

CITY OF FRESNO

Audit Report

ADMINISTRATIVE LICENSE SUSPENSION – PER SE PROGRAM

Chapter 1460, Statutes of 1989; Chapter 431, Statutes of 1990;
Chapter 1281, Statutes of 1992; Chapters 899 and 1244,
Statutes of 1993; Chapter 938, Statutes of 1994;
and Chapter 5, Statutes of 1997

July 1, 2013, through June 30, 2017



BETTY T. YEE
California State Controller

June 2019



BETTY T. YEE
California State Controller

June 27, 2019

The Honorable Lee Brand
Mayor of the City of Fresno
2600 Fresno Street, Room 2075
Fresno, CA 93721

Dear Mayor Brand:

The State Controller's Office (SCO) audited the costs claimed by the City of Fresno for the legislatively mandated Administrative License Suspension – Per Se Program for the period of July 1, 2013, through June 30, 2017.

The city claimed and was paid \$197,847 for the mandated program. Our audit found that \$164,829 is allowable and \$33,018 is unallowable. The costs are unallowable because the city overstated the number of cases claimed.

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

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

Sincerely,

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

JLS/hf

cc: Michael Lima, Controller
Finance Department
City of Fresno
René Watahira, Fiscal Affairs Manager
Fresno Police Department
Kim Jackson, Finance Manager
Finance Department
City of Fresno
Richard Tucker, Lieutenant
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Fresno for the legislatively mandated Administrative License Suspension – Per Se Program for the period of July 1, 2013, through June 30, 2017.

The city claimed and was paid \$197,847 for the mandated program. Our audit found that \$164,829 is allowable and \$33,018 is unallowable. The costs are unallowable because the city overstated the number of cases claimed.

Background

The Administrative License Suspension legislation became effective on July 1, 1990. The test claim legislation authorizes a peace officer, on behalf of the Department of Motor Vehicles (DMV), to immediately seize a valid California driver's license in the possession of a person arrested or detained for driving under the influence (DUI), immediately serve an order of suspension or revocation, and issue a temporary driver's license to the driver.

Section I. (Summary of the Mandate) of the program's parameters and guidelines states:

The Commission on State Mandates (Commission) partially approved this test claim pursuant to Article XIII B, section 6, of the California Constitution, and Government Code (GC) section 17514, for the increased costs in performing the following activities:

- A. Minors (under the age of 21) that are detained but not ultimately arrested for violation of a DUI statute:
 - Admonishing those drivers that the failure to submit to, or the failure to complete, a preliminary alcohol-screening test or other chemical test as requested will result in the suspension or revocation of the driver's license.
 - Requesting and administering the alcohol-screening test pursuant to Vehicle Code (VC) sections 23136 and 23137.
 - Taking possession of any driver's license and serving the notice of order of suspension or revocation on the detained minor if the driver refuses or fails to complete the chemical test, or has been found to have a concentration of alcohol in the blood in violation of VC section 23136.
 - Completing a sworn report for those minors detained.
 - Submitting a copy of the completed notice of order of suspension, driver's license, and sworn report to the DMV.
- B. All drivers (adults and minors) that are arrested for violation of a DUI statute:
 - Taking possession of any driver's license and serving the notice of order of suspension or revocation on the driver refuses or fails to complete the chemical test, or has been found to have a concentration of alcohol in the blood in violation of VC sections 23140, 23152, and 23153.

- Completing a sworn report for those drivers that are arrested with a blood alcohol concentration higher than that legal limit.
- Submitting a copy of the completed notice of order of suspension, driver’s license, and sworn report to the DMV.

The Commission also identified a uniform time allowance to account for employees’ time spent performing the mandated activities.

In addition, the Commission identified sources of offsetting reimbursements, including fees collected pursuant to VC section 14905 and grant money received by the State and passed through the local agencies.

