

# **CITY OF SAN BUENAVENTURA**

Audit Report

## **CRIME STATISTICS REPORTS FOR THE DEPARTMENT OF JUSTICE PROGRAM**

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

*July 1, 2010, through June 30, 2012*



**BETTY T. YEE**  
California State Controller

June 2018



**BETTY T. YEE**  
California State Controller

June 20, 2018

The Honorable Erik Nasarenko, Mayor  
City of San Buenaventura  
501 Poli Street  
Ventura, CA 93002

Dear Mr. Nasarenko:

The State Controller's Office (SCO) audited the costs claimed by the City of San Buenaventura for the legislatively mandated Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2010, through June 30, 2012.

The city claimed \$970,256 for the mandated program. Our audit found that \$364,947 is allowable (\$374,947 less a \$10,000 penalty for filing a late claim for fiscal year 2010-11) and \$605,309 is unallowable, primarily because the city overstated the number of domestic violence-related calls for assistance incident reports and overstated the average productive hourly rates. The State made no payments to the city. The State will pay \$364,947, contingent upon available appropriations. Following 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.

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/lis

cc: Gilbert Garcia, Finance Director  
City of San Buenaventura  
Mary Eckman, Assistant Finance Director  
City of San Buenaventura  
Roger Wang, Business Services Officer  
Ventura Police Department  
Chris Hill, Principal Program Budget Analyst  
Local Government Unit, California Department of Finance  
Steven Pavlov, Finance Budget Analyst  
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Anita Dagan, Manager  
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 San Buenaventura for the legislatively mandated Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2010, through June 30, 2012.

The city claimed \$970,256 for the mandated program. Our audit found that \$364,947 is allowable (\$374,947 less a \$10,000 penalty for filing a late claim for fiscal year [FY] 2010-11) and \$605,309 is unallowable, primarily because the city overstated the number of domestic violence-related calls for assistance incident reports and overstated the average productive hourly rates (PHRs). The State made no payments to the city. The State will pay \$364,947, contingent upon available appropriations.

## Background

Penal Code (PC) section 12025, subdivisions (h)(1) and (h)(3); section 12031, subdivisions (m)(1) and (m)(3); section 13014 and 13023; and section 13730, subdivision (a) require local agencies to report information related to certain specified criminal acts to the California Department of Justice (DOJ). These sections were added and/or amended by Chapter 1172, Statutes of 1989; Chapter 1338, Statutes of 1992; Chapter 1230, Statutes of 1993; Chapter 933, Statutes of 1998; Chapter 571, Statutes of 1999; Chapter 626, Statutes of 2000; and Chapter 700, Statutes of 2004.

On June 26, 2008, the Commission on State Mandates (Commission) adopted a statement of decision for the Crime Statistics Reports for the Department of Justice Program. The Commission found that the test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program on city and county claimants beginning on July 1, 2001, within the meaning of Article XII B, section 6 of the California Constitution and Government Code (GC) section 17514.

On July 31, 2009, the Commission heard an amended test claim on PC section 13023 (added by Chapter 700, Statutes of 2004), which imposed additional crime reporting requirements. The Commission also found that this test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program for city and county claimants beginning on January 1, 2004. On April 10, 2010, the Commission issued a corrected statement of decision to correctly identify the operative and effective date of the reimbursable state-mandated program as January 1, 2005.

The Commission found that the following activities are reimbursable:

- *Homicide Reports*: A local government entity responsible for the investigation and prosecution of a homicide case to provide the DOJ with demographic information about the victim and the person or persons charged with the crime, including the victim's and person's age, gender, race, and ethnic background (PC section 13014);

- *Hate Crime Reports*: Local law enforcement agencies to report, in a manner to be prescribed by the Attorney General, any information that may be required relative to any criminal acts or attempted criminal acts to cause physical injury, emotional suffering, or property damage where there is a reasonable cause to believe that the crime was motivated, in whole or in part, by the victim's race, ethnicity, religion, sexual orientation, or physical or mental disability, or gender or national origin (PC section 13023);
- *Firearm Reports*: For district attorneys to report annually on or before June 30, to the Attorney General, on profiles by race, age, gender, and ethnicity any person charged with a felony or misdemeanor under PC section 12025 (carrying a concealed firearm) or section 12031 (carrying a loaded firearm in a public place), and any other offense charged in the same complaint, indictment, or information. The Commission found that this activity is a reimbursable mandate from July 1, 2001, through January 1, 2005. (PC section 12025, subdivisions (h)(1) and (h)(3), and PC section 12031 subdivisions (m)(1) and (m)(3)); and
- *Domestic Violence-Related Calls for Assistance*: For local law enforcement agencies to support all domestic violence-related calls for assistance with a written incident report (PC section 13730, subdivision (a), Chapter 1230, Statutes of 1993).

