

CITY AND COUNTY OF SAN FRANCISCO

Reissued 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; and Chapter 700,
Statutes of 2004

July 1, 2003, through June 30, 2011



BETTY T. YEE
California State Controller

August 2019



BETTY T. YEE
California State Controller

August 7, 2019

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Ben Rosenfield, City Controller
City and County of San Francisco
City Hall, Room 316
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102

Dear Mr. Rosenfield:

The State Controller's Office (SCO) audited the costs claimed by the City and County of San Francisco for the legislatively mandated Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2003, through June 30, 2011.

This report is a reissue of the June 28, 2019 final audit report to correct the Schedule—Summary of Program Costs. The original Schedule—Summary of Program Costs contained mathematical errors in the total program costs for fiscal year (FY) 2004-05 through FY 2009-10. The total program cost calculations for these fiscal years did not include offsetting revenues. We have updated the total program cost calculations for FY 2004-05 through FY 2009-10 to include these offsetting revenues. This correction does not impact the audit findings, which remain unchanged.

The city and county claimed \$1,749,414 for the mandated program. Our audit found that \$833,360 is allowable and \$916,054 is unallowable. The costs are unallowable because the city and county overstated the number of domestic violence related calls for assistance and overstated offsetting revenues. The State made no payments to the city and county. The State will pay \$833,360, contingent upon available appropriations.

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

This final audit report contains an adjustment to costs claimed by the city and county. If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission). Pursuant to the Commission's regulations, outlined in Title 2, *California Code of Regulations*, section 1185.1, subdivision (c), an IRC challenging this adjustment must be filed with the Commission no later than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. You may obtain IRC information on the Commission's website at www.csm.ca.gov/forms/IRCForm.pdf.

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

Sincerely,

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

JLS/hf

cc: The Honorable London Breed, Mayor
City and County of San Francisco
Michelle Allersma, Director of Budget and Analysis
Office of the Controller
City and County of San Francisco
William Scott, Chief of Police
San Francisco Police Department
Catherine McGuire, Executive Director of Strategic Management
San Francisco Police Department
The Honorable Norman Yee, President
San Francisco County Board of Supervisors
Chris Hill, Principal Program Budget Analyst
Local Government Unit
California Department of Finance
Steven Pavlov, Finance Budget Analyst
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California Department of Finance
Debra Morton, Manager
Local Government Programs and Services Division
State Controller's Office

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Reissued Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City and County of San Francisco for the legislatively mandated Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2003, through June 30, 2011.

The city and county claimed \$1,749,414 for the mandated program. Our audit found that \$833,360 is allowable and \$916,054 is unallowable. The costs are unallowable because the city and county overstated the number of domestic violence related calls for assistance and overstated offsetting revenues. The State made no payments to the city and county. The State will pay \$833,360, contingent upon available appropriations.

Background

Penal Code (PC) sections 12025, subdivisions (h)(1) and (h)(3); 12031, subdivisions (m)(1) and (m)(3); 13014; 13023; and 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:

- 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);
- 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, physical or mental disability, or gender or national origin (PC section 13023);
- 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 PC 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 sections 12025, subdivisions (h)(1) and (h)(3), and 12031, subdivisions (m)(1) and (m)(3));
 - 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);
 - For local law enforcement agencies to report the following 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, (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, (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, 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 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 July 1, 2003, through June 30, 2011.

To achieve our objective, we:

