

# **CITY OF POMONA**

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), which were added and/or amended by  
various legislation

*July 1, 2009, through June 30, 2014*



**BETTY T. YEE**  
California State Controller

June 2017



**BETTY T. YEE**  
California State Controller

June 13, 2017

The Honorable Tim Sandoval, Mayor  
City of Pomona  
505 S. Garey Avenue  
Pomona, CA 91766

Dear Mr. Sandoval:

The State Controller's Office audited the costs claimed by the City of Pomona for the legislatively mandated 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], which were added and/or amended by various legislation) for the period of July 1, 2009, through June 30, 2014.

The city claimed \$1,105,241 for the mandated program. Our audit found that \$7,652 is allowable (\$8,287 less a \$635 penalty for filing late claims) and \$1,097,589 is unallowable. The costs are unallowable because the city claimed estimated and unsupported costs, claimed unallowable activities, and overstated indirect costs. The State made no payments to the city. The State will pay allowable costs claimed that exceed the amount paid, totaling \$7,652, contingent upon available appropriations.

This final audit report contains an adjustment to costs claimed by the city. If you disagree with the audit finding(s), 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than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended.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](http://www.csm.ca.gov/forms/IRCForm.pdf).

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, by telephone at (916) 323-5849.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/as

cc: Onyx Jones, Finance Director

City of Pomona

Linda Poliakon, Accounting Manager

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Michael Ellis, Captain

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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 Pomona for the legislatively mandated Interagency Child Abuse and Neglect Investigation Reports Program (Penal Code [PC] sections 11165.9, 11166, 11166.2, 11166.9, 11168 [formerly 11161.7], 11169, 11170, and 11174.34 [formerly 11166.9], which were added and/or amended by various legislation) for the period of July 1, 2009, through June 30, 2014.

The city claimed \$1,105,241 for the mandated program. Our audit found that \$7,652 is allowable (\$8,287 less a \$635 penalty for filing late claims) and \$1,097,589 is unallowable. The costs are unallowable primarily because the city claimed estimated and unsupported costs, claimed unallowable activities, and overstated indirect costs. The State made no payments to the city. The State will pay allowable costs claimed that exceed the amount paid, totaling \$7,652, contingent upon available appropriations.

## 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.

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
- Statutes of 2000, Chapter 916

The Interagency Child Abuse and Neglect 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, since 1965, maintains reports of child abuse statewide. A number of changes to the law have occurred, particularly with 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, receiving such reports. The act provides for cross-reporting among law enforcement and other child protective agencies, and to licensing agencies and district attorneys' 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 ten 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 program's parameters and guidelines, section IV, performed by city and county police or sheriff's departments, county welfare departments, county probation departments designated by the county to receive mandated reports, district attorneys' offices, and county licensing agencies. The Commission outlined reimbursable activities relating to the following categories:

- Distributing the suspected child abuse report 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.

## **Objectives, Scope, and Methodology**

We conducted this performance audit to determine whether costs claimed represent increased costs resulting from the Interagency Child Abuse and Neglect Investigation Reports Program for the period of July 1, 2009, through June 30, 2014.

The legal authority to conduct this audit is provided by GC sections 12410, 17558.5, and 17561. We did not audit the city's financial statements. We conducted this 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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.

The objectives of our audit were to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

To achieve our audit objectives, we:

- Reviewed claims to identify material cost components of each claim, any errors, and any unusual or unexpected variances from year-to-year;
- Completed an internal control questionnaire and performed a walk-through of the claim preparation process to determine what information was used, who obtained it, and how it was obtained;
- Assessed whether computer-processed data provided by the claimant to support claimed costs was complete and accurate and could be relied upon;
- Interviewed the city's staff to determine the employee classifications involved in performing the reimbursable activities during the audit period and to determine whether the time increments claimed to perform the reimbursable activities were reasonable;
- Traced costs claimed to supporting documentation that showed when the costs were incurred, the validity of such costs and their relationship to mandated activities;

- Traced productive hourly rate calculations to supporting reports from the city's salary schedules;
- Reviewed the city's detailed listing of case counts in each fiscal year to identify any possible exclusions from the population and ensured that the case counts were sufficiently free of errors;
- Determined whether indirect costs claimed were properly computed and applied; and
- Recalculated allowable costs claimed using audited data.