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

- Any information that may be required relative to hate crimes, as defined in PC section 422.55 as criminal acts committed, in whole or in part, because of one or more of the following perceived characteristics of the victim: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, and (6) sexual orientation; and
- Any information that may be required relative to hate crimes, defined in PC section 422.55 as criminal acts committed, in whole or in part, because of association with a person or group with one or more of the following actual or perceived characteristics: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, and (6) sexual orientation.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The Commission adopted the parameters and guidelines on September 30, 2010, and amended them on January 24, 2014, to clarify reimbursable costs related to domestic violence-related calls for assistance. In compliance with GC section 17558, SCO issues claiming instructions to assist local agencies in claiming mandated program reimbursable costs.

## **Objective, Scope, and Methodology**

The objective of our audit was to determine whether costs claimed represent increased costs resulting from the Crime Statistics Reports for the Department of Justice Program. Specifically, we conducted this audit to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

The audit period was from July 1, 2010, 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 discussed the claim preparation process to determine what information was obtained, who obtained it, and how it was used;
- Reviewed and analyzed the detailed listing of incident report counts for each fiscal year to identify any possible exclusions; and verified that the incident report counts were supported by appropriate reports. We also randomly selected a sample of 157 domestic violence-related incident reports (99 out of 1,517 in FY 2010-11 and 58 out of 1,600 in FY 2011-12) to confirm the validity of the city's data management system. We noted no exceptions and accepted the city's listing of domestic violence-related incident reports provided during the audit;
- Interviewed city's staff to determine which employee classifications were involved in performing the reimbursable activities during the audit period, and the amount of time dedicated to performing the reimbursable activities;
- Assessed whether average time increments claimed to perform the reimbursable activities were reasonable per the requirements of the program;
- Traced all PHR calculations to supporting information and verified all computations of the average PHRs for each applicable classification;
- Verified department-wide benefit rate computations for each fiscal year; and
- Verified whether indirect costs claimed were for common or joint purposes, and whether indirect cost rates were properly supported and applied.

The legal authority to conduct this audit is provided by GC sections 12410, 17558.5, and 17561. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We limited our review of the city's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures. Our audit scope did not assess the efficiency or effectiveness of program operations. We did not audit the city's financial statements.

## **Conclusion**

Our audit found an instance of noncompliance with the requirements outlined in the Objective, Scope, and Methodology section. This instance is quantified in the accompanying Schedule (Summary of Program Costs) and described in the Finding and Recommendation section of this report.

For the audit period, the City of San Buenaventura claimed \$970,256 for costs of the Crime Statistics Reports for the Department of Justice Program. Our audit found that \$364,947 is allowable (\$374,947 less a \$10,000 penalty for filing a late claim in FY 2010-11) and \$605,309 is unallowable.

The State made no payments to the city. The State will pay \$364,947, contingent upon available appropriations. Following 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.

## **Follow-up on Prior Audit Findings**

We have not previously conducted an audit of the city's legislatively mandated Crime Statistics Reports for the Department of Justice Program.

## **Views of Responsible Officials**

We issued a draft audit report on May 8, 2018. Mary Eckman, Assistant Finance Director, responded by email on May 21, 2018, acknowledging the error identified during the audit, and stating that the city would take corrective action.

## **Restricted Use**

This report is solely for the information and use of the City of San Buenaventura, 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 20, 2018



**Schedule—**  
**Summary of Program Costs**  
**July 1, 2010, through June 30, 2012**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs – salaries and benefits			
Domestic violence-related calls for assistance	\$ 331,319	\$ 135,896	\$ (195,423)
Total direct costs	331,319	135,896	(195,423)
Indirect cost	104,630	42,916	(61,714)
Total direct and indirect costs	435,949	178,812	(257,137)
Less late filing penalty <sup>2</sup>	-	(10,000)	(10,000)
Total program costs	<u>\$ 435,949</u>	168,812	<u>\$ (267,137)</u>
Less amount paid by the State <sup>3</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 168,812</u>	
<u>July 1, 2011, through June 30, 2012</u>			
Direct costs – salaries and benefits			
Domestic violence-related calls for assistance	\$ 397,520	\$ 145,923	\$ (251,597)
Total direct costs	397,520	145,923	(251,597)
Indirect cost	136,787	50,212	(86,575)
Total program costs	<u>\$ 534,307</u>	196,135	<u>\$ (338,172)</u>
Less amount paid by the State <sup>3</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 196,135</u>	
<u>Summary: July 1, 2010 through June 30, 2012</u>			
Direct costs – salaries and benefits			
Domestic violence-related calls for assistance	\$ 728,839	\$ 281,819	\$ (447,020)
Total direct costs	728,839	281,819	(447,020)
Total indirect costs	241,417	93,128	(148,289)
Total direct and indirect costs	970,256	374,947	(595,309)
Less late filing penalty <sup>2</sup>	-	(10,000)	(10,000)
Total program costs	<u>\$ 970,256</u>	364,947	<u>\$ (605,309)</u>
Less amount paid by the State <sup>3</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 364,947</u>	

<sup>1</sup> See the Finding and Recommendation section.