The program’s parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on December 2, 2003. In compliance with GC section 17558, the SCO issues claiming instructions to assist local agencies in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

The objective of our audit was to determine whether costs claimed represent increased costs resulting from the legislatively mandated Administrative License Suspension – Per Se Program. Specifically, we conducted this audit to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

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

To achieve our objective, we:

- Reviewed the annual mandated cost claims filed by the city for the audit period and identified the material cost components of each claim as salaries and benefits. Determined whether there were any errors or unusual or unexpected variances from year to year. Reviewed the activities claimed to determine whether they adhered to the SCO’s claiming instructions and the program’s parameters and guidelines;
- Completed an internal control questionnaire by interviewing key city staff. Discussed the claim preparation process with city staff to determine what information was obtained, who obtained it, and how it was used;
- Obtained manually generated lists of DUI cases from the city for each year of the audit period (these lists contained more cases than the city claimed because the lists included cases funded by grant revenues that were not claimed). Used the lists to verify the existence, completeness, and accuracy of the unduplicated case counts; this included:
 - Reconciling the number of cases on the lists to the number of cases claimed for reimbursement;
 - Verifying that the cases involved violations of DUI statutes by using the reconciled case counts to select a sample for testing. Using a random-number generator, we randomly selected a non-

statistical sample of cases for each year in the audit period, as follows:

- 14 out of 2,628 cases for FY 2013-14
- 25 out of 3,049 cases for FY 2014-15
- 17 out of 2,176 cases for FY 2015-16
- 16 out of 1,423 cases for FY 2016-17

We identified two ineligible cases out of the 72 selected in the samples and did not project these errors to the population as a whole. We determined that the city's case lists accurately represented violations of DUI statutes and used the reconciled lists of claimed cases for further testing;

- Reviewed the reconciled lists of claimed cases for each year of the audit period to determine whether they contained duplicate case numbers. Also reviewed the details of each case to determine whether the case listings included cases ineligible for reimbursement because they did not meet the requirements in the parameters and guidelines, even though the cases represented violations of DUI statutes;
- Reviewed the Schedule of Expenditures of Federal Awards for each fiscal year in the audit period, and confirmed with city staff that the city received federal grants that it used to pay for mandated activities:
 - Reviewed source documents that the city provided to support the grant revenues used to fund a portion of the mandated activities; and
 - Determined that the city did not include cases funded by grant revenues in its claims during the audit period.

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

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

Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. We found that the city did not claim costs that were funded by other sources; however, it did claim unsupported and ineligible costs, as quantified in the Schedule and described in the Finding and Recommendation section of this audit report.

For the audit period, the City of Fresno claimed and was paid \$197,847 for the Administrative License Suspension – Per Se Program. Our audit found that \$164,829 is allowable and \$33,018 is unallowable.

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

**Follow-up on
Prior Audit
Findings**

We have not previously conducted an audit of the city’s legislatively mandated Administrative License Suspension – Per Se Program.

**Views of
Responsible
Officials**

We issued a draft audit report on April 5, 2019. René Watahira, Fiscal Affairs Manager, responded by email dated April 8, 2019, stating that the city “will not disagree with your report.”

