required to fill out the SS 8572 was NOT sufficient to complete the items required on the form SS 8583 – mainly to determine if the case was unfounded, substantiated or inconclusive.

The reports and call histories show that there were often multiple officers on the scene and multiple parties being interviewed to determine whether the case was unfounded, substantiated or inconclusive. This level of effort would not have been required to simply fill in a mandated reporter form (SS8572) which could have easily been completed by one officer in 10-15 minutes. Therefore, the following cases should be found allowable and the resulting percentage of eligible cases increased accordingly:

FY 2008-09	FY 2009-10	FY 2010-11
Case #1003-1190	0907-2506	1009-1848
Case #0801-1766	09092714	1106-2117
Case #1811-0181		1010-0549
Case #0904-0493		1104-1560

Issue 2:

Excessively narrow interpretation of eligible activities denies local agencies reimbursement of reasonably necessary, actual activities involved in the preliminary investigative process to “Complete an investigation to determine whether a report of suspected child abuse or severe neglect is unfounded, substantiated, or inconclusive...”

SCO states in their Draft Audit “the Police Department investigated very few (10%) of the other agency-generated SCARs that has been cross-reported to them, as no additional follow-up was deemed necessary.” “The files showed that CPS regularly and systematically cross-reported SCARs to the Police Department. The Police Department received these CPS referrals and made notes of the referrals in their files, but typically did not perform any investigation on these cases before closing the files. For the vast majority of SCARs referred from CPS, the Police Department identified CPS as the investigating agency and closed the cases if no further investigation was deemed necessary.”

The City disagrees with the statement that “the Police Department did not perform any investigation on those cases before closing the files.” The SCO conclusion that 90% of the City’s child abuse cases did not qualify for any reimbursement of preliminary investigative activities is incorrect.

The SCO interpretation of what constitutes eligible “investigative activity” is excessively narrow, limiting activities to only: “Conduct(ing) initial interviews with parents, victims, witnesses, or suspects.” As a result, the City is denied all preliminary investigative time for 90% of SCARs cases forwarded to it by other agencies. SCO allowed reimbursement of only 28 minutes per case: 18 minutes for the Officer/Detective to read and review the initial SCAR form; 5 minutes for the Sergeant to review the closed case report; and 5 minutes for Records staff to document and file the case.

While in person interviews are not always performed, there is a substantial amount of investigative time the Detective spends in the Office to determine whether in-person interviews will be required. For example, the City documented the following investigative activities prior to making the determination that in-person interviews were not required and closing the case:

6 minutes to check to see if a report was already written – determine if case is a duplicate (Detective) NOT ALLOWED BY SCO

6 minutes to check if a report was already written (Records) NOT ALLOWED BY SCO

26-36 minutes to call the Department of Social Services, reporting agency, or involved individuals (at least one adult who has information regarding allegations) to obtain more details of the case to determine if in person interviews are necessary (Detective) NOT ALLOWED BY SCO

The City contends that these preliminary investigative activities are necessary for investigators to make the determination whether to close the case (determine the allegations are unfounded) or to continue the investigation by proceeding with in person/on-site interviews.

The claiming instructions are general guidelines meant to provide direction, not an exclusive and exhaustive list of eligible tasks that take place during the preliminary investigative process to determine if the child abuse or neglect case is founded or unfounded. To assume so is unreasonable and violates the intent of State Mandate Statutes which ensure the reimbursement of actual costs incurred to comply with the State mandated program.

The Commission on State Mandates Statement of Decision supports this interpretation. On page 34 of the December 2013 Statement of Decision, the California Department of Social Services (CDSS) argues (and Commission agrees) that only an investigation similar to one that is conducted BY CDSS should be allowed.

CDSS testimony states that, “**prior to the actual interviews, the social worker must make a multitude of considerations to first decide whether an in-person investigation is necessary.**” That is exactly the same process South Lake Tahoe PD goes through in reviewing each case and which is outlined above.

On page 35, CDSS continues to describe the process their staff goes through to make the determination as to whether the investigation requires referral to the Department of Justice (DOJ) under CANRA (Child Abuse and Neglect Reporting). “In summary, **these rules require the social worker to first decide whether an in-person investigation is necessary, which includes consideration of a multitude of considerations.** If an in-person investigation of reported child abuse is determined to be necessary, the CDSS regulations at MPP 31-114 describe what steps are necessary for the conduct of the investigation.”

“These rules require direct contact with alleged child victims, and at least one adult who has information regarding the allegations. If after that stage the social worker does not find the referral to be unfounded, the social worker must conduct an in person investigation with all the children present at the time of the initial in person investigation, all parents who have access to the child alleged to be at risk of abuse, noncustodial parents if he/she has regular or frequent in person contact with the child, and make necessary collateral contacts with persons having knowledge of the condition of the child. Based on these investigative activities, the social worker is required under CDSS regulations at MPP 31-501 to determine whether the results of the investigation require referral to the Department of Justice under CANRA.”

The Commission concludes on page 37: “Therefore, **because in-person interviews and writing a report of the findings are the last step** taken by law enforcement before determining whether to proceed with a criminal investigation or close the investigation, and the last step that county welfare departments take before determining whether to forward the report to the DOJ and possibly refer the matter to law enforcement, **that degree of investigative effort must be the last step that is necessary to comply with the mandate.**”

Therefore, based on the Statement of Decision discussion we believe that the activities listed above and performed by law enforcement agencies **before** this “last step” in the investigative process are eligible for reimbursement. These preliminary investigative activities are necessary for the Police Department to determine if the suspected child abuse case (SCAR) was founded, unfounded or inconclusive and therefore should be reimbursable.