- Reviewed the annual mandated cost claims filed by the city and county for the audit period and identified the material cost components of each claim to determine 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 and county staff. Discussed the claim preparation process with city and county staff to determine what information was obtained, who obtained it, and how it was used;
- Interviewed city and county staff to determine what employee classifications were involved in performing the reimbursable activities;
- Interviewed city and county staff to determine allowable average time increments for reimbursable activities;
- Reviewed and analyzed Laserfiche database query reports provided by the city and county to support the number of domestic violence related calls for assistance incident reports for each fiscal year of the audit period. Based on our review of the Laserfiche database query reports, we determined that they included non-mandate-related and unallowable supplemental and correction incident reports. As a result, we recalculated the total number of domestic violence related calls for assistance incident reports to exclude these non-mandate-related and unallowable reports for the audit period;
- Validated domestic violence related calls for assistance reports by judgmentally selecting a non-statistical sample of 203 (70 out of 4,220 in fiscal year [FY] 2008-09; 66 out of 4,127 in FY 2009-10; and 67 out of 3,982 in FY 2010-11) out of 12,329 total domestic violence related calls for assistance incident reports. We reviewed the domestic violence related calls for assistance incident reports, and noted immaterial exceptions;
- Reviewed the city and county's salary reports for FY 2008-09 through FY 2010-11. We recalculated the productive hourly rates (PHRs) claimed during these fiscal years and noted immaterial exceptions. As a result of our testing, we determined that it was reasonable to allow the PHRs claimed for the audit period;
- Traced the indirect cost rates claimed for FY 2003-04 through FY 2006-07 to the previously audited rates in the final audit report of the City and County of San Francisco for the legislatively mandated Peace Officers Procedural Bill of Rights Program dated April 10, 2009, for the audit period of July 1, 2003, through June 30, 2007. We found that the city and county used the audited rates. The indirect cost rates claimed for FY 2007-08 through FY 2010-11 were comparable to the previously audited rates. As a result of our testing, we accepted the previously audited indirect cost

rates claimed for FY 2003-04 through FY 2006-07 and determined that it was reasonable to allow the indirect cost rates for FY 2007-08 through FY 2010-11; and

- Inquired with city and county representatives to determine whether the city and county realized any offsetting savings or reimbursement from the same statutes that created the mandated program, and verified that claimed costs were not funded by another source. We found that the city and county erroneously claimed offsetting revenues applicable to another legislatively mandated program.

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 and county'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 and county'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 and county claimed ineligible costs and overstated costs that were funded by another source, as quantified in the Schedule and described in the Findings and Recommendations section of this audit report.

For the audit period, the City and County of San Francisco claimed \$1,749,414 for the mandated program. Our audit found that \$833,360 is allowable and \$916,054 is unallowable. The State made no payments to the city and county. The State will pay \$833,360, contingent upon available appropriations.

Following issuance of this reissued audit report, the SCO's Local Government Programs and Services Division will notify the city and county 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 and county's legislatively mandated Crime Statistics Reports for the Department of Justice Program.

**Views of
Responsible
Officials**

We issued a draft audit report on April 25, 2019. Catherine McGuire, Executive Director, Strategic Management Bureau, San Francisco Police Department, responded by letter dated May 13, 2019 (Attachment), neither agreeing nor disagreeing with the audit results. This final audit report includes the city and county's response.

We communicated with Michelle Allersma, Director of Budget and Analysis, and Ysabel Catapang, Budget and Revenue Analyst, regarding this reissued report on July 17, 2019.

**Reason for
Reissuance**

This report is a reissue of the June 28, 2019 final audit report to correct the Schedule—Summary of Program Costs. The original Schedule—Summary of Program Costs contained mathematical errors in the total program costs for FY 2004-05 through FY 2009-10. The total program cost calculations for these fiscal years did not include offsetting revenues. We have updated the total program cost calculations for FY 2004-05 through FY 2009-10 to include these offsetting revenues. This correction does not impact the audit findings, which remain unchanged.

Restricted Use

This audit report is solely for the information and use of the City and County of San Francisco, 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