## **Conclusion**

Our audit found instances of noncompliance with the requirements outlined in the Objectives section. These instances are described in the accompanying Schedule (Summary of Program Costs) and in the Findings and Recommendations section of this report.

For the audit period, the City of Pomona claimed \$1,105,241 for costs of the Interagency Child Abuse and Neglect Investigation Reports Program. Our audit found that \$7,652 is allowable (\$8,287 less a \$635 penalty for filing late claims) and \$1,097,589 is unallowable.

The State made no payments to the city. The State will pay allowable costs claimed totaling \$7,652, contingent upon available appropriations.

## **Views of Responsible Officials**

We issued a draft audit report on May 11, 2017. Onyx Jones, Finance Director, responded by letter dated May 30, 2017 (Attachment), not contesting the audit findings.

## **Restricted Use**

This report is solely for the information and use of the City of Pomona, 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

June 13, 2017

## Schedule—

# Summary of Program Costs

## July 1, 2009, through June 30, 2014

Cost Element	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2009, through June 30, 2010</u>				
Direct Costs - salaries and benefits:				
Cross-Reporting from County Welfare to Law Enforcement	\$ 174,013	\$ -	\$ (174,013)	Finding 1
Cross-Reporting from Law Enforcement to County Welfare	-	803	803	Finding 2
Report by Phone & send to licensing agencies	7,167	-	(7,167)	Finding 3
Additional Cross-Reporting in Cases of a Child Death	2,846	-	(2,846)	Finding 4
Total direct costs	184,026	803	(183,223)	
Indirect costs	80,971	254	(80,717)	Finding 6
Subtotal	264,997	1,057	(263,940)	
Less late filing penalty <sup>2</sup>	-	(106)	(106)	
Total program costs	<u>\$ 264,997</u>	<u>951</u>	<u>\$ (264,046)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 951</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Direct Costs - salaries and benefits:				
Cross-Reporting from County Welfare to Law Enforcement	\$ 132,387	\$ -	\$ (132,387)	Finding 1
Cross-Reporting from Law Enforcement to County Welfare	-	1,044	1,044	Finding 2
Report by Phone & send to licensing agencies	11,319	-	(11,319)	Finding 3
Additional Cross-Reporting in Cases of a Child Death	6,102	30	(6,072)	Finding 4
Total direct costs	149,808	1,074	(148,734)	
Indirect costs	76,702	389	(76,313)	Finding 6
Subtotal	226,510	1,463	(225,047)	
Less late filing penalty <sup>2</sup>	-	(146)	(146)	
Total program costs	<u>\$ 226,510</u>	<u>1,317</u>	<u>\$ (225,193)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,317</u>		
<u>July 1, 2011, through June 30, 2012</u>				
Direct Costs - salaries and benefits:				
Cross-Reporting from County Welfare to Law Enforcement	\$ 139,189	\$ -	\$ (139,189)	Finding 1
Cross-Reporting from Law Enforcement to County Welfare	-	1,121	1,121	Finding 2
Report by Phone & send to licensing agencies	15,274	-	(15,274)	Finding 3
Accepting and Referring Initial Suspected Child Abuse Reports	-	6	6	Finding 5
Total direct costs	154,463	1,127	(153,336)	
Indirect costs	87,426	437	(86,989)	Finding 6
Subtotal	241,889	1,564	(240,325)	
Less late filing penalty <sup>2</sup>	-	(156)	(156)	
Total program costs	<u>\$ 241,889</u>	<u>1,408</u>	<u>\$ (240,481)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,408</u>		