We request restoration of an additional 72 minutes of Detective time and 6 minutes of Records staff time as detailed above and as is supported by our documentation (2015 times study and other documentation) for the investigative steps conducted prior to determining whether in-person interviews are necessary or whether it is appropriate to close the case.

This would result in an allowable time of 1.5 hours per case for the Detective for the cases that did not require in person interviews and that were closed after desk review versus the 18 minutes of time currently allowed by the SCO simply to read and log the case.

SCO Comment

Our finding and recommendation remain unchanged.

The city addressed its comments on Finding 2 under two subheadings as follows:

- Issue 1: Excessively narrow interpretation of eligible investigations. (Disallowance of all law enforcement agency [LEA] generated cases)
- Issue 2: Excessively narrow interpretation of eligible activities denies local agencies reimbursement of reasonable necessary, actual activities involved in the preliminary investigative process to “Complete an investigation to determine whether a report of suspected child abuse or severe neglect is unfounded, substantiated, or inconclusive....”

We will address the city’s response in the same order that it was presented.

Issue 1

The city has not provided additional documentation to support an increase in allowable costs. The city is requesting an increase in the number of allowable cases. In its response, the city argues that SCO incorrectly excluded some SCARs that were generated by the police department (LEA-generated cases) from consideration for reimbursement for conducting an initial investigation. The city states that SCO is employing an “excessively narrow” interpretation of the parameters and guidelines

for this component. The city states the following regarding section IV.B.3.a (1)(ii) of the parameters and guidelines:

Claiming Instructions for Investigative Activities state: “Reimbursement is not required in the following circumstances: In the event that the mandated reporter is employed by the same child protective agency require to investigate and submit the ‘Child Abuse Investigation Report’ Form SS 8583 or subsequent designated form to the Department of Justice, pursuant to Penal Code Section 11169(a), reimbursement is not required if the investigation required to complete the Form SS 8572 is also sufficient to complete the essential information items required on the Form SS 8583...”

The city then lists 10 LEA-generated cases from the three fiscal years that were sampled during the audit (four cases from FY 2008-09, two cases from FY 2009-10, and four cases from FY 2010-11) that it states should have been included as eligible cases in the sampling analysis. The city states that these cases should have been included in the population of allowable cases because the level of investigation required to complete the initial SCAR form SS 8572 may not have been sufficient to complete the essential items required in the Child Abuse Investigation Report (form SS 8583) that is forwarded to the DOJ. The city argues that the files for these cases show that there were often multiple officers on the scene and multiple parties interviewed to determine whether the cases were unfounded, substantiated, or inconclusive. The city states that this “level of effort” shows that the officers were not able to obtain enough information from completing an initial SCAR form to also complete the SS 8583 form. We disagree.

The city is taking this section of the parameters and guidelines out of context. To fully understand this portion of the parameters and guidelines, one must refer to the Commission’s Statement of Decision. Pages 40 through 42 of the Statement of Decision discuss in detail what is and is not reimbursable when a mandated reporter (police department, county welfare, probation department) is also the investigating agency. Per PC section 11166(a), a mandated reporter is already compelled by the nature of his/her duty to report instances of suspected child abuse via the SS 8572 form. There is no higher level of service mandated, and therefore, the duty to investigate under PC section 11166(a) is not reimbursable. Furthermore, the level of investigation performed by the mandated reporter to gather the necessary information for completing the SS 8572 form is frequently sufficient to complete form SS 8583. Page 41 of the Statement of Decision states the following:

The precise scope of this investigative duty is not specified, but all mandated reporters are expected to employ the Form SS 8572 to report suspected child abuse... This duty is triggered whenever the mandated reporter, in his or her professional capacity or within the scope of his or her employment, has knowledge of or observes a child whom the mandated reporter knows or reasonably suspects has been the victim of child abuse or neglect. Given the scope of employment within a law enforcement agency, county probation department, or county welfare agency generally includes investigation and observation for crime prevention, law enforcement and child protection purposes, information may be obtained by an employee which triggers the requirements of 11166(a), and ultimately leads to an investigation and report to DOJ

under section 11169(a). Ultimately, some of the same information to satisfy the reporting requirements of section 11169 and the DOJ regulations may be obtained in the course of completing a mandated reporter's (non-reimbursable) duties under section 11166(a)

The city concludes that a correlation exists between the amount of investigative work performed on an LEA-generated case and the amount of information needed to complete form SS 8583. We disagree. Page 42 of the Statement of Decision demonstrates that this conclusion is not accurate:

the test claim statement of decision approved only Code of Regulations, title 11, section 903 as amended by Register 98, No. 29, which adopted the Form SS 8583, and required that only "certain information items...must be completed." Those information items, as discussed above, impose a very low standard of investigation for reporting to DOJ regarding instances of known or suspected child abuse.

The Statement of Decision emphasizes that a mandated reporter who is an employee of a child protective agency already has a greater responsibility to investigate when he/she has suspicions of child abuse. The Statement of Decision states, "[t]herefore, the regulations and statutes approved in the test claim statement of decision impose very little beyond what would otherwise be expected of a mandated reporter." The threshold of what makes the SS 8583 report retainable is relatively low. Investigative work performed to identify suspects or gather proof for criminal charges is not necessary to complete the form SS 8583.