August 7, 2019

Corrected Schedule— Summary of Program Costs July 1, 2003, through June 30, 2011

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs – salaries and benefits:				
Domestic violence related calls for assistance	\$ 91,887	\$ 79,320	\$ (12,567)	
Total direct costs	91,887	79,320	(12,567)	
Indirect costs	17,679	15,261	(2,418)	
Total direct and indirect costs	109,566	94,581	(14,985)	Finding 1
Less offsetting revenues	(6,439)	-	6,439	Finding 2
Total program costs	<u>\$ 103,127</u>	94,581	<u>\$ (8,546)</u>	
Less amount paid by the State ²		-		
Allowable costs claimed in excess of amount paid		<u>\$ 94,581</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs – salaries and benefits:				
Domestic violence related calls for assistance	\$ 202,055	\$ 46,338	\$ (155,717)	
Hate crime reports	171	171	-	
Total direct costs	202,226	46,509	(155,717)	
Indirect costs	32,538	7,484	(25,054)	
Total direct and indirect costs	234,764	53,993	(180,771)	Finding 1
Less offsetting revenues	(13,787)	-	13,787	Finding 2
Total program costs	<u>\$ 220,977</u>	53,993	<u>\$ (166,984)</u>	
Less amount paid by the State ²		-		
Allowable costs claimed in excess of amount paid		<u>\$ 53,993</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs – salaries and benefits:				
Domestic violence related calls for assistance	\$ 200,790	\$ 38,563	\$ (162,227)	
Hate crime reports	381	381	-	
Total direct costs	201,171	38,944	(162,227)	
Indirect costs	35,466	6,866	(28,600)	
Total direct and indirect costs	236,637	45,810	(190,827)	Finding 1
Less offsetting revenues	(14,300)	-	14,300	Finding 2
Total program costs	<u>\$ 222,337</u>	45,810	<u>\$ (176,527)</u>	
Less amount paid by the State ²		-		
Allowable costs claimed in excess of amount paid		<u>\$ 45,810</u>		

Corrected Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs – salaries and benefits:				
Domestic violence related calls for assistance	\$ 205,953	\$ 75,739	\$ (130,214)	
Hate crime reports	347	347	-	
Total direct costs	206,300	76,086	(130,214)	
Indirect costs	34,926	12,881	(22,045)	
Total direct and indirect costs	241,226	88,967	(152,259)	Finding 1
Less offsetting revenues	(14,555)	-	14,555	Finding 2
Total program costs	<u>\$ 226,671</u>	88,967	<u>\$ (137,704)</u>	
Less amount paid by the State ²		-		
Allowable costs claimed in excess of amount paid		<u>\$ 88,967</u>		
<u>July 1, 2007, through June 30, 2008</u>				
Direct costs – salaries and benefits:				
Domestic violence related calls for assistance	\$ 189,560	\$ 101,106	\$ (88,454)	
Hate crime reports	313	313	-	
Total direct costs	189,873	101,419	(88,454)	
Indirect costs	43,082	23,012	(20,070)	
Total direct and indirect costs	232,955	124,431	(108,524)	Finding 1
Less offsetting revenues	(14,044)	-	14,044	Finding 2
Total program costs	<u>\$ 218,911</u>	124,431	<u>\$ (94,480)</u>	
Less amount paid by the State ²		-		
Allowable costs claimed in excess of amount paid		<u>\$ 124,431</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs – salaries and benefits:				
Domestic violence related calls for assistance	\$ 198,808	\$ 108,066	\$ (90,742)	
Hate crime reports	187	187	-	
Total direct costs	198,995	108,253	(90,742)	
Indirect costs	44,097	23,988	(20,109)	
Total direct and indirect costs	243,092	132,241	(110,851)	Finding 1
Less offsetting revenues	(14,664)	-	14,664	Finding 2
Total program costs	<u>\$ 228,428</u>	132,241	<u>\$ (96,187)</u>	
Less amount paid by the State ²		-		
Allowable costs claimed in excess of amount paid		<u>\$ 132,241</u>		