## Schedule (continued)

Cost Element	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2012, through June 30, 2013</u>				
Direct Costs - salaries and benefits:				
Cross-Reporting from County Welfare to Law Enforcement	\$ 105,347	\$ -	\$ (105,347)	Finding 1
Cross-Reporting from Law Enforcement to County Welfare	-	1,411	1,411	Finding 2
Additional Cross-Reporting in Cases of a Child Death	14,934	-	(14,934)	Finding 4
Accepting and Referring Initial Suspected Child Abuse Reports	-	18	18	Finding 5
Total direct costs	<u>120,281</u>	<u>1,429</u>	<u>(118,852)</u>	
Indirect costs	<u>70,605</u>	<u>839</u>	<u>(69,766)</u>	Finding 6
Subtotal	<u>190,886</u>	<u>2,268</u>	<u>(188,618)</u>	
Less late filing penalty <sup>2</sup>	-	(227)	(227)	
Total program costs	<u>\$ 190,886</u>	<u>2,041</u>	<u>\$ (188,845)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 2,041</u>		
<u>July 1, 2013, through June 30, 2014</u>				
Direct Costs - salaries and benefits:				
Cross-Reporting from County Welfare to Law Enforcement	\$ 100,105	\$ -	\$ (100,105)	Finding 1
Cross-Reporting from Law Enforcement to County Welfare	-	1,350	1,350	Finding 2
Additional Cross-Reporting in Cases of a Child Death	14,281	-	(14,281)	Finding 4
Accepting and Referring Initial Suspected Child Abuse Reports	-	24	24	Finding 5
Total direct costs	<u>114,386</u>	<u>1,374</u>	<u>(113,012)</u>	
Indirect costs	<u>66,573</u>	<u>561</u>	<u>(66,012)</u>	Finding 6
Subtotal	<u>180,959</u>	<u>1,935</u>	<u>(179,024)</u>	
Total program costs	<u>\$ 180,959</u>	<u>1,935</u>	<u>\$ (179,024)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,935</u>		
<u>Summary: July 1, 2009, through June 30, 2014</u>				
Direct Costs - salaries and benefits:				
Cross-Reporting from County Welfare to Law Enforcement	\$ 651,041	\$ -	\$ (651,041)	Finding 1
Cross-Reporting from Law Enforcement to County Welfare	-	5,729	5,729	Finding 2
Report by Phone & send to licensing agencies	33,760	-	(33,760)	Finding 3
Additional Cross-Reporting in Cases of a Child Death	38,163	30	(38,133)	Finding 4
Accepting and Referring Initial Suspected Child Abuse Reports	-	48	48	Finding 5
Total direct costs	<u>722,964</u>	<u>5,807</u>	<u>(717,157)</u>	
Indirect costs	<u>382,277</u>	<u>2,480</u>	<u>(379,797)</u>	Finding 6
Subtotal	<u>1,105,241</u>	<u>8,287</u>	<u>(1,096,954)</u>	
Less late filing penalty <sup>2</sup>	-	(635)	(635)	
Total program costs	<u>\$ 1,105,241</u>	<u>7,652</u>	<u>\$ (1,097,589)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 7,652</u>		

<sup>1</sup> See the Findings and Recommendations section.

<sup>2</sup> The city filed its FY 2009-10 through FY 2012-13 initial reimbursement claim after the due date specified in the GC section 17560. Pursuant to GC section 17561, subdivision (d)(3), the State assessed a late filing penalty equal to 10% of allowable costs, with no maximum penalty amount.

# Findings and Recommendations

**FINDING 1—  
Unallowable salaries  
and benefits — Cross-  
Reporting from  
County Welfare to  
Law Enforcement and  
Preliminary  
Investigation cost  
components**

The city claimed \$651,041 in salaries and benefits for the Cross-Reporting Suspected Child Abuse Reports (SCARs) from County Welfare and Probation to Law Enforcement and the District Attorney’s Office cost component. This amount also included costs for the Conducting Preliminary Investigation component but was comingled into one amount. We found that the entire amount is unallowable because the city claimed estimated costs, unsupported costs, and unallowable activities.