Therefore, contrary to the city's argument, there is no correlation between the severity of a case and the scope of information needed to determine whether a case of suspected child abuse is unfounded, inconclusive, or substantiated for purposes of completing form SS 8583. The Commission, when crafting the Statement of Decision, was aware of the potential of over-claiming when a mandated reporter is also the investigating agency. Page 40 of the Statement of Decision states, "the parameters and guidelines must be crafted to avoid over-claiming when the mandated reporter in a particular case is also an employee of the child protective agency that will complete the investigation under section 11169."

The city's claim that the 10 cases cited should be included as eligible in the sampling analysis is unsupported. For these 10 cases, only one completed SCAR (form SS 8572) was documented in the file, and none of the cases had completed SS 8583 forms documented in the files. For this particular component, the reimbursable activity is to complete an investigation "*for purposes of*" [emphasis added] preparing an SS 8583 report form. The documentation in the case files does not support that the city prepared the required SS 8583 forms. Most of the cases were forwarded to CPS or the DA for follow-up, without a SCAR (form SS 8572) or SS 8583 report form being completed and forwarded to the DOJ. The two cases cited in FY 2009-10 "were closed by arrest": the case files show that officers arrived on the scene and arrested the suspects. The extensive investigative work cited by the city was not performed.

Issue 2

The city has not provided additional documentation to support an increase in allowable costs. The city is requesting an increase in the allowable time increment for those cases in which a full initial investigation was not completed. As with Issue 1, the city states that SCO is employing an “excessively narrow” interpretation of the parameters and guidelines with regards to eligible activities.

In its response, the city states, “[t]he SCO conclusion that 90% of the City’s child abuse cases did not qualify for any reimbursement of preliminary investigative activities is incorrect.” This statement is inaccurate. Per our sampling results, we found that 90% of the cases (a total of 2,796) cross-reported to the police department were not “*fully*” [emphasis added] investigated. That is, the case documentation did not show that the department had: 1) reviewed the SCAR; 2) conducted initial interviews with witnesses, victims, parents, etc.; and 3) made a written report of the interviews, which may have been reviewed by a supervisor. However, during the audit, Police Department staff explained that for these cross-reported cases, although full initial investigations were not conducted, some preliminary investigative activities may have taken place to corroborate the information reported by CPS. Therefore, as detailed in the audit report, we worked with the department to determine an allowable time increment for the Officer/Detective, Sergeant, and Records Technician classifications for performing “*partial*” [emphasis added] initial investigation activities for these 2,796 cases.

In its response, the city also states:

The SCO interpretation of what constitutes eligible “investigative activity” is excessively narrow, limiting activities to only: “Conduct(ing) initial interviews with parents, victims, witnesses, or suspects.” As a result, the City is denied all preliminary investigative time for 90% of SCARs cases forwarded to it by other agencies.

We disagree. Finding 2 outlines in detail the distinct differences between the eligible activities for *full* initial investigations and the eligible activities for *partial* initial investigations. Per the parameters and guidelines, and as outlined in the audit report, allowable reimbursable activities for performing a full initial investigation are as follows:

- 1) Reviewing the initial SCAR (Form SS 8572);
- 2) Conducting initial interviews with involved parties; and
- 3) Making a report of the findings of the interviews (which may include a review of the report by a supervisor).

As outlined in the audit report, allowable reimbursable activities for performing a partial initial investigation were determined during the audit, as follows:

- 1) Read and review the SCAR;
- 2) Approve closing the case; and
- 3) Document and file the closed case.

SCO did not “deny all preliminary investigative time” for the 2,796 cases that were found to not have been fully investigated. Rather, we worked with the department and, based on our discussions with the city’s Detective, we found the three above-referenced activities to be reimbursable. The city is correct that we allowed reimbursement of 28 minutes per case, as this is what the Detective proposed, and we concluded was reasonable based on his explanation. During the audit, the city also proposed four additional activities that it asserts should be included as reimbursable activities for partial initial investigations. We determined that the four additional activities are not within the scope of the parameters and guidelines.

The city is requesting that SCO allow it to claim additional time for additional activities, beyond the 28 minutes already allowed for the partial initial investigations. The city is requesting the following:

- 1) Six minutes for a Detective to verify whether a report was already written;
- 2) Six minutes for a Records Technician to verify whether a report was already written;
- 3) 36 minutes for a Detective to review the case history; and
- 4) 26-36 minutes for a Detective to telephone other agencies and involved individuals to obtain more details.

In its response, the city requests “restoration” of an additional 72 minutes for the Detective classification and six minutes for the Records Technician classification (a total of 78 minutes) for performing these four activities.

For those cases where a full initial investigation was conducted, we accepted the city’s claimed time increments, without adjustment. In addition, we worked with the city during the audit to allow additional time increments for the three partial initial investigation activities listed on the previous page, although there was no documentation in the case files to support that the activities had been performed. Because the additional time increments for partial initial investigations were approved during the audit, there is nothing to “restore.”

During the audit, the city proposed that it also be allowed to claim additional time for the four activities listed above. At that time, we discussed the matter, at length, with city officials and informed them that these activities are not reimbursable per the parameters and guidelines. We agree that Detectives and other staff perform many activities necessary to complete child abuse investigations. However, not all activities within the investigation process (whether for partial or full initial investigations) are reimbursable, even when they appear reasonably necessary. For example, items 1 and 2 above can be described as overlapping internal procedures. Although the department may view these activities as necessary, they do not qualify as preliminary investigative activities and are not mandated. As explained, Section IV.B.3.1 of the program’s parameters and guidelines allow reimbursement of the actual costs incurred to 1) review the initial SCARs, 2) conduct initial interviews with involved parties, and 3) make a report of the findings of those interviews.