Corrected Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2009, through June 30, 2010</u>				
Direct costs – salaries and benefits:				
Domestic violence related calls for assistance	\$ 218,922	\$ 115,022	\$ (103,900)	
Hate crime reports	58	58	-	
Total direct costs	218,980	115,080	(103,900)	
Indirect costs	44,672	23,476	(21,196)	
Total direct and indirect costs	263,652	138,556	(125,096)	Finding 1
Less offsetting revenues	(15,963)	-	15,963	Finding 2
Total program costs	<u>\$ 247,689</u>	138,556	<u>\$ (109,133)</u>	
Less amount paid by the State ²		-		
Allowable costs claimed in excess of amount paid		<u>\$ 138,556</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Direct costs – salaries and benefits:				
Domestic violence related calls for assistance	\$ 229,611	\$ 126,352	\$ (103,259)	
Total direct costs	229,611	126,352	(103,259)	
Indirect costs	51,663	28,429	(23,234)	
Total direct and indirect costs	281,274	154,781	(126,493)	Finding 1
Less offsetting revenues	-	-	-	Finding 2
Total program costs	<u>\$ 281,274</u>	154,781	<u>\$ (126,493)</u>	
Less amount paid by the State ²		-		
Allowable costs claimed in excess of amount paid		<u>\$ 154,781</u>		
<u>Summary: July 1, 2003, through June 30, 2011</u>				
Direct costs – salaries and benefits:				
Domestic violence related calls for assistance	\$ 1,537,586	\$ 690,506	\$ (847,080)	
Hate crime reports	1,457	1,457	-	
Total direct costs	1,539,043	691,963	(847,080)	
Indirect costs	304,123	141,397	(162,726)	
Total direct and indirect costs	1,843,166	833,360	(1,009,806)	Finding 1
Less offsetting revenues	(93,752)	-	93,752	Finding 2
Total program costs	<u>\$ 1,749,414</u>	833,360	<u>\$ (916,054)</u>	
Less amount paid by the State ²		-		
Allowable costs claimed in excess of amount paid		<u>\$ 833,360</u>		

¹ See the Findings and Recommendations section.² Payment amount current as of July 26, 2019.

Findings and Recommendations

**FINDING 1—
Overstated salaries,
benefits, and related
indirect costs**

The city and county claimed \$1,537,586 in salaries and benefits for the Domestic Violence Related Calls for Assistance cost component. We found that \$690,506 is allowable and \$847,080 is unallowable. The costs are unallowable because the city and county overstated the number of domestic violence related calls for assistance. In addition, unallowable related indirect costs total \$162,726, for a total finding of \$1,009,806.

Reimbursable activities for this cost component consist of writing, reviewing, and editing incident reports. In addition, the parameters and guidelines require that a written report support each domestic violence related call for assistance.

To calculate the claimed salaries and benefits, the city and county multiplied the time increment to prepare each domestic violence related calls for assistance by the number of domestic violence related calls for assistance, and then multiplied the total by the average PHR and related benefit costs of the Police Officer I-III and Sergeant I-III classifications.

The following table summarizes the claimed, allowable, and overstated costs for the Domestic Violence Related Calls for Assistance cost component by fiscal year:

Fiscal Year	Salaries and Benefits			Related Indirect Costs		Total Audit Adjustment
	Amount Claimed	Amount Allowable	Audit Adjustment	Indirect Cost Rate	Unallowable Indirect Costs	
2003-04	\$ 91,887	\$ 79,320	\$ (12,567)	19.24%	\$ (2,418)	\$ (14,985)
2004-05	202,055	46,338	(155,717)	16.09%	(25,055)	(180,772)
2005-06	200,790	38,563	(162,227)	17.63%	(28,601)	(190,828)
2006-07	205,953	75,739	(130,214)	16.93%	(22,045)	(152,259)
2007-08	189,560	101,106	(88,454)	22.69%	(20,070)	(108,524)
2008-09	198,808	108,066	(90,742)	22.16%	(20,108)	(110,850)
2009-10	218,922	115,022	(103,900)	20.40%	(21,196)	(125,096)
2010-11	229,611	126,352	(103,259)	22.50%	(23,233)	(126,492)
Total	\$ 1,537,586	\$ 690,506	\$ (847,080)		\$ (162,726)	\$ (1,009,806)

Incident Reports

For the audit period, the city and county claimed 33,864 domestic violence related calls for assistance incidents. During our review of the Laserfiche database query reports, we found that the city and county overstated the number of domestic violence related calls for assistance incidents. The city and county’s overstatement of domestic violence related calls for assistance incidents was a result of claiming incidents that were not domestic violence related and including supplemental reports that had been processed to close and/or correct existing incident reports. We recalculated the allowable costs using the supported incident report counts.