The following table summarizes unallowable salaries and benefits by fiscal year:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Total Adjustment</u>
Salaries and benefits:			
2009-10	\$ 174,013	\$ -	\$ (174,013)
2010-11	132,387	-	(132,387)
2011-12	139,189	-	(139,189)
2012-13	105,347	-	(105,347)
2013-14	100,105	-	(100,105)
Total	<u>\$ 651,041</u>	<u>\$ -</u>	<u>\$ (651,041)</u>

**Estimated and Unallowable Costs**

The city claimed the following activities for this cost component:

- Receiving SCARs (SS 8572 form) from Department of Child Services (DCS)
- Researching SCARs in the system for duplicates and/or proper ID number
- Assigning SCARs to Watch Commander
- Referring SCARs to the proper jurisdiction
- Completing preliminary investigation on scene (officers’ time on the scene)
- Typing the handwritten reports completed by the officers on the scene
- Updating database, scanning, filing, and copying SCARs and Incident Crime Reports
- Making copies of all reports for Detective if crime is suspected

The activities involving receiving the SCARs from DCS, processing those reports, conducting research, assigning cases, updating the system, and making copies are not reimbursable activities per requirements outlined in the program’s parameters and guidelines.



The activity of conducting a preliminary investigation is reimbursable only to the extent necessary to complete and submit the Form SS 8583 to DOJ. However, we found that that the city did not prepare and forward the SS 8583 forms to DOJ throughout the audit period, as confirmed by the city staff. Therefore, we concluded that the city did not perform the reimbursable portion of investigation activity that required obtaining information for the purposes of preparing and submitting the SS 8583 forms to the DOJ. Therefore, any preliminary investigation costs claimed are unallowable because the city did not perform the reimbursable portion of the activity for purposes of submitting the SS 8583 forms.

The claimed costs are also unallowable because they were based on estimated and unsupported costs. The claimed amount for each activity is unknown, because the city did not segregate claimed amounts by each individual activity and did not keep track of hours attributed to each claimed activity.

### **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, that:

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.b) allow ongoing activities related to costs for reporting to the DOJ for the following reimbursable activities:

b. Cross-Reporting of Suspected Child Abuse or Neglect from County Welfare and Probation Departments to the Law Enforcement Agency with Jurisdiction and the District Attorney's Office:

- 1) County probation department shall:
  - i. Report by telephone immediately, or as soon as practically possible, to the law enforcement agency having jurisdiction over the case, to the agency give the responsibility for investigation of cases under Section 300 of the Welfare and Institutions Code, and to the district attorney's office every known or suspected instance of child abuse, as defined in Penal Code section 11165.6, except acts or omissions coming within subdivision (b) of section 11165.2, or reports made pursuant to section 11165.13 based on risk to a child which relates solely to the inability of the parent to provide the child with regular care due to the parent's substance abuse, which shall be reported only to the county welfare department.
  - ii. 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, 2001, 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 (Penal Code section 11166 (h) (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 (i) by Statutes 2004, chapter 842 (SB 1313), and renumbered again at subdivision (j) by Statues 2005, chapter 42 (AB 299).

2) County welfare department shall:

- i. Report by telephone immediately, or as soon as practically possible, to the agency given the responsibility for investigation of cases under Section 300 of the Welfare and Institutions Code, and to the district attorney's office every known or suspected instance of child abuse, as defined in Penal Code section 11165.6, except acts or omissions coming within subdivision (b) of section 11165.2, or reports made pursuant to section 11165.13 based on risk to a child which relates solely to the inability of the parent to provide the child with regular care due to the parent's substance abuse, which shall be reported only to the county welfare department.

***Reimbursement is not required for making any initial report of child abuse and neglect from a county welfare department to the law enforcement agency having jurisdiction over the case, which was required under prior law to be made "without delay."***

- ii. Send a written report thereof within 36 hours of receiving the information concerning the incident to any agency, including the law enforcement agency having jurisdiction over the case, to which is required to make a telephone report under Penal Code section 11166.

As of January 1, 2004, 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 (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 (i) by Statutes 2004, chapter 842 (SB 1313), and renumbered again at subdivision (j) by Statues 2005, chapter 42 (AB 299).

The parameters and guidelines (section IV-B.3.a.1.) allow ongoing activities related to costs for reporting to the DOJ for the following reimbursable activities:

- a. **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[emphasis added], 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.

