

CITY OF SAN DIEGO

Audit Report

DOMESTIC VIOLENCE ARREST POLICIES AND STANDARDS PROGRAM

Chapter 246, Statutes of 1995

July 1, 2006, through June 30, 2011



JOHN CHIANG
California State Controller

September 2013



JOHN CHIANG
California State Controller

September 24, 2013

Todd Gloria, Interim Mayor
City of San Diego
202 C Street
San Diego, CA 92101

Dear Mr. Gloria:

The State Controller's Office audited the costs claimed by the City of San Diego for the legislatively mandated Domestic Violence Arrest Policies and Standards Program (Chapter 246, Statutes of 1995) for the period of July 1, 2006, through June 30, 2011.

The city claimed \$1,026,797 for the mandated program. Our audit found that \$471,490 is allowable (\$480,853 less a \$9,363 penalty for filing a late claim) and \$555,307 is unallowable. The costs are unallowable because the city claimed unsupported costs and non-mandate-related domestic violence incident reports. The State paid the city \$1,016,797. The State will offset \$545,307 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/kw

cc: Walt Ekard, Interim Chief Operating Officer
City of San Diego
Scott Chadwick, Assistant Chief Operating Officer
City of San Diego
Ann Phung, Associate Budget Development Analyst
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Audit Report

Summary

The State Controller's Office audited the costs claimed by the City of San Diego for the legislatively mandated Domestic Violence Arrest Policies and Standards Program (Chapter 246, Statutes of 1995) for the period of July 1, 2006, through June 30, 2011.

The city claimed \$1,026,797 for the mandated program. Our audit found that \$471,490 is allowable (\$480,853 less a \$9,363 penalty for filing a late claim) and \$555,307 is unallowable. The costs are unallowable because the city claimed unsupported costs and non-mandate-related domestic violence incident reports. The State paid the city \$1,016,797. The State will offset \$545,307 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

Background

Penal Code section 13701, subdivision (b) (added by Chapter 246, Statutes of 1995), required local law enforcement agencies to develop, adopt, and implement written *arrest* policies for domestic violence offenders by July 1, 1996. The legislation also required local law enforcement agencies to obtain input from local domestic violence agencies in developing the arrest policies. Under previous law, local law enforcement agencies were required to develop, adopt, and implement written policies for *response* to domestic violence calls and were encouraged, but not obligated, to consult with domestic violence experts.

On September 25, 1997, the Commission on State Mandates (CSM) determined that Chapter 246, Statutes of 1995, imposed a state mandated program 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 August 20, 1998 and amended them on October 30, 2009. 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 Arrest Policies and Standards Program for the period of July 1, 2006, through June 30, 2011.

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 city'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 city'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 found 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, the City of San Diego claimed \$1,026,797 for costs of the Domestic Violence Arrest Policies and Standards Program. Our audit found that \$471,490 is allowable (\$480,853 less a \$9,363 penalty for filing a late claim) and \$555,307 is unallowable. The State paid the city \$1,016,797. The State will offset \$545,307 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

**Views of
Responsible
Official**

We issued a draft audit report on August 16, 2013. Scott Chadwick, Assistant Chief Operating Officer, responded by letter dated August 30, 2013 (Attachment), agreeing with the audit results. This final audit report includes the city's response.