In its response, the city cites a “time study” that it conducted in 2015. The city argues that this time study supports that it performed the four proposed activities listed on the previous page and validates its request to “restore” an additional 78 minutes for partial initial investigations. The time study is irrelevant. The purpose of a time study is to approximate the average time it takes to perform a specific activity. We are not questioning the time that it may have taken department staff to perform the four activities; rather, we are establishing that the activities are not reimbursable. Even if the activities were reimbursable, performing a time study outside of the audit period would not support that the activities actually took place during the audit period. Only contemporaneous documentation, such as notes in the case files, would support this.

In summary, we believe that the four activities listed above, equating to an additional 78 minutes, are beyond the scope of the reimbursable activities and, therefore, are unallowable for reimbursement.

**FINDING 3—
Unallowable indirect
costs**

The city claimed indirect costs totaling \$589,348 during the audit period. We found that \$68,134 is allowable and \$521,214 is unallowable. The costs are unallowable because the city overstated its indirect cost rates for the audit period and applied its indirect cost rates to overstated salaries.

The city claimed indirect cost rates by calculating an ICRP for each fiscal year of the audit period. In its ICRPs, the city combined expenditure amounts from the following five key accounts within the Police Department: Administration, Operations, Certified Training, Joint Dispatch Center, and Support. The city allocated the totals for salaries, benefits, and services and supplies between direct and indirect cost categories. The city then added the city-wide overhead costs to the indirect cost pool. The city computed its rates by dividing total indirect costs by direct salaries and overtime. The city claimed indirect cost rates ranging from 47.3% to 138.8% for the audit period.

The following table summarizes the claimed, allowable, and unallowable indirect costs for the audit period:

Fiscal Year	Claimed Indirect Costs	Allowable Indirect Costs	Audit Adjustment
1999-2000	\$ 10,967	\$ 1,317	\$ (9,650)
2000-01	15,401	1,991	(13,410)
2001-02	18,241	2,900	(15,341)
2002-03	29,653	3,969	(25,684)
2003-04	32,331	3,368	(28,963)
2004-05	36,433	4,678	(31,755)
2005-06	41,922	5,204	(36,718)
2006-07	48,886	5,250	(43,636)
2007-08	48,966	5,599	(43,367)
2008-09	68,206	3,563	(64,643)
2009-10	110,850	16,186	(94,664)
2010-11	91,644	9,025	(82,619)
2011-12	35,848	5,084	(30,764)
Total	<u>\$ 589,348</u>	<u>\$ 68,134</u>	<u>\$ (521,214)</u>

Overtime included in the base

For the audit period, the city calculated indirect cost rates using direct salaries and overtime as the base. The city then applied the indirect cost rate to claimed salaries for the audit period. The city incorrectly included overtime in its computation of indirect costs. The city should have calculated indirect cost rates using only direct salaries as the base, since the rate cannot be applied to overtime. Therefore, for each fiscal year of the audit period, we excluded overtime from the base when performing our recalculations.

Salaries claimed as indirect costs

The city classified a multitude of classifications as indirect positions and allocated the related salary and benefit costs to the indirect cost pool when computing claimed indirect cost rates. In our analysis, we noted that the indirect salaries and related benefits claimed as indirect costs might have included positions that were not indirect. The city provided a worksheet listing the classifications that it considered to be indirect.

The following table lists the 21 classifications that the city claimed as being 100% indirect in its ICRPs at some point during the audit period. Two exceptions are noted, for the Captain and Police Chief. Some of the classifications were claimed every fiscal year, while others were claimed in only some fiscal years.

Classifications Claimed as Indirect	
Admin Assistant	Information Systems Technician
Admin Secretary	Lieutenant
Assistant Management Analyst	Police Chief ²
Captain ¹	Police Maintenance Worker
Commander	Police Operation Worker
Communications Coordinator	Police Records Technician
Communications Supervisor	Public Safety Dispatcher
Community Services Officer	Records Supervisor
Dispatch Supervisor	Sergeant
Evidence Technician	Support Services Technician
Information Systems Manager	

¹ Claimed at 90% for FY 2006-07 through FY 2008-09.

² Claimed at 50% indirect for FY 2011-12, FY 2006-07, FY 2005-06, and FY 2004-05. Claimed at 100% for all other fiscal years.

We identified eight of the 21 positions as likely not 100% indirect, based on the nature of the positions and typical duties performed. The remaining classifications are support roles or are mostly administrative in nature, and we therefore accepted the city's assessment. The positions in question were the following:

- Community Services Officer
- Dispatch Supervisor
- Evidence Technician
- Lieutenant

- Police Records Technician
- Public Safety Dispatcher
- Records Supervisor
- Sergeant

For these positions, we requested duty statements from the city's Finance Department. We explained to the city that the duty statements would help determine to what extent each classification's duties were related to the Police Department's direct functions, and to what extent they were related to administrative or support roles. For those classifications that were not readily identifiable as being 100% direct or 100% indirect, the duty statements served as a tool in determining an allocation between the two based on the list of typical duties performed.

As a general rule, any classification involved in providing specific, identifiable, and direct services should be considered as direct labor costs. On the contrary, indirect labor costs are those which are not readily identifiable or assignable to one unit and typically would benefit more than one department.

Recalculation of Fractional Percentages for Indirect Cost Pool

We analyzed the representative duties listed on the duty statements for each of the eight classifications that we identified as not 100% indirect. For each classification, we calculated how many of the representative duties listed were indirect and how many were direct. For example, for the Community Services Officer classification, we determined that out of the 17 total representative duties listed, one was indirect, equating to 5%. The one duty we determined to be indirect was described as "performs a variety of record keeping, filing, indexing and other general clerical work." Examples of direct duties were "direct the removal of parked vehicles that pose a hazard" and "takes statements, prepares criminal and traffic reports, and makes court appearances as required."