The following table summarizes the claimed, allowable and overstated number of domestic violence related calls for assistance incident reports by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
2003-04	2,585	2,242	(343)
2004-05	5,073	1,169	(3,904)
2005-06	4,823	903	(3,920)
2006-07	4,805	1,722	(3,083)
2007-08	4,249	2,208	(2,041)
2008-09	4,220	2,235	(1,985)
2009-10	4,127	2,114	(2,013)
2010-11	3,982	2,136	(1,846)
Total	<u>33,864</u>	<u>14,729</u>	<u>(19,135)</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, that:

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable to 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 – subsection D – Domestic Violence Related Calls for Assistance [Penal Code section 13730(a); Statutes 1993, Chapter 1230]) state that the following activities performed by city, county, and city and county law enforcement agencies are 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 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).

Recommendation

The Crime Statistics Reports for the Department of Justice Program was suspended from FY 2012-13 through FY 2018-19. If the program becomes active again, we recommend that the city and county:

- 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, are based on actual costs, and are properly supported.

City and County's Response

The city and county neither agreed nor disagreed with the finding related to overstated salaries and benefits costs. It stated:

The draft report states the [San Francisco Police Department (SFPD)] overstated the number of domestic violence incidents over a time period ranging from 2003-2011. The State Controller's Office came to this conclusion as a result of field work conducted in 2018, which was judged against parameters and guidelines that were set in 2010 and amended in 2014. SFPD does not have enough information to agree or disagree with this finding.

The report states "[t]he parameters and guidelines...require claimed costs to be supported by source documents." However, the State used the system that is available today for officers to enter and collect data rather than actual source data. Unfortunately, because of the lapse in time between the claim period and the field work, original source data was unavailable for a number of reasons:

- 1) Source data in the audit review was based on manually-entered reports that were maintained centrally in the domestic violence unit.
- 2) Statutes of limitations can run their course on case files (and possibly) incident reports, making source data unavailable 15 years after the incident occurred.
- 3) SFPD employees who would know how the claim data was originally collected and what the actual source data was, have moved on from the assignment or, more likely, retired from the SFPD fifteen years after the fact.

SFPD attempted to provide the required information regarding incidents, but had to use the current method [that] the Department uses for data collection and tracking – Laserfiche. To be clear, this is not the source data used to submit the claim. Any ability to re-assemble those source data was rendered impossible due to the duration of time elapsed between claims and audit field work. As a result, we cannot agree nor disagree with the conclusions drawn from data that are not "source documents."

SCO Comment

Our finding and recommendation remain unchanged.

The city and county states that it was unable to gather the source data that it used to prepare the reimbursement claims due to the time elapsed between when the reimbursement claims were filed and the commencement of audit fieldwork. Therefore, the city and county utilized

its current methodology for data collection and tracking – Laserfiche. The city and county states that, because Laserfiche is not the source data used when the claims were originally filed, it cannot agree or disagree with the conclusions drawn.

The city and county’s Crime Statistics Reports for the Department of Justice Program reimbursement claims for FY 2003-04 through FY 2010-11 were all filed on February 15, 2012. We initiated an audit of these claims five and one-half years after they were filed. We had statutory authority under GC section 17558.5 to audit these claims, as no money was appropriated.

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 costs was incurred for the event or activity in question. Source documents include, but are not limited to, employee time records or time logs, sign-in sheets, invoices and receipts.

The city and county is responsible for maintaining relevant supporting documentation. There is no impact to the audit finding because the source documentation provided to support the claimed costs during audit fieldwork was not the original source documentation that the city and county used to prepare its reimbursement claims.

During audit fieldwork, the city provided Laserfiche database query reports as source documentation to support the domestic violence related calls for assistance incident reports claimed for the audit period. We reviewed these reports, and found that the city and county overstated the number of domestic violence related calls for assistance incident reports for the audit period. As a result, the allowable reimbursable costs for the supported number of incident report counts remain unchanged.

**FINDING 2—
Overstated offsetting
revenues**

The city and county reported offsetting revenues of \$93,752 for the audit period. During testing, we found that the city and county erroneously reported offsetting revenues that were not related to this mandated program but were applicable to another legislatively mandated program (Crime Victims’ Domestic Violence Incident Reports II [Program No. 306]). We confirmed that the city and county did not receive any funds for the Crime Statistics Reports for the Department of Justice Program that should have been offset from claimed costs. As a result, the city and county overstated offsetting revenues for the audit period.

