

# LOS ANGELES COUNTY

Audit Report

## **DOMESTIC VIOLENCE TREATMENT SERVICES— AUTHORIZATION AND CASE MANAGEMENT PROGRAM**

Chapters 183 and 184, Statutes of 1992; Chapter 28,  
Statutes of 1994; and Chapter 641, Statutes of 1995

*July 1, 2003, through June 30, 2009,  
excluding July 1, 2004, through June 30, 2007*



**JOHN CHIANG**  
California State Controller

July 2012



**JOHN CHIANG**  
**California State Controller**

July 2, 2012

The Honorable Zev Yaroslavsky  
Chairperson, Board of Supervisors  
Los Angeles County  
821 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Mr. Yaroslavsky:

The State Controller's Office audited the costs claimed by Los Angeles County for the legislatively mandated Domestic Violence Treatment Services—Authorization and Case Management Program (Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1996; and Chapter 641, Statutes of 1995) for the period of July 1, 2003, through June 30, 2009, excluding July 1, 2004, through June 30, 2007.

The county claimed \$2,153,061 for the mandated program. Our audit disclosed that \$1,669,379 is allowable and \$483,682 is unallowable. The costs are unallowable because the county claimed non-reimbursable costs and did not claim allowable costs. The State paid the county \$1,661,160. Allowable costs claimed exceed the amount paid by \$8,219.

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

Sincerely,

*Original signed by*

**JEFFREY V. BROWNFIELD**  
Chief, Division of Audits

JVB/vb

cc: Wendy L. Watanabe, Auditor-Controller  
Los Angeles County  
Hasmik Yaghobyan, SB90 Administrator  
Los Angeles County  
Dewitt Roberts, Acting Administrative Deputy, Administrative Services  
Los Angeles County Probation Department  
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Los Angeles County Probation Department  
Jacqueline McCoy, Auditor, Audits and Controls  
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Jay Lal, Manager  
Division of Accounting and Reporting  
State Controller's Office

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by Los Angeles County for the legislatively mandated Domestic Violence Treatment Services—Authorization and Case Management Program (Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995) for the period of July 1, 2003, through June 30, 2009, excluding July 1, 2004, through June 30, 2007.

The county claimed \$2,153,061 for the mandated program. Our audit disclosed that \$1,669,379 is allowable and \$483,682 is unallowable. The costs are unallowable because the county claimed non-reimbursable costs and did not claim allowable costs. The State paid the county \$1,661,160. Allowable costs claimed exceed the amount paid by \$8,219.

## Background

Penal Code sections 273.5, 1000.93 through 1000.95, and 1203.097 (repealed, added, or amended by Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995) provide that if an accused is convicted of a domestic violence crime and granted probation as part of sentencing, the defendant is required to successfully complete a batterer's treatment program as a condition of probation.

The Commission on State Mandates (CSM) determined that probation is a penalty for conviction of a crime. The successful completion of probation is required before the unconditional release of the defendant. If the defendant fails to successfully complete a batterer's treatment program, the legislation subjects the defendant to further sentencing and incarceration.

As the Legislature changed the penalty for domestic violence crimes by changing the requirements for probation, the CSM determined that the "crimes and infractions" disclaimer in Government Code section 17556, subdivision (g) applies. The CSM concluded that subdivision (g) applies to those activities required by the legislation that are directly related to the enforcement of the statute, which changed the penalty for a crime.

On April 23, 1998, the CSM determined that Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995; imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on November 30, 1998. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

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

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Domestic Violence Treatment Services—Authorization and Case Management Program for the period of July 1, 2003, through June 30, 2009, excluding July 1, 2004, through June 30, 2007.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the county's financial statements. We conducted the 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 county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

## **Conclusion**

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, Los Angeles County claimed \$2,153,061 for costs of the Domestic Violence Treatment Services—Authorization and Case Management Program. Our audit disclosed that \$1,669,379 is allowable and \$483,682 is unallowable.

For the fiscal year (FY) 2003-04 claim, the State made no payment to the county. Our audit disclosed that \$373,795 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$373,795, contingent upon available appropriations.

For the FY 2007-08 claim, the State paid the county \$798,118. Our audit disclosed that \$703,104 is allowable. The State will offset \$95,014 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

For the FY 2008-09 claim, the State paid the county \$863,042. Our audit disclosed that \$592,480 is allowable. The State will offset \$270,562 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

**Views of  
Responsible  
Official**

We issued a draft audit report on June 1, 2012. Wendy L. Watanabe, Auditor-Controller, responded by letter dated June 13, 2012 (Attachment), agreeing with the audit results. This final audit report includes the county's response.