We calculated the fractional percentages of indirect labor for each of the eight classifications in question. The final determination of the allocation of direct and indirect labor ratio is as follows:

- Community Services Officer – 5% indirect
- Dispatch Supervisor – 60% indirect
- Evidence Technician – 0% indirect
- Lieutenant – 75% indirect
- Police Records Technician – 45% indirect
- Public Safety Dispatcher – 0% indirect
- Records Supervisor – 70% indirect
- Sergeant – 65% indirect

Additionally, we accepted the city's proposal that for the years in which the city included the Captain and the Police Chief classifications in its ICRP computations, they be considered as 100% indirect labor costs. The city originally had claimed the Police Chief classification at 50% in some years and 100% in other years, and the Captain classification at 90%.

Recalculated Rates

For each fiscal year of the audit period, we recalculated the indirect cost rates by implementing the changes described previously in this Finding. We removed overtime costs from the base. We also adjusted the salaries and related benefits costs allocated into the indirect cost pool based on our analysis of the city's duty statements for the classifications included in the indirect cost pool.

The following table summarizes the claimed, allowable, and adjusted indirect cost rates for the audit period:

Fiscal Year	Claimed Indirect Cost Rates (a)	Allowable Indirect Cost Rates (b)	Rate Difference (c) = (b) - (a)
1999-2000	47.30%	25.70%	-21.60%
2000-01	59.00%	36.40%	-22.60%
2001-02	70.60%	52.30%	-18.30%
2002-03	85.00%	63.90%	-21.10%
2003-04	90.20%	64.60%	-25.60%
2004-05	97.60%	70.40%	-27.20%
2005-06	109.20%	71.40%	-37.80%
2006-07	112.80%	66.00%	-46.80%
2007-08	114.60%	69.50%	-45.10%
2008-09	118.20%	63.80%	-54.40%
2009-10	138.80%	80.90%	-57.90%
2010-11	107.20%	58.10%	-49.10%
2011-12	93.40%	62.70%	-30.70%

Summary of Audit Adjustment

For each fiscal year of the audit period, we recalculated allowable indirect costs by applying the audited indirect cost rates to the allowable salaries. We found that the city overstated indirect costs totaling \$521,214 for the audit period (\$42,662 related to overstated indirect cost rates and \$478,552 related to overstated salaries identified in Findings 1 and 2).

The following table summarizes the indirect costs adjustments per fiscal year as described previously in this Finding:

Fiscal Year	Indirect Cost Rate Difference Adjustment	Unallowable Salaries Cost Adjustment	Total Audit Adjustment
1999-2000	\$ (1,108)	\$ (8,542)	\$ (9,650)
2000-01	(1,236)	(12,174)	(13,410)
2001-02	(1,015)	(14,326)	(15,341)
2002-03	(1,311)	(24,373)	(25,684)
2003-04	(1,335)	(27,628)	(28,963)
2004-05	(1,807)	(29,948)	(31,755)
2005-06	(2,755)	(33,963)	(36,718)
2006-07	(3,723)	(39,913)	(43,636)
2007-08	(3,634)	(39,733)	(43,367)
2008-09	(3,038)	(61,605)	(64,643)
2009-10	(11,585)	(83,079)	(94,664)
2010-11	(7,626)	(74,993)	(82,619)
2011-12	(2,489)	(28,275)	(30,764)
Total	<u>\$ (42,662)</u>	<u>\$ (478,552)</u>	<u>\$ (521,214)</u>

Criteria

The parameters and guidelines (section V.B. – Claim Preparation and Submission – Indirect Cost Rates) state:

Indirect costs are costs that are incurred for a common or joint purpose...

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in 2 CFR Part 225 (Office of Management and Budget (OMB) Circular A-87). Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in 2 CFR Part 225, Appendix A and B (OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in 2 CFR Part 225, Appendix A and B (OMB Circular A-87 Attachments A and B)). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable. The distribution base may be: (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.); (2) direct salaries and wages; or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by: (1) classifying a department's total costs for the base period as either direct or indirect; and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to

distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount of allowable indirect costs bears to the base selected; or

2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by: (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect; and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount of allowable indirect costs bears to the base selected.

Recommendation

The ICAN Investigation Reports Program was suspended from FY 2015-16 through FY 2017-18. If the program becomes active again, we recommend that the city follow the mandated program claiming instructions and the parameters and guidelines to ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City's Response

FINDING 3: Unallowable indirect costs

The City believes that the SCO determination to completely disallow Dispatchers and Evidence Technicians from the Indirect cost rate proposal calculation (ICRP) is incorrect and improperly reduces the City's claims.

Employees in these classifications do not work directly on this program, however they do provide necessary indirect support and assistance to the staff who does.

DIRECT COSTS:

According to 2 CFR Part 200, Direct Costs are "those costs that can be identified specifically with a particular final cost objective, such as a Federal Award or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy."

According to the OMB A-97:

"E. Direct Costs

1. General. Direct Costs are those that can be identified specifically with a particular final cost objective."
2. Application. Typical direct costs chargeable to Federal Awards are:
 - a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.
 - b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.
 - c. Equipment and other approved capital expenditures.
 - d. Travel expenses incurred specifically to carry out the award.