Restricted Use

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

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

June 27, 2019

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

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2013, through June 30, 2014</u>			
Direct costs:			
Minors detained but not arrested:			
Salaries	\$ 680	\$ 680	\$ -
Benefits	373	373	-
Total	<u>1,053</u>	<u>1,053</u>	<u>-</u>
Drivers arrested for violation of a DUI statute:			
Salaries	26,068	19,636	(6,432)
Benefits	14,234	10,721	(3,513)
Total	<u>40,302</u>	<u>30,357</u>	<u>(9,945)</u>
Total direct costs	41,355	31,410	(9,945)
Indirect costs	<u>21,292</u>	<u>16,172</u>	<u>(5,120)</u>
Total program costs	<u>\$ 62,647</u>	47,582	<u>\$ (15,065)</u>
Less amount paid by the State ²		<u>(62,647)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ (15,065)</u>	
<u>July 1, 2014, through June 30, 2015</u>			
Direct costs:			
Drivers arrested for violation of a DUI statute:			
Salaries	\$ 25,536	\$ 21,892	\$ (3,644)
Benefits	13,482	11,559	(1,923)
Total direct costs	39,018	33,451	(5,567)
Indirect costs	<u>20,965</u>	<u>17,973</u>	<u>(2,992)</u>
Total program costs	<u>\$ 59,983</u>	51,424	<u>\$ (8,559)</u>
Less amount paid by the State ²		<u>(59,983)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ (8,559)</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2015, through June 30, 2016</u>			
Direct costs:			
Minors detained but not arrested:			
Salaries	\$ 458	\$ 458	\$ -
Benefits	240	240	-
Total	<u>698</u>	<u>698</u>	<u>-</u>
Drivers arrested for violation of a DUI statute:			
Salaries	20,723	17,776	(2,947)
Benefits	10,816	9,279	(1,537)
Total	<u>31,539</u>	<u>27,055</u>	<u>(4,484)</u>
Total direct costs	32,237	27,753	(4,484)
Indirect costs	<u>14,340</u>	<u>12,345</u>	<u>(1,995)</u>
Total program costs	<u>\$ 46,577</u>	40,098	<u>\$ (6,479)</u>
Less amount paid by the State ²		(46,577)	
Amount paid in excess of allowable costs claimed		<u>\$ (6,479)</u>	
<u>July 1, 2016, through June 30, 2017</u>			
Direct costs:			
Minors detained but not arrested:			
Salaries	\$ 222	\$ 222	\$ -
Benefits	112	112	-
Total	<u>334</u>	<u>334</u>	<u>-</u>
Drivers arrested for violation of a DUI statute:			
Salaries	13,371	11,987	(1,384)
Benefits	6,725	6,030	(695)
Total	<u>20,096</u>	<u>18,017</u>	<u>(2,079)</u>
Total direct costs	20,430	18,351	(2,079)
Indirect costs	<u>8,210</u>	<u>7,374</u>	<u>(836)</u>
Total program costs	<u>\$ 28,640</u>	25,725	<u>\$ (2,915)</u>
Less amount paid by the State ²		(28,640)	
Amount paid in excess of allowable costs claimed		<u>\$ (2,915)</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>Summary: July 1, 2013, through June 30, 2017</u>			
Salaries	\$ 87,058	\$ 72,651	\$ (14,407)
Benefits	45,982	38,314	(7,668)
Total salaries and benefits	133,040	110,965	(22,075)
Indirect costs	64,807	53,864	(10,943)
Total program costs	<u>\$ 197,847</u>	164,829	<u>\$ (33,018)</u>
Less amount paid by the State ²		<u>(197,847)</u>	
Amount paid in excess of allowable costs claimed		<u>\$ (33,018)</u>	

¹ See the Finding and Recommendation section.

² Payment amount current as of March 26, 2019.

Finding and Recommendation

**FINDING—
Overstated salaries
and related benefits
and indirect costs**

The city claimed \$197,847 (\$87,058 in salaries; \$45,982 in related benefits; and \$64,807 in related indirect costs) for the Minors Detained but Not Ultimately Arrested (\$3,070) and the Drivers Arrested for Violation of DUI Statute (\$194,777) cost components during the audit period. We found that \$164,829 is allowable and \$33,018 is unallowable because the city overstated the number of cases eligible for reimbursement under the mandated program by 1,236 cases during the audit period.

Salary costs are determined by multiplying the number of drivers arrested for violation of a DUI statute by the uniform time allowance and the arresting officer’s hourly rate. The city overstated salary costs by \$14,407 because it misinterpreted the program’s parameters and guidelines, which resulted in the city claiming reimbursement for ineligible cases. In addition, unallowable related benefit costs total \$7,668 and unallowable related indirect costs total \$10,943, for a total audit adjustment of \$33,018.