**Restricted Use**

This report is solely for the information and use of Los Angeles County, 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  
Chief, Division of Audits

July 2, 2012

**Schedule 1—  
Summary of Program Costs  
July 1, 1997, through June 30, 2004**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries and benefits:				
Administration and regulation of batterers' treatment programs	\$ 269,077	\$ 269,077	\$ —	
Victim notification	137,558	13,548	(124,010)	Finding 1
Total salaries and benefits	406,635	282,625	(124,010)	Finding 1
Indirect costs	117,266	123,170	5,904	Finding 1
Total direct and indirect costs	523,901	405,795	(118,106)	
Less offsetting reimbursements	(32,000)	(32,000)	—	
Total program costs	<u>\$ 491,901</u>	373,795	<u>\$ (118,106)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 373,795</u>		
<u>July 1, 2007, through June 30, 2008</u>				
Direct costs:				
Salaries and benefits:				
Administration and regulation of batterers' treatment programs	\$ 309,666	\$ 309,666	\$ —	
Victim notification	348,464	7,771	(340,693)	Finding 1
Assessing the future probability of the defendant committing murder	—	116,911	116,911	Finding 1
Total salaries and benefits	658,130	434,348	(223,782)	Finding 1
Services and supplies:				
Assessing the future probability of the defendant committing murder	—	60,928	60,928	Finding 2
Total direct costs	658,130	495,276	(162,854)	Finding 1
Indirect costs	168,489	236,329	67,840	Finding 1
Total direct and indirect costs	826,619	731,605	(95,014)	
Less offsetting reimbursements	(28,501)	(28,501)	—	
Total program costs	<u>\$ 798,118</u>	703,104	<u>\$ (95,014)</u>	
Less amount paid by the State		(798,118)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (95,014)</u>		



**Schedule 1 (continued)**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2008., through June 30, 2009</u>				
Direct costs:				
Salaries and benefits:				
Administration and regulation of batterers' treatment programs	\$ 323,251	\$ 323,251	\$ —	
Victim notification	377,000	15,250	(361,750)	Finding 1
Assessing the future probability of the defendant committing murder	—	51,618	51,618	Finding 1
Total salaries and benefits	700,251	390,119	(310,132)	Finding 1
Indirect costs	191,291	230,861	39,570	Finding 1
Total direct and indirect costs	891,542	620,980	(270,562)	
Less offsetting reimbursements	(28,500)	(28,500)	—	
Total program costs	<u>\$ 863,042</u>	592,480	<u>\$ (270,562)</u>	
Less amount paid by the State		(863,042)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (270,562)</u>		
<u>Summary: July 1, 2003, through June 30, 2009, excluding July 1, 2004, through June 30, 2007</u>				
Direct costs:				
Salaries and benefits:				
Administration and regulation of batterers' treatment programs	\$ 901,994	\$ 901,994	\$ —	
Victim notification	863,022	36,569	(826,453)	
Assessing the future probability of the defendant committing murder	—	168,529	168,529	
Total salaries and benefits	1,765,016	1,107,092	(657,924)	
Services and supplies:				
Assessing the future probability of the defendant committing murder	—	60,928	60,928	
Total direct costs	1,765,016	1,168,020	(596,996)	
Indirect costs	477,046	590,360	113,314	
Total direct and indirect costs	2,242,062	1,758,380	(483,682)	
Less offsetting reimbursements	(89,001)	(89,001)	—	
Total program costs	<u>\$ 2,153,061</u>	1,669,379	<u>\$ (483,682)</u>	
Less amount paid by the State		(1,661,160)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 8,219</u>		

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

# Findings and Recommendations

## **FINDING 1— Misstated salaries, benefits, and related indirect costs**

The county claimed \$1,765,016 in salaries and benefits and \$477,046 in related indirect costs for the audit period. We determined that claimed costs were overstated by net amount of \$657,924 for salaries and benefits and understated by \$113,314 for related indirect costs. The costs were misstated primarily because the district claimed non-reimbursable costs and also did not claim costs that were allowable.

The county claimed costs under two reimbursable components: Component 1—Administration and Regulation of Batterers’ Treatment Programs and Component 2—Victim Notification. The county did not report any costs for Component 3—Assessing Future Probability of Defendant Committing Murder. We determined that the county claimed unallowable costs for Component 2. In addition, we added allowable costs previously not claimed for Component 3.

The following table summarizes the audit adjustments by fiscal year and reimbursable components:

	Fiscal Year			Total
	2003-04	2007-08	2008-09	
Victim notification	\$ (124,010)	\$ (340,693)	\$ (361,750)	\$ (826,453)
Assessing future probability of the defendant committing murder	—	116,911	51,618	168,529
Subtotal	(124,010)	(223,782)	(310,132)	(657,924)
Indirect costs	5,904	67,840	39,570	113,314
Audit adjustment	<u>\$ (118,106)</u>	<u>\$ (155,942)</u>	<u>\$ (270,562)</u>	<u>\$ (544,610)</u>

### **Component 2—Victim Notification**

The county claimed \$863,022 for the audit period for the Victim Notification component. The county used a unit cost methodology to claim salary costs. The county did not claim benefit costs and indirect costs for this component.