- e. Minor items. Any direct costs of a minor amount may be treated as an indirect cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all cost objectives.”

The cost objective in this claim for the Child Abuse program or project is the costs of the Child Abuse Investigative program: primarily to determine if the case was founded, unfounded or inconclusive.

The SCO determined the direct costs were performed by the Officer/Detective, the Sergeant and Records staff. We agree.

INDIRECT COSTS:

According to the OMB A-97/2 CFR Part 200:

F. Indirect Costs

General. Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective; and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.”

A “final cost objective” is defined by 2 CFR Part 200 (page 210) “g. Cost Objective means a function, organizational subdivision, contract, Federal award, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, projects, jobs, and capitalized projects.”

The Indirect Costs, are according to the instructions, “costs incurred for a common or joint purpose, benefiting more than one cost objective and not readily assignable to the cost objectives without effort disproportionate to the results achieved.”

DISPATCH/COMMUNICATIONS and PROPERTY/EVIDENCE staff do not directly perform the cost objective of this program, which is primarily to conduct Child Abuse Investigations. However, they do support/benefit the Child Abuse COST OBJECTIVE and DIRECT COSTS by providing reception and clerical assistance/evidence storage and processing necessary for this program. Their activities do not benefit only one cost objective – but a multitude of programs including Drunk Driving, Domestic Violence, Homicides, Sexual Assaults, Missing Persons, etc.

2 CFR Part 200 (on page 136) Sect. 200.413 (c) The salaries of administrative and clerical staff should be treated as indirect costs.”

PUBLIC SAFETY DISPATCHERS: Dispatch staff is a support/clerical division – functioning primarily as receptionists for all the sworn staff of the department and they benefit more than one “cost objective”. They answer all types of calls for service.

Dispatchers (Communication Division) provides necessary support to the Officers who are the direct labor of the cost objective/mandate (Child Abuse Investigations). The Officer would not be able to obtain the call for service or initiate the case without the efforts of the dispatch staff as noted by Lieutenant Laney in our October 10, 2017 meeting. They assign and track the case number and monitor the officers in the field in their commission of their direct duties and investigations, including Child Abuse Investigations.

During Child Abuse Investigations, the officer is in constant contact with the dispatch staff – receiving the information and request for service from dispatch, notifying dispatch of their location, arrival time, departure time from the call and notifying them of the status of the investigation or if any additional assistance is needed. The Dispatchers – or Communications Division – is the liaison between the public and the sworn officer, as well as the sworn officer and command/support staff. They are not the ones providing the direct service – the sworn officers are.

Public Safety Dispatcher – The Dispatcher is necessary support for all Police Officers working on all types of programs and cases. They do not support any specific program or activity, but provide benefit to all cost objectives. All their duties (See attached Job Description Activities 1-11), ranging from answering, logging, relaying information from all incoming calls (911) and non-emergency calls from the public pertain to a variety of the department's programs and cost objectives. These include Child Abuse calls for assistance and providing support to Detectives and Officers working on Child Abuse cases.

While it would be possible theoretically to determine the percentage of calls processed that were generated by Child Abuse cases and to develop a percentage developed to allocate their costs, the level of effort to embark on such a project would be “disproportionate to the results achieved.” Therefore, it should be allowed as an indirect cost shared among all direct PD programs.

EVIDENCE TECHNICIANS: The Evidence department is also similarly a support division. The Evidence Technicians store, maintain, and process evidence for all types of cases and programs, including the Child Abuse program. Their mission is to provide support to all the sworn staff of the department and their work benefits more than one “cost objective.”

The Evidence staff benefits the Child Abuse Investigation program COST OBJECTIVE as well as other law enforcement programs such as Missing Persons, Theft, DUI, murder, rape, drugs and other types of cases/programs. They provide evidence storage, processing and inventorying for ALL types of programs and cases.

While it would be theoretically possible to determine what percentage of evidence is generated by Child Abuse Cases, this methodology would be cumbersome and is “not readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved.” Therefore, these positions, like the Public Safety Dispatcher staff, should be allowed as an indirect cost shared among all PD programs and activities.

SCO Comment

Our finding and recommendation remain unchanged.

The city has not provided additional documentation to support increasing its indirect cost rates. In its response, the city asserts that SCO incorrectly and improperly reduced the city's claims by excluding the salaries and related benefits of the Public Safety Dispatcher and Evidence Technician classifications from the indirect cost pool in its ICRP. We disagree.

As outlined in the audit report, the city claimed a total of 21 classifications as 100% indirect in its ICRPs during the audit period (two exceptions were noted). Of these 21, we accepted the city's assessment for 13, and questioned eight as not being 100% indirect due to the nature of the positions. Throughout the audit, we worked with the city to determine a reasonable allocation of direct and indirect labor for these eight classifications. We analyzed the representative duties listed in the city's duty statements, held multiple discussions with city officials, and considered their input to determine a reasonable allocation. Of the eight classifications, we determined that six performed a combination of both direct and indirect duties to different extents.

The duties that we identified as indirect were either administrative or clerical in nature. The duties that we identified as direct were readily assignable to a specific function and benefited the direct functions of the police department. The city is not contesting our assessment of these six classifications. Rather, the city is contesting the two classifications that we determined do not perform any indirect duties and are therefore 0% indirect: Public Safety Dispatcher and Evidence Technician. The respective duty statements do not identify any duties that are administrative or clerical in nature. The city is contesting our assessment of these two classifications.