The following table summarizes the unallowable salaries and related benefits, and related indirect costs by fiscal year:

Fiscal Year	Number of Drivers Arrested for Violation of DUI Statute			Uniform Time Allowance ¹	Salary Rate	Salary Adjustment	Related Benefit Adjustment ²	Related Indirect Cost Adjustment ³	Total Audit Adjustment
	Claimed	Allowable	Difference						
2013-14	2,216	1,669	(547)	0.25	\$ 47.06	\$ (6,432)	\$ (3,513)	\$ (5,120)	\$ (15,065)
2014-15	2,342	2,008	(334)	0.25	\$ 43.61	(3,644)	(1,923)	(2,992)	(8,559)
2015-16	1,681	1,442	(239)	0.25	\$ 49.31	(2,947)	(1,537)	(1,995)	(6,479)
2016-17	1,121	1,005	(116)	0.25	\$ 47.71	(1,384)	(695)	(836)	(2,915)
Total	7,360	6,124	(1,236)			\$ (14,407)	\$ (7,668)	\$ (10,943)	\$ (33,018)

¹The uniform time allowance of 0.25 is equivalent to 15 minutes.

²The benefit rates are 54.60% for fiscal year (FY) 2013-14, 52.80% for FY 2014-15, 52.20% for FY 2015-16, and 52.30% for FY 2016-17.

³The indirect cost rates are 79.60% for FY 2013-14, 82.10% for FY 2014-15, 67.70% for FY 2015-16, and 60.40% for FY 2016-17. Indirect cost rates are applied to salaries only.

Ineligible Cases

The city claimed reimbursement for 7,360 cases for the Drivers Arrested for Violation of a DUI Statute cost component during the audit period. During testing, we found that 6,124 cases are allowable and 1,236 are unallowable. The city claimed costs for 248 cases that are unsupported and under-claimed costs for 54 cases during the audit period. In addition, we found that 1,042 cases are ineligible for reimbursement.

The following table summarizes the number of cases claimed, allowable, and unallowable for the Drivers Arrested for Violation of a DUI Statute cost component by fiscal year:

Fiscal Year	Amount Claimed	Amount Supported	Amount Allowable	Unallowable Cases			
				Unsupported	Underclaimed	Ineligible	Total
2013-14	2,216	1,968	1,669	(248)	-	(299)	(547)
2014-15	2,342	2,354	2,008	-	12	(346)	(334)
2015-16	1,681	1,693	1,442	-	12	(251)	(239)
2016-17	1,121	1,151	1,005	-	30	(146)	(116)
Total	7,360	7,166	6,124	(248)	54	(1,042)	(1,236)

The 1,042 cases are ineligible for reimbursement because they:

- Did not include information to indicate that the driver was arrested for violation of a DUI Statute with a blood alcohol level content (BAC) of 0.08% or greater for adults and a BAC of 0.05% or greater for minors, and did not include a Police Officer Statement (POS) (472);
- Included an adult driver arrested with a BAC lower than the legal limit of 0.08% (87) and a minor arrested with a BAC lower than the legal limit of 0.05% (7), and did not include a POS;
- Indicated that breathalyzer tests estimated an adult driver’s BAC lower than the legal limit of 0.08% (195) and a minor’s BAC lower than the legal limit of 0.05% (72), and did not include POS;
- Reported that the individual arrested had a negative BAC, and did not include a POS (8);
- Included a “Reference Y” description (no blood level indication), and did not include a POS (22);
- Did not include any information to indicate that the arrested driver had violated a DUI Statute, state the driver’s BAC, or include a POS (135);
- Did not provide the age of the individual arrested (8); and
- Are duplicate cases (36).

Section IV. (Reimbursable Activities) of the parameters and guidelines states, in part, “To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities.”

Section IV. (Reimbursable Activities) of the parameters and guidelines also states, in part:

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Recommendation

We recommend that the city:

- Follow the mandated program’s claiming instructions and the parameters and guidelines when preparing its reimbursement claims; and
- Ensure that claimed costs include only eligible costs and are based on actual costs incurred as a result of implementing the mandated activities.

City’s Response

The city responded via email stating, “We will not disagree with your report.”

**State Controller's Office
Division of Audits
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<http://www.sco.ca.gov>