<sup>2</sup> The city filed its FY 2010-11 annual reimbursement claim after the due date specified in GC section 17560. Pursuant to GC section 17568, the State assessed a late filing penalty equal to 10% of allowable costs, not to exceed \$10,000 (for claims filed on or after August 24, 2007).

<sup>3</sup> Payment information current as of May 21, 2018.

# Finding and Recommendation

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

The city claimed \$970,256 (\$728,839 in salaries and benefits and \$241,417 in related indirect costs) for the Domestic Violence Related Calls for Assistance cost component during the audit period. We found that \$374,947 is allowable (\$281,819 in salaries and benefits and \$93,128 in related indirect costs) and \$595,309 is unallowable (\$447,020 in salaries and benefits and \$148,289 in related indirect costs).

The costs for this component include supporting each domestic violence-related call for assistance with a written incident report. Reimbursable activities consist of writing, reviewing, and editing the incident reports. The city computed claimed costs based on estimated average time increments. The city multiplied the estimated time increments per activity by the total number of domestic violence-related calls for assistance incidents to arrive at the claimed hours. The city used the average PHR and related benefits of the Police Officer and Sergeant classifications to calculate the salaries and benefits claimed.

The claimed costs are unallowable because the city misinterpreted the program's parameters and guidelines, which resulted in the city overstating the number of domestic violence-related calls for assistance incident reports, estimating the time increments, and overstating the PHRs for the audit period.

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

Cost Category	Claimed Costs	Allowable Costs	Audit Adjustment
<u>FY 2010-11</u>			
Salaries and benefits	\$ 331,319	\$ 135,896	\$ (195,423)
Related indirect costs	104,630	42,916	(61,714)
Subtotal	<u>\$ 435,949</u>	<u>\$ 178,812</u>	<u>\$ (257,137)</u>
<u>FY 2011-12</u>			
Salaries and benefits	\$ 397,520	\$ 145,923	\$ (251,597)
Related indirect costs	136,787	50,212	(86,575)
Subtotal	<u>\$ 534,307</u>	<u>\$ 196,135</u>	<u>\$ (338,172)</u>
<u>Total for the audit period</u>			
Salaries and benefits	\$ 728,839	\$ 281,819	\$ (447,020)
Related indirect costs	241,417	93,128	(148,289)
Total	<u>\$ 970,256</u>	<u>\$ 374,947</u>	<u>\$ (595,309)</u>

### Number of Domestic Violence-Related Calls for Assistance

The city overstated the number of domestic violence-related calls for assistance incidents by a total of 4,682 for the audit period.

The city claimed an unsupported number of domestic violence-related calls for assistance incidents to claim costs for each of the two fiscal years within the audit period. The city used the unsupported number of incidents to compute claimed costs for the activities of writing, reviewing, and editing the reports in each fiscal year.

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

<u>Fiscal Year</u>	<u>Claimed Reports</u>	<u>Allowable Reports</u>	<u>Difference</u>
FY 2010-11	3,580	1,517	(2,063)
FY 2011-12	4,219	1,600	(2,619)
Total	<u>7,799</u>	<u>3,117</u>	<u>(4,682)</u>

#### *Allowable*

During fieldwork, we requested to review documentation supporting the number of domestic violence-related calls for assistance incidents that included written reports. The city provided the data reports from its Records Management System (RMS) to support the number of domestic violence-related calls for assistance incidents, for which reports were written in FY 2010-11 and FY 2011-12. We found that the number of incidents claimed was overstated in both fiscal years.

We reviewed a sample of domestic violence-related calls for assistance incidents to verify that they were properly supported with a written incident report that was also reviewed and edited. For FY 2010-11 and FY 2011-12, we used a non-statistical random sampling methodology to select 157 domestic violence-related calls for assistance incidents for review (99 in FY 2010-11 and 58 in FY 2011-12).

Our review did not reveal any discrepancies in the city's written incident reports in the sampled cases tested. Therefore, we concluded that the query reports retrieved by the city from the RMS for the audit period were reliable.

#### **Time Increments**

The city overstated claimed hours performing reimbursable activities during the audit period, as a result of claiming an overstated number of domestic violence-related calls for assistance incidents.