The city's disagreement with our assessment stems from its argument that indirect cost rates are to be calculated based on a specific activity or program, rather than a department-wide basis. In its response, the city refers to OMB Circular A-87/2 Code of Federal Regulations Part 200:

A "final cost objective" is defined by 2 CFR Part 200 (page 210) "g. Cost Objective means a function, organizational subdivision, contract, Federal award, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, projects, jobs, and capitalized projects."

The city then states:

The Indirect Costs, are according to the instructions, "costs incurred for a common or joint purpose, benefitting more than one cost objective and not readily assignable to the cost objectives without effort disproportionate to the results achieved."

The city interchangeably identifies the cost objective as the "child abuse program" and "child abuse investigations." The city argues that the Public Safety Dispatcher and the Evidence Technician classifications benefit more than one cost objective (child abuse investigation, missing persons, theft, DUI, etc.). For this reason, the city concludes that these positions are indirect. We disagree.

The indirect cost rate is typically computed as an arithmetical calculation that allocates expenses between direct and indirect. The pool of expenses (numerator) identified as indirect is then divided by an allocation base (denominator), which in most cases is direct labor. Generally speaking, direct costs are those which can be identified specifically with particular unit or function ("cost objective") and accounted for separately. Indirect costs, on the other hand, are those costs incurred in support of general

business functions and which are not attributable to a specific project or unit. Both the city's claimed rates (as shown in its ICRPs) and our audited rates were based on Police Department expenditures as a whole. Therefore, the cost objective is the entire Police Department and not the ICAN program. As such, direct labor includes the overall functions of the Police Department assignable to specific units and functions; and the calculated indirect cost rates are considered to be department-wide rates.

We worked extensively with both Police Department and city staff to perform our analysis. We based our assessment of direct and indirect salaries and related benefits both on our discussions with staff as well as on actual duty statements. We believe that the classifications of Public Safety Dispatcher and Evidence Technician perform duties that are direct in nature and specifically identified with a particular unit or function. Therefore, we believe that we properly classified these positions as direct in our computations of the ICRPs for the audit period.

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



City of South Lake Tahoe

March 7, 2018

Mr. James Spano
Chief, Mandated Cost Audits Bureau
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5874

**RE: RESPONSE TO DRAFT AUDIT OF CITY OF SOUTH LAKE TAHOE
INTERAGENCY CHILD ABUSE AND NEGLECT (ICAN) INVESTIGATION REPORTS
PROGRAM CLAIMS (FY 99-00 through FY 2011-12)**

Dear Mr. Spano,

Attached are the City of South Lake Tahoe's responses to the Draft Audit issued by your office. Though we disagree with a few of the findings, we found the overall audit process professionally and promptly conducted.

The following is a list of the findings we disagree with and request that your office reconsider:

FINDING 2: Complete an investigation for purposes of preparing the SS8583 report

Issue 1:

Excessively narrow interpretation of eligible investigations. (DISALLOWANCE OF ALL LAW ENFORCEMENT AGENCY (LEA) GENERATED CASES

The SCO audit determined that City statistics for Suspected Child Abuse Reports (SCARs) was accurate.

Of the total SCARs however, only 81.76% was found to be eligible (SCARs generated by other local agencies) and 18.24% was determined to be ineligible (Law Enforcement Agency (LEA) generated cases).

The City disagrees with the State Controller's Office's (SCO) interpretation that all LEA generated cases were ineligible for reimbursement.

Claiming Instructions for Investigative Activities state: "Reimbursement is not required in the following circumstances:

"ii. In the event that the mandated reporter is employed by the same child protective agency require to investigate and submit the "Child Abuse Investigation Report" Form SS 8583 or subsequent designated form to the Department of Justice, pursuant to Penal Code Section 11169(a), *reimbursement is not required if the investigation required to*

complete the Form SS 8572 is also sufficient to complete the essential information items required on the Form SS 8583...."

We believe that the cases listed below demonstrated that the investigation level exceeded the base requirements that would have been needed to simply fill out a Mandated Reporter form (SS 8572). In other words, the investigation required to fill in the SS 8572 was NOT sufficient to complete the items required on the form SS 8583 – mainly to determine if the case was unfounded, substantiated or inconclusive.

The reports and call histories show that there were often multiple officers on the scene and multiple parties being interviewed to determine whether the case was unfounded, substantiated or inconclusive. This level of effort would not have been required to simply fill in a mandated reporter form (SS8572) which could have easily been completed by one officer in 10-15 minutes. Therefore, the following cases should be found allowable and the resulting percentage of eligible cases increased accordingly:

FY 2008-09	FY 2009-10	FY 2010-11
Case #1003-1190	0907-2506	1009-1848
Case #0801-1766	0909-2714	1106-2117
Case #1811-0181		1010-0549
Case #0904-0493		1104-1560

Issue 2:

Excessively narrow interpretation of eligible activities denies local agencies reimbursement of reasonably necessary, actual activities involved in the preliminary investigative process to "Complete an investigation to determine whether a report of suspected child abuse or severe neglect is unfounded, substantiated, or inconclusive..."

SCO states in their Draft Audit "the Police Department investigated very few (10%) of the other agency-generated SCARs that had been cross-reported to them, as no additional follow-up was deemed necessary." "The files showed that CPS regularly and systematically cross-reported SCARs to the Police Department. The Police Department received these CPS referrals and made notes of the referrals in their files, but typically did not perform any investigation on these cases before closing the files. For the vast majority of SCARs referred from CPS, the Police Department identified CPS as the investigating agency and closed the cases if no further investigation was deemed necessary."

The City disagrees with the statement that "the Police Department did not perform any investigation on these cases before closing the files." The SCO conclusion that 90% of the City's child abuse cases did not qualify for any reimbursement of preliminary investigative activities is incorrect.