2) Forward [SS 8583] reports to the Department of Justice

Prepare and submit to the Department of Justice a report in writing of every case it investigates of known or suspected child abuse or severe neglect which is determined to be substantiated or inconclusive, as defined in Penal Code section 11165.12. Unfounded reports, as defined in Penal Code section 11165.12, shall not be filed with the Department of Justice. If a report has previously been filed which subsequently proves to be unfounded, the Department of Justice shall be notified in writing of that fact. The reports required by this section shall be in a form approved by the

Department of Justice (currently form 8583) and may be sent by fax or electronic transmission. (Penal Code section 11169(a) (Stats. 1997, ch. 842, § 5 (SB 644); Stats. 2000, ch. 916 (AB1241); Stats. 2011, ch. 468, § 2 (AB 717)); Code of Regulations, Title 11, section 903; “Child Abuse Investigation Report” Form SS 8583)

This activity includes costs of preparing and submitting an amended report to DOJ, when the submitting agency changes a prior finding of substantiated or inconclusive to a finding of unfounded or from inconclusive or unfounded to substantiated.

***Reimbursement is not required for the costs of the investigation required to make the determination to file an amended report.***

In addition, the parameters and guidelines (section V.A.1.-Claim Preparation and Submission-Actual Costs Claims, Direct Cost Reporting) state:

1. Salaries and Benefits

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

Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City’s Response

As a result of the audit, the City was unaware of the 8583 form and will submit it if necessary going forward per the program guidelines. The City is in the process of hiring a firm to assist in the annual State Mandate Claim process.

SCO’s Comment

The finding and recommendation remain unchanged.

**FINDING 2—  
Unreported salaries  
and benefits – Cross-  
Reporting from Law  
Enforcement to the  
County Welfare and  
the District  
Attorney’s Office cost  
component**

The city did not claim costs for Cross-Reporting SCARs from Law Enforcement to the County Welfare cost component. We found that \$5,729 is allowable for the audit period.

The following table summarizes the claimed costs, allowable costs, and audit adjustments by fiscal year:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Total Adjustment</u>
Salaries and benefits:			
2009-10	\$ -	\$ 803	\$ 803
2010-11	-	1,044	1,044
2011-12	-	1,121	1,121
2012-13	-	1,411	1,411
2013-14	-	1,350	1,350
Total	<u>\$ -</u>	<u>\$ 5,729</u>	<u>\$ 5,729</u>

### Allowable Costs

The city did not claim costs for this component and did not maintain supporting documentation for performing this activity. However, based on interviews conducted during fieldwork, we found that the city generated SCARs and cross-reported them to DCS during the audit period and thus incurred allowable costs.

#### *Number of cases*

The city provided a summary report for all fiscal years in the audit period from its Information Crime Incident System (ICIS) to support the number of SCARs generated within the city and cross-reported to DCS.

The following table summarizes the number of allowable SCARs cross-reported by fiscal year:

<u>Fiscal Year</u>	<u>Number of Allowable SCARs</u>
2009-10	306
2010-11	389
2011-12	408
2012-13	532
2013-14	504
Total	<u>2,139</u>

#### *Time Increment*

The city did not conduct a time study for the activity of cross-reporting SCARs to DCS. We conducted interviews with a Police Records Specialist I/II and a Senior Records Specialist who performed the cross-reporting activity. Based on the interviews, both classifications indicated that it took five minutes to cross-report each SCARs to DCS and that each classification evenly shared the workload for this activity. Therefore, we evenly divided the total number of allowable SCARs between two classifications when computing allowable hours.

We calculated the allowable hours by multiplying the number of SCARs cross-reported by the allowable time increment per SCAR. The following table summarizes the allowable hours by fiscal year:

Fiscal Year	Hours Allowable
2009-10	24.48
2010-11	31.12
2011-12	32.64
2012-13	42.56
2013-14	<u>40.32</u>
Total	<u><u>171.12</u></u>

#### *Summary of Allowable Salaries and Benefits*

To compute allowable costs, we applied the claimed productive hourly rates to the allowable hours to determine the allowable salaries. We calculated the allowable benefits by multiplying the allowable salaries by the department-wide benefit rate in each fiscal year. We found that the total allowable salaries and benefit costs for the audit period to cross-report SCARs to DCS totaled \$5,729.

#### **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, that:

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).

In addition, the parameters and guidelines (section V.A.1.-Claim Preparation and Submission-Actual Costs Claims, Direct Cost Reporting) state:

## 2. Salaries and Benefits

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

### Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

### City's Response

As a result of the Audit, the City has further clarification of the process and is in the process of hiring an outside firm to assist in the State Mandate Claim process.