The county developed its unit cost methodology by using the Probation Department’s Investigation Unit costs and case workload. The Investigation Unit’s salary amounts were used to determine the unit cost per case. The county’s methodology was not an appropriate method to calculate costs claimed. The unit cost calculation comingled salary costs for those officers who do not perform allowable Victim Notification activities. Furthermore, the unit cost methodology did not segregate the time spent on non-reimbursable activities.

During fieldwork, we worked with Probation Department staff to determine the average time increment for the Victim Notification activities. We determined that it takes an average of 16.25 minutes (0.2708 hours) per case to perform reimbursable activities. We calculated allowable hours for this component by multiplying the number of defendant cases handled per fiscal year by the average minutes (hours) per case. We then multiplied the allowable annual hours by the average productive hourly rate (PHR) and benefit rate for Deputy Probation Officer (DPO) classification.

The following table summarizes our calculation of allowable Victim Notification costs by fiscal year:

Victim Notification	Fiscal Year			Total
	2003-04	2007-08	2008-09	
(A) Allowable defendant cases	1,132	562	675	
(B) Allowable hours per case	0.2708	0.2708	0.2708	
(C) Total annual hours [(A) x (B)]	306.55	152.19	182.79	
(D) Average PHR	\$ 31.09	\$ 35.38	\$ 36.34	
(E) Total salaries [(C) x (D)]	\$ 9,531	\$ 5,384	\$ 6,643	\$ 21,558
(F) Total benefits	4,017	2,387	2,851	9,255
Total direct costs [(E) + (F)]	\$ 13,548	\$ 7,771	\$ 9,494	\$ 30,813

The following table summarizes audit adjustment for Victim Notification component by fiscal year:

Victim Notification	Fiscal Year			Total
	2003-04	2007-08	2008-09	
Claimed unit cost method	\$ 137,558	\$ 348,464	\$ 377,000	\$ 863,022
Allowable salaries and benefits	13,548	7,771	9,494	30,813
Audit adjustment	\$ (124,010)	\$ (340,693)	\$ (367,506)	\$ (832,209)

The related indirect costs total \$19,156 for the audit period (\$5,904 for fiscal year [FY] 2003-04, \$4,228 for FY 2007-08, and \$9,024 for FY 2008-09). We determined allowable indirect costs by applying the rates used by the county to claim costs for Component 1 to allowable salary costs.

### **Component 3—Assessing Future Probability of the Defendant Committing Murder**

The county did not claim any costs for Assessing Future Probability of Defendant Committing Murder component. However, we concluded during fieldwork that the county performed reimbursable activities outlined in the program's parameters and guidelines. The county submitted supporting documentation for training and evaluation activities using the homicide risk instrument for FY 2007-08 and FY 2008-09.

The documentation submitted by the county supported \$168,529 in allowable salary and benefit costs for the audit period. The following table summarizes the audit adjustments by fiscal year:

Assessing the Future Probability of the Defendant Committing Murder	Fiscal Year		Total
	2007-08	2008-09	
Allowable direct costs:			
Salaries	\$ 81,003	\$ 36,119	\$ 117,122
Benefits	35,908	15,499	51,407
Audit adjustment	<u>\$ 116,911</u>	<u>\$ 51,618</u>	<u>\$ 168,529</u>

The related indirect costs total \$94,158 for the audit period (\$63,612 for FY 2007-08 and \$30,546 for FY 2008-09). We determined allowable indirect costs by applying the rates used by the county to claim costs for Component 1 to allowable salary costs.

The program's parameters and guidelines (section IV—Reimbursable Activities) outline the specific activities that are eligible for reimbursement.

The parameters and guidelines (section V.A.1—Salaries and Benefits) require that claimants identify the employee(s) or employee classification(s) involved, describe the reimbursable activities performed, and specify the actual time devoted to each reimbursable activity by each employee.

The parameters and guidelines (section VI—Supporting Data) require that all costs claimed are traceable to source documents that show evidence of the validity of such costs and their relationship to the state mandated program.

#### Recommendation

We recommend that the county ensure that claimed costs are based on actual costs, are for activities reimbursable under the program's parameters and guidelines, and are supported by contemporaneous source documentation.

#### County's Response

The county agreed with the finding and recommendation.

**FINDING 2—  
Understated services  
and supplies**

The county understated the costs for services and supplies by \$60,928 for FY 2007-08. The county did not claim any services and supplies costs in the audit period. Our audit determined the county incurred allowable costs purchasing a homicidal risk assessment instrument. The instrument is an essential part of performing the mandated activities for Component 3—Assessing Future Probability of the Defendant Committing Murder. During fieldwork, the Probation Department submitted documentation supporting the costs incurred.