The following table summarizes the claimed, allowable, and misstated hours for the Police Officer and Sergeant classifications for the audit period:

<u>Activity</u>	<u>Classification</u>	<u>Hours Claimed</u>	<u>Hours Allowable</u>	<u>Difference</u>
<u>FY 2010-11</u>				
Write Incident Report	Police Officer	3,281.67	1,395.64	(1,886.03)
Review and Edit Report	Sergeant	<u>1,193.33</u>	<u>500.61</u>	<u>(692.72)</u>
Subtotal		<u>4,475.00</u>	<u>1,896.25</u>	<u>(2,578.75)</u>
<u>FY 2011-12</u>				
Write Incident Report	Police Officer	3,867.42	1,472.00	(2,395.42)
Review and Edit Report	Sergeant	<u>1,406.33</u>	<u>528.00</u>	<u>(878.33)</u>
Subtotal		<u>5,273.75</u>	<u>2,000.00</u>	<u>(3,273.75)</u>
Total		<u>9,748.75</u>	<u>3,896.25</u>	<u>(5,852.50)</u>

For the audit period, the city estimated that it took on average 55 minutes per incident for a Police Officer to support all domestic violence-related calls for assistance incidents with a written incident report and 20 minutes for a Sergeant to review and edit each report. The city did not provide any source documentation based on actual time records to support the estimated time increments.

*Allowable*

We interviewed the city’s staff about reimbursable activities claimed. The city’s staff provided a detailed walk-through of the steps involved in performing the reimbursable activities. Based on these interviews, we determined that the average time increments claimed were reasonable for both classifications. We applied the allowable average time increments to the allowable number of domestic violence-related calls for assistance incidents to arrive at the total allowable hours.

**Productive Hourly Rates and Benefit Rates**

The city overstated claimed PHR for the Sergeant classification for the audit period.

The following table summarizes the claimed and allowable PHRs for the Police Officer and Sergeant classifications for the audit period:

<u>Classification</u>	<u>Claimed PHR</u>	<u>Allowable PHR</u>	<u>Difference</u>
Police Officer	\$41.52	\$ 41.52	\$ -
Sergeant	62.07	56.57	(5.50)

The city used the Police Officer classification to calculate costs for the time it takes to write incident reports for domestic violence-related calls for assistance incidents, and the Sergeant classification to calculate costs for the time it takes to review and edit the reports. The city used average salary amounts for each classification to compute claimed PHRs. The city claimed the same average PHRs per classification in each fiscal year, as the city’s salary schedules did not change during the audit period.

The city calculated the claimed benefit costs by applying the department-wide benefit rate to the claimed salaries.

*Allowable*

During fieldwork, we used the Police Unit – Salary Schedule P report to recalculate the average PHRs for the two classifications claimed using 1,800 annual productive hours. Our analysis revealed that the claimed PHR for the Sergeant classification was overstated in both fiscal years.

We also verified the city’s computations of the department-wide benefit rates claimed in each fiscal year by reviewing the city’s Indirect Cost Rate Proposals and tracing the department-wide salary and benefit amounts to the city’s expenditure reports. Our analysis revealed that the claimed department-wide benefit rates were properly computed for both fiscal years. Therefore, we used the claimed benefit rates to compute allowable benefits costs for the audit period.

**Summary of Audit Adjustments**

We applied the number of allowable domestic violence-related calls for assistance incidents to the average time increments to arrive at the total allowable hours. We then applied the audited PHRs to the total allowable hours to compute total allowable salaries, and applied the audited department-wide benefit rates to the total allowable salaries to compute total allowable benefit costs. The city overstated salaries and benefits totaling \$447,020 for the audit period. Related unallowable indirect costs totaled \$148,289.

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

Fiscal Year	Incident Report			Total Audit Adjustment
	Count Related Adjustment	PHR Related Adjustment	Related Benefits Adjustment	
2010-11	\$ (121,301)	\$ (2,753)	\$ (71,369)	\$ (195,423)
2011-12	<u>(153,971)</u>	<u>(2,904)</u>	<u>(94,722)</u>	<u>(251,597)</u>
Total	<u>\$ (275,272)</u>	<u>\$ (5,657)</u>	<u>\$ (166,091)</u>	<u>\$ (447,020)</u>

## Criteria

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

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

The parameters and guidelines (Section IV – Ongoing Activities D. Domestic Violence Related Calls for Assistance) allow ongoing activities related to costs supporting calls with a written incident report and reviewing the reports as follows:

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

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

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

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

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

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

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

Recommendation

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

City's Response

The city acknowledged the error identified during the audit, and stated that it would take corrective action.

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