### SCO's Comment

The finding and recommendation remain unchanged.

**FINDING 3—  
Unallowable salaries  
and benefits —  
Report by Phone and  
Send a Written  
Report to Licensing  
Agencies cost  
component**

The city claimed \$33,760 in salaries and benefits for the Report by Phone and Send a Written Report to Licensing Agencies cost component for the audit period. We found that the entire amount is unallowable because the city claimed unsupported and unallowable costs.

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

Fiscal Year	Amount Claimed	Amount Allowable	Total Adjustment
Salaries and benefits:			
2009-10	\$ 7,167	\$ -	\$ (7,167)
2010-11	11,319	-	(11,319)
2011-12	15,274	-	(15,274)
Total	<u>\$ 33,760</u>	<u>\$ -</u>	<u>\$ (33,760)</u>

**Unsupported and Unallowable Costs**

The city did not provide supporting documentation for this component. We conducted interviews with the city representatives and found that the city did not perform this activity during the audit period. Therefore, the city did not incur any allowable costs for this component.

**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, that:

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.e) require claimed costs to be supported by source documents. The parameters and guidelines state, in part, that:

e. Reporting to Licensing Agencies:

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:

- 3) Report by telephone immediately or as soon as practically possible to the appropriate licensing agency every known or suspected instance of child abuse or neglect when the instance of abuse or neglect occurs while the child is being cared for in

a child day care facility, involves a child day care licensed staff person, or occurs while the child is under the supervision of a community care facility or involves a community care facility licensee or staff person.

- 4) 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 11166.2. The agency shall send the licensing agency a copy of its investigation report and any other pertinent materials.

As of July 31, 2001, 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.

In addition, the parameters and guidelines (section V.A.1.- Claim Preparation and Submission - Actual Costs Claims, Direct Cost Reporting) state:

3. Salaries and Benefits

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

#### Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

#### City's Response

As a result of the Audit, the City has further clarification of the process and is in the process of hiring an outside firm to assist in the State Mandate Claim process.

#### SCO's Comment

The finding and recommendation remain unchanged.

**FINDING 4—  
Unallowable salaries  
and benefits –  
Additional Cross-  
Reporting in Cases of  
Child Death cost  
component**

The city claimed \$38,163 in salaries and benefits for the Additional Cross-Reporting in Cases of Child Death cost component. We found that \$30 is allowable and \$38,133 is unallowable. Costs claimed are unallowable because the city claimed estimated costs, unsupported costs, and unallowable activities.

The following table summarizes salaries and benefits for the claimed costs, allowable costs, and audit adjustments:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Total Adjustment</u>
Salaries and benefits:			
2009-10	\$ 2,846	\$ -	\$ (2,846)
2010-11	6,102	30	(6,072)
2012-13	14,934	-	(14,934)
2013-14	14,281	-	(14,281)
Total	<u>\$ 38,163</u>	<u>\$ 30</u>	<u>\$ (38,133)</u>

### **Estimated and Unallowable Costs**

The city claimed various activities relating to additional cross-reporting in cases of child death. The city also claimed costs for conducting preliminary investigation for these cases. The amount for each activity is unknown, because the city did not segregate claimed amounts by each individual activity and did not track hours attributed to each activity. The city's claimed costs were based on estimated and unsupported costs.

As mentioned in Finding 1, preliminary investigation is unallowable because the city did not perform the reimbursable portion of the preliminary investigation activity that requires obtaining information for the purposes of preparing and submitting the Form SS 8583 to DOJ.

### **Allowable**

Based on the supporting documentation provided by the city, we found that the city performed the reimbursable activity for only one fiscal year out of the audit period.

#### *Number of cases*

The city provided supporting documentation from its ICIS system for two SCAR cases in FY 2010-11 for the additional cross-reporting activity.

#### *Time Increment*

The city did not conduct a time study for cross-reporting SCARs to DCS in cases of a child death. We conducted interviews with the Police Officer and the Captain to determine the required time to complete the cross-report. We found that it took 15 minutes for the Police Officer on scene to cross-report a SCAR involving a child death by phone to DCS.