The parameters and guidelines (section V.A.2—Materials and Supplies) specify that those expenditures may be claimed that can be identified as direct costs of this mandate.

The parameters and guidelines (section VI—Supporting Data) require that all costs claimed are traceable to source documents that show evidence of the validity of such costs and their relationship to the state mandated program.

**Recommendation**

We recommend that the county ensure that claimed costs are based on actual costs, are for activities reimbursable under the program's parameters and guidelines, and are supported by contemporaneous source documentation.

**County's Response**

The county agreed with the finding and recommendation.

**Attachment—  
County’s Response to  
Draft Audit Report**

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WENDY L. WATANABE  
AUDITOR-CONTROLLER

JUDI E. THOMAS  
CHIEF DEPUTY

**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION  
500 WEST TEMPLE STREET, ROOM 525  
LOS ANGELES, CALIFORNIA 90012-3873  
PHONE: (213) 974-8301 FAX: (213) 626-5427

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS  
JOHN NAIMO  
JAMES L. SCHNEIDERMAN

June 13, 2012

Mr. Jim L. Spano, Chief  
Mandated Cost Audits Bureau  
California State Controller's Office  
Post Office Box 942850  
Sacramento, California 94250-5874

Dear Mr. Spano:

**LOS ANGELES COUNTY'S RESPONSE  
TO STATE CONTROLLER'S DRAFT AUDIT REPORT  
DOMESTIC VIOLENCE TREATMENT SERVICES-AUTHORIZATION  
AND CASE MANAGEMENT (DVTS)**

The County of Los Angeles (County) has reviewed the State Controller's draft audit report dated June 1, 2012 for the DVTS's program, for the period July 1, 2003 through June 30, 2009 excluding July 1, 2004 through June 30, 2007. The draft audit report concluded that, of the \$2,153,061 claimed, \$1,669,379 is allowable and \$483,682 is unallowable.

The attached County's response indicates agreement with the audit findings. The County will take the necessary corrective actions to implement policies and procedures to ensure that the costs claimed are reimbursable costs. We also recognize that if the County subsequently provides additional information to support its \$483,682 of unallowable costs, or if there are any changes in the laws and regulations, the State will revise the final audit report to include such additional allowable costs.

If you have any questions, please contact Hasmik Yaghobyan at (213) 893-0792 or via e-mail at [hyaghobyan@auditor.lacounty.gov](mailto:hyaghobyan@auditor.lacounty.gov).

Very truly yours,

  
Wendy L. Watanabe  
Auditor-Controller

WLW:JET:JN:CY:hy  
H:\SB90\QSTClaim Submission\Ch183\Audit Response Cover 6-12-112.doc

Attachment

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LOS ANGELES COUNTY PROBATION DEPARTMENT'S RESPONSE TO  
STATE CONTROLLER'S DRAFT AUDIT REPORT  
DOMESTIC VIOLENCE  
JULY 1 2003 THROUGH JUNE 30, 2009  
EXCLUDING JULY 1, 2004 THROUGH JUNE 30 2007

**FINDING 1 - Misstated salaries, benefits, and related indirect costs**

The county claimed \$1,765,016 in salaries and benefits and \$477,046 in related indirect costs for the audit period. We determined that claimed costs were overstated by net amount of \$657,924 for salaries and benefits and understated by \$113,314 for related indirect costs. The costs were misstated primarily because the district claimed non-reimbursable costs and also did not claim costs that were allowable.

*RECOMMENDATION*

We recommend that the county ensure that claimed costs are based on actual costs, are for activities reimbursable under the program's parameters and guidelines, and are supported by contemporaneous source documentation.

*COUNTY'S RESPONSE*

We agree with the recommendation. The county has corrected the method used to calculate the amount of time used to complete reimbursable Victim Notification services. We recently conducted a Time Study to determine the average time increment for the Victim Notification activities. We then multiply the number of new defendant cases per fiscal year by the calculated average minutes (hours) per case. We then multiply the allowable annual hours by the average productive hourly rate (PHR) and benefit rate for Deputy Probation Officer (DPO) classification

**FINDING 2— Understated services and supplies**

The county understated the costs for services and supplies by \$60,928 for FY 2007-08. The county did not claim any services and supplies costs in the audit period.

*RECOMMENDATION*

We recommend that the county ensure that claimed costs are based on actual costs, are for activities reimbursable under the program's parameters and guidelines, and are supported by contemporaneous source documentation.

*COUNTY'S RESPONSE*

We agree with the recommendation. The county will ensure that costs for services and supplies are for activities reimbursable under the parameter and guidelines, supported by contemporaneous source documentation and are submitted with future annual claims.



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

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