The SCO interpretation of what constitutes eligible "investigative activity" is excessively narrow, limiting activities to only: "Conduct(ing) initial interviews with parents, victims, witnesses, or suspects." As a result, the City is denied all preliminary investigative time for 90% of SCARs cases forwarded to it by other agencies. SCO allowed reimbursement of only 28 minutes per case: 18 minutes for the Officer/Detective to read and review the initial SCAR form; 5 minutes for the Sergeant to review the closed case report; and 5 minutes for Records staff to document and file the case.

While in person interviews are not always performed, there is a substantial amount of investigative time the Detective spends in the office to determine whether in-person interviews will be required. For example, the City documented the following investigative activities prior to making the determination that in-person interviews were not required and closing the case:

6 minutes to check to see if a report was already written – determine if case is a duplicate (Detective) NOT ALLOWED BY SCO

6 minutes to check if a report was already written (Records) NOT ALLOWED BY SCO

36 minutes to check prior history (Detective) NOT ALLOWED BY SCO

26-36 minutes to call the Department of Social Services, reporting agency, or involved individuals (at least one adult who has information regarding allegations) to obtain more details of the case to determine if in person interviews are necessary (Detective) NOT ALLOWED BY SCO

The City contends that these preliminary investigative activities are necessary for investigators to make the determination whether to close the case (determine the allegations are unfounded) or to continue the investigation by proceeding with in person/on-site interviews.

The claiming instructions are general guidelines meant to provide direction, not an exclusive and exhaustive list of eligible tasks that take place during the preliminary investigative process to determine if the child abuse or neglect case is founded or unfounded. To assume so is unreasonable and violates the intent of State Mandate Statutes which ensure the reimbursement of actual costs incurred to comply with the State mandated program.

The Commission on State Mandates Statement of Decision supports this interpretation. On page 34 of the December 2013 Statement of Decision, the California Department of Social Services (CDSS) argues (and Commission agrees) that only an investigation similar to one that is conducted by CDSS should be allowed.

CDSS testimony states that, **"prior to the actual interviews, the social worker must make a multitude of considerations to first decide whether an in-person investigation is necessary"**. That is exactly the same process South Lake Tahoe PD goes through in reviewing each case and which is outlined above.

On page 35, CDSS continues to describe the process their staff goes through to make the determination as to whether the investigation requires referral to the Department of Justice (DOJ) under CANRA (Child Abuse and Neglect Reporting). "In summary, **these rules require the social worker to first decide whether an in-person investigation is necessary, which includes consideration of a multitude of considerations. If an in-person investigation of reported child abuse is determined to be necessary,** the CDSS regulations at MPP 31-114 describe what steps are necessary for the conduct of the investigation."

"These rules require direct contact with all alleged child victims, and at least one adult who has information regarding the allegations. **If after that stage** the social worker does not find the referral to be unfounded, the social worker **must conduct an in person investigation** with all the children present at the time of the initial in person investigation, all parents who have access to the child alleged to be at risk of abuse, noncustodial parents if he/she has regular or frequent in

person contact with the child, and make necessary collateral contacts with persons having knowledge of the condition of the child. Based on these investigative activities, the social worker is required under CDSS regulations at MPP 31-501 to determine whether the results of the investigation require referral to the Department of Justice under CANRA."

The Commission concludes on page 37: "Therefore, **because in-person interviews and writing a report of the findings are the last step** taken by law enforcement before determining whether to proceed with a criminal investigation or close the investigation, and the last step that county welfare departments take before determining whether to forward the report to the DOJ and possibly refer the matter to law enforcement, **that degree of investigative effort must be the last step that is necessary to comply with the mandate.**"

Therefore, based on the Statement of Decision discussion, we believe that the activities listed above and performed by law enforcement agencies **before** this "last step" in the investigative process are eligible for reimbursement. These preliminary investigative activities are necessary for the Police Department to determine if the suspected child abuse case (SCAR) was founded, unfounded or inconclusive and therefore should be reimbursable.

We request restoration of an additional 72 minutes of Detective time and 6 minutes of Records staff time as detailed above and as is supported by our documentation (2015 times study and other documentation) for the investigative steps conducted prior to determining whether in-person interviews are necessary or whether it is appropriate to close the case.

This would result in an allowable time of 1.5 hours per case for the Detective for the cases that did not require in person interviews and that were closed after desk review versus the 18 minutes of time currently allowed by the SCO to simply read and log the case.

FINDING 3: Unallowable indirect costs

The City believes that the SCO determination to completely disallow Dispatchers and Evidence Technicians from the Indirect cost rate proposal calculation (ICRP) is incorrect and improperly reduces the City's claims.

Employees in these classifications do not work directly on this program, however they do provide necessary indirect support and assistance to the staff who does.

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According to the OMB A-87:

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INDIRECT COSTS:

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While it would be theoretically possible to determine what percentage of evidence is generated by Child Abuse Cases, this methodology would be cumbersome and is “not readily assignable to the cost objectives specifically benefitted without effort disproportionate to the results achieved.” Therefore, these positions, like the Public Safety Dispatcher staff, should be allowed as an indirect cost shared among all PD programs and activities.

Thank you for taking our comments into consideration. Please let us know if there is any additional documentation or support you require to approve these requests.

Please feel free to contact me at (530) 542-7402 or our consultant Annette Chinn at (916) 939-7901 with any questions.

Sincerely,


Debbie McIntyre
Finance Director

**State Controller's Office
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