We calculated the allowable hours by multiplying the number of allowable SCARs cross-reported by the allowable time increment per SCAR.

### *Summary of Allowable Salaries and Benefits*

To compute allowable costs, we applied the claimed productive hourly rates to the allowable hours to determine the allowable salaries. We calculated the allowable benefits by multiplying the allowable salaries by the department-wide benefit rate in each fiscal year. We found that the total allowable salaries and benefits costs for the audit period to cross-report SCARs in cases of child death totaled \$30.

### **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, that:

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.f.1.) allow ongoing activities related to costs for reporting to the DOJ for the following reimbursable activities:

f. Additional Cross-Reporting in Cases of Child Death:

- 2) City and county police or sheriff's departments shall:

Cross-report all cases of child death suspected to be related to child abuse or neglect to the county child welfare agency (Penal Code section 11166.9 (Stats. 2000, ch.916, § 23 (AB 1241)); Renumbered at Penal Code section 11174.34 (Stats 204, ch § 842 13 (SB 1313)).

In addition, the parameters and guidelines (section V.A.1.-Claim Preparation and Submission-Actual Costs Claims, Direct Cost Reporting) state:

4. Salaries and Benefits

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

### Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City’s Response

As a result of the Audit, the City has further clarification of the process and is in the process of hiring an outside firm to assist in the State Mandate Claim process.

SCO’s Comment

The finding and recommendation remain unchanged.

**FINDING 5—  
Unreported salaries  
and benefits –  
Accepting and  
Referring Initial  
Child Abuse Reports  
when a Department  
Lacks Jurisdiction  
cost component**

The city did not claim cost for the Accepting and Referring Initial Child Abuse Reports when a Department Lacks Jurisdiction cost component. We found that \$48 is allowable for this cost component.

The following table summarizes salaries and benefits for the claimed costs, allowable costs, and audit adjustments:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
Salaries and benefits:			
2011-12	\$ -	\$ 6	\$ 6
2012-13	-	18	18
2013-14	-	24	24
Total	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 48</u>

**Allowable**

We found that the city occasionally received SCARs from DCS that were out of its jurisdiction and were forwarded to the proper jurisdiction.

*Number of cases*

The city provided the Los Angeles County’s E-SCARS summary report for FY 2009-10 through FY 2013-14 for the number of SCARs that were accepted and referred to the proper jurisdiction when the city lacked jurisdiction. Based on the E-SCARS summary report, we found a total of 18 allowable SCARs for this cost component for FY 2011-12 through FY 2013-14.

*Time Increment*

The city did not conduct a time study for accepting and referring SCARs when lacking jurisdiction. Therefore, we conducted interviews with the Police Records Specialist I/II and the Senior Records Specialist to determine the required time to complete this activity. We found that it took five minutes to forward a SCARs to proper jurisdiction. The total number of allowable SCARs were evenly divided between two classifications when computing allowable hours.

We calculated the allowable hours by multiplying the number of allowable SCARs by the allowable time increment per SCAR that were forwarded to the proper jurisdiction.

#### *Summary of Allowable Salaries and Benefits*

To compute allowable costs, we applied the claimed productive hourly rates to the allowable hours to determine the allowable salaries. We calculated the allowable benefits by multiplying the allowable salaries by the department-wide benefit rate in each fiscal year. We found that the total allowable salaries and benefits costs for the audit period to accept and refer SCARs to the proper jurisdiction totaled \$48.

#### **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, that:

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.a -Reimbursable Activities) allow ongoing activities related to costs for reporting to the DOJ for the following reimbursable activities:

#### 2. Reporting Between Local Departments

- a. Accepting and Referring Initial Child Abuse Reports when a Department Lacks Jurisdiction:

City and county police or sheriff's departments, county probation departments if designated by the count to receive mandated reports, and county welfare departments shall:

Transfer a call electronically or immediately refer the case by telephone, fax, or electronic transmission, to an agency with proper jurisdiction, whenever the department lacks subject matter or geographical jurisdiction over an incoming report of suspected child abuse or neglect (Penal Code section 11168, as added by Statues 1980, chapter 1071 and amended by Statues 2000, chapter 916).