The following table summarizes the reported, actual, and overstated offsetting revenues for the audit period:

Fiscal Year	Reported Offsetting Revenues	Actual Offsetting Revenues	Audit Adjustment
2003-04	\$ (6,439)	\$ -	\$ 6,439
2004-05	(13,787)	-	13,787
2005-06	(14,300)	-	14,300
2006-07	(14,555)	-	14,555
2007-08	(14,044)	-	14,044
2008-09	(14,664)	-	14,664
2009-10	(15,963)	-	15,963
2010-11	-	-	-
Total	\$ (93,752)	\$ -	\$ 93,752

Criteria

The parameters and guidelines (section VII – Offsetting Revenues and Reimbursements) state, in part:

Any offsets the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any federal, state or non-local source shall be identified and deducted from this claim.

Recommendation

The Crime Statistics Reports for the Department of Justice Program was suspended from FY 2012-13 through FY 2018-19. If the program becomes active again, we recommend that the city and county:

- Follow the mandated program’s claiming instructions and the parameters and guidelines when preparing its reimbursement claims; and
- Ensure that only applicable offsetting reimbursements are offset against mandate costs.

City and County’s Response

The city and county did not respond to this audit finding.

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



LONDON N. BREED
MAYOR

CITY AND COUNTY OF SAN FRANCISCO
POLICE DEPARTMENT
HEADQUARTERS
1245 3RD Street
San Francisco, California 94158



WILLIAM SCOTT
CHIEF OF POLICE

May 13, 2019

Lisa Kurokawa, Audit Bureau Chief
State Controller's Office
Division of Audits
P.O. Box 942850
Sacramento, CA 94250

RE: San Francisco Country Draft Audit Report – Crime Statistics Reports for the Department of Justice Program

Dear Ms. Kurokawa:

Thank you for the opportunity to review and respond to the State Controller's Office San Francisco County Draft Audit Report, dated April 2019, regarding crime statistics reporting, particularly as it pertains to the reporting of domestic violence incidents. We are responding to the finding that SFPD overstated domestic violence incidents and accompanying salaries and benefits dedicated to the reporting of these domestic violence incidents.

Finding: Overstated salaries and benefits costs

The draft report states the SFPD overstated the number of domestic violence incidents over a time period ranging from 2003-2011. The State Controller's Office came to this conclusion as a result of field work conducted in 2018, which was judged against parameters and guidelines that were set in 2010 and amended in 2014. SFPD does not have enough information to agree or disagree with this finding.

The report states "[t]he parameters and guidelines ... require claimed costs to be supported by source documents." However, the State used the system that is available today for officers to enter and collect data rather than actual source data. Unfortunately, because of the lapse in time between the claim period and the field work, original source data was unavailable for a number of reasons:

- 1) Source data in the audit review was based on manually-entered reports that were maintained centrally in the domestic violence unit.
- 2) Statutes of limitations can run their course on case files (and possibly) incident reports, making source data unavailable 15 years after the incident occurred.
- 3) SFPD employees who would know how the claim data was originally collected and what the actual source data was, have moved on from the assignment or, more likely, retired from the SFPD fifteen years after the fact.

SFPD attempted to provide the requested information regarding incidents, but had to use the current method the Department uses for data collection and tracking – Laserfiche. To be clear, this is not the source data used to submit the claim. Any ability to re-assemble those source

data was rendered impossible due to the duration of time elapsed between claims and audit field work. As a result, we cannot agree nor disagree with the conclusions drawn from data that are not "source documents."

We appreciate the opportunity to respond to the Draft Audit Report. Thank you for your attention to this matter. If you have any questions, please feel free to reach out to me at 415-837-7209 or Catherine.McGuire@sfgov.org.

Sincerely,



M. Catherine McGuire
Executive Director
Strategic Management Bureau
San Francisco Police Department

cc: Michelle Allersma, Director of Budgets, Controller's Office
Ysabel Catapang, Budget Analyst, Controller's Office

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