In addition, the parameters and guidelines (section V.A.1.-Claim Preparation and Submission- Actual Costs Claims, Direct Cost Reporting) state:

#### 5. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and

related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

### Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

### City's Response

As a result of the Audit, the City has further clarification of the process and is in the process of hiring an outside firm to assist in the State Mandate Claim process.

### SCO's Comment

The finding and recommendation remain unchanged.

## **FINDING 6— Unallowable Indirect Cost**

The city claimed indirect costs totaling \$382,277 during the audit period. We found that \$2,480 is allowable and \$379,797 is unallowable. The costs are unallowable because the city applied its indirect cost rates to unallowable direct costs and did not apply its indirect cost rates to the correct base.

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

<u>Fiscal Year</u>	<u>Claimed Indirect Cost</u>	<u>Allowable Indirect Cost</u>	<u>Audit Adjustment</u>
2009-10	\$ 80,971	\$ 254	\$ (80,717)
2010-11	76,702	389	(76,313)
2011-12	87,426	437	(86,989)
2012-13	70,605	839	(69,766)
2013-14	66,573	561	(66,012)
Total	<u>\$ 382,277</u>	<u>\$ 2,480</u>	<u>\$ (379,797)</u>

### **Indirect Cost Rates Claimed**

The city provided Indirect Cost Rate Proposals (ICRPs) computed based on department-wide expenditures for all fiscal years in the audit period. The city calculated its indirect cost rates by dividing total allowable indirect costs by the direct salaries and wages. Therefore, the city should have applied the indirect cost rates to claimed salaries. We found that the city overstated claimed indirect costs by applying the indirect cost rates to both salaries and benefits for all fiscal years in the audit period. In addition, the allowable indirect costs were overstated consistent with overstated salaries and benefits identified in Findings 1 through 5.

### *Summary of Adjustment*

We calculated the allowable indirect cost amounts by multiplying the claimed indirect cost rates by the allowable salaries in each fiscal year. We found that the city overstated indirect costs totaling \$379,797 for the audit period.

### **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, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both: (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

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

We recommend that the city ensure that the claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City's Response

The City understands that the methodology was acceptable in calculating indirect costs; however in the future the correct base cost will be determined through the assistance of an outside firm that specializes in the processing of State Mandate Claims.

SCO's Comment

The finding and recommendation remain unchanged.

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

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May 30, 2017

Jim L. Spano, Audit Bureau Chief  
State Controller's Office  
Division of Audits  
PO Box 942850  
Sacramento, CA 94250-5874

THE CITY OF  
**POMONA**

Finance Department



Dear Mr. Spano,

We are in receipt of the draft audit report. Please see below for the City of Pomona's responses to the findings and recommendation outlined in the audit report.

**State Controller Report**  
**City of Pomona**  
**Interagency Child Abuse and Neglect Investigation Reports Program**  
**July 1, 2009 through June 30, 2014**

**Finding #1**

City Response #1: As a result of the audit, the City was unaware of the 8583 form and will submit it if necessary going forward per the program guidelines. The City is in the process of hiring a firm to assist in the annual State Mandate Claim process.

**Finding #2**

City Response: As a result of the Audit, the City has further clarification of the process and is in the process of hiring an outside firm to assist in the State Mandate Claim process.

**Finding #3**

City Response: As a result of the Audit, the City has further clarification of the process and is in the process of hiring an outside firm to assist in the State Mandate Claim process.

**Finding #4**

City Response: As a result of the Audit, the City has further clarification of the process and is in the process of hiring an outside firm to assist in the State Mandate Claim process.

**Finding #5**

City Response: As a result of the Audit, the City has further clarification of the process and is in the process of hiring an outside firm to assist in the State Mandate Claim process.

**Finding #6**

City Response: The City understands that the methodology was acceptable in calculating indirect cost; however in the future the correct base cost will be determined through the assistance of an outside firm that specializes in the processing of State Mandate Claims.

Sincerely,

Onyx Jones  
Finance Director  
City of Pomona

Cc: Marsha Vorobyova, Audit Manager  
Youtharian Kuy, Auditor-in-Charge

**State Controller's Office  
Division of Audits  
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