Restricted Use

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

September 24, 2013

**Schedule 1—
Summary of Program Costs
July 1, 2006, through June 30, 2011**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2006, through June 30, 2007</u>				
Salaries	\$ 264,907	\$ 85,119	\$ (179,788)	Findings 1, 2
Indirect costs	26,491	8,512	(17,979)	Findings 1, 2
Total direct and indirect costs	291,398	93,631	(197,767)	
Less late filing penalty ²	—	(9,363)	(9,363)	
Total program costs	<u>\$ 291,398</u>	84,268	<u>\$ (207,130)</u>	
Less amount paid by the State		(281,398)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (197,130)</u>		
<u>July 1, 2007, through June 30, 2008</u>				
Salaries	\$ 268,900	\$ 85,224	\$ (183,676)	Findings 1, 2
Indirect costs	26,890	8,522	(18,368)	Findings 1, 2
Total program costs	<u>\$ 295,790</u>	93,746	<u>\$ (202,044)</u>	
Less amount paid by the State		(295,790)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (202,044)</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Salaries	\$ 138,312	\$ 87,879	\$ (50,433)	Finding 2
Indirect costs ³	13,831	8,788	(5,043)	Finding 2
Total program costs	<u>\$ 152,143</u>	96,667	<u>\$ (55,476)</u>	
Less amount paid by the State		(152,143)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (55,476)</u>		
<u>July 1, 2009, through June 30, 2010</u>				
Salaries	\$ 137,885	\$ 89,952	\$ (47,933)	Finding 2
Indirect costs	13,788	8,995	(4,793)	Finding 2
Total program costs	<u>\$ 151,673</u>	98,947	<u>\$ (52,726)</u>	
Less amount paid by the State		(151,673)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (52,726)</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2010, through June 30, 2011</u>				
Salaries	\$ 123,449	\$ 88,966	\$ (34,483)	Finding 2
Indirect costs	<u>12,344</u>	<u>8,896</u>	<u>(3,448)</u>	Finding 2
Total program costs	<u>\$ 135,793</u>	97,862	<u>\$ (37,931)</u>	
Less amount paid by the State		<u>(135,793)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (37,931)</u>		
<u>Summary: July 1, 2006, through June 30, 2011</u>				
Salaries	\$ 933,453	\$ 437,140	\$ (496,313)	
Indirect costs	<u>93,344</u>	<u>43,713</u>	<u>(49,631)</u>	
Total direct and indirect costs	1,026,797	480,853	(545,944)	
Less late filing penalty ²	<u>—</u>	<u>(9,363)</u>	<u>(9,363)</u>	
Total program costs	<u>\$ 1,026,797</u>	471,490	<u>\$ (555,307)</u>	
Less amount paid by the State		<u>(1,016,797)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (545,307)</u>		

¹ See the Findings and Recommendations section.

² The city filed its fiscal year 2006-07 annual reimbursement claim after the due date specified in Government Code section 17560. Pursuant to Government Code 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).

³ The city's claim erroneously shows claimed indirect costs as \$13,312; however, the city actually claimed \$13,831 based on total costs claimed.

Findings and Recommendations

**FINDING 1—
Overstated costs**

The city overstated costs related to implementing domestic violence arrest policies. Claimed costs were overstated by \$305,338. The city overstated costs because it erroneously calculated claimed costs for fiscal year (FY) 2006-07 and FY 2007-08. For those fiscal years, the city multiplied the total number of incident reports by the average productive hourly rate, but did not apply the allowable uniform time allowance. The following table summarizes the audit adjustment:

	Fiscal Year		Total
	2006-07	2007-08	
Number of domestic violence incidents claimed	8,268	7,727	
Average productive hourly rate	x \$32.04	x \$34.80	
Uniform time allowance (hours)	x 0.48	x 0.48	
Total salaries	\$ 127,155	\$ 129,072	\$ 256,227
Less salaries claimed	(264,907)	(268,900)	(533,807)
Unallowable salaries (A)	(137,752)	(139,828)	(277,580)
Indirect cost rate claimed	x 10.00%	x 10.00%	
Related indirect costs (B)	(13,775)	(13,983)	(27,758)
Audit adjustment ((A) + (B))	\$ (151,527)	\$ (153,811)	\$ (305,338)

The program’s parameters and guidelines state:

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. 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.

The parameters and guidelines allow a uniform time allowance of 29 minutes (0.48 hours) for responding officers to interview both parties (17 minutes) and consider various specified factors (12 minutes) in a domestic violence incident.

Recommendation

We recommend that the city calculate claimed costs in accordance with the parameters and guidelines.

City’s Response

The city agreed with the audit finding.

**FINDING 2—
Ineligible salaries**

The city claimed ineligible costs related to implementing domestic violence arrest policies. The ineligible salaries totaled \$218,733. The related indirect costs totaled \$21,873.

The city provided documentation to support the total number of incident reports claimed for each fiscal year. As noted in Finding 1, the city overstated the total hours claimed for FY 2006-07 and FY 2007-08 because it did not apply the allowable uniform time allowance. The following table summarizes the number of incident reports claimed and the adjusted total hours claimed:

	Fiscal Year				
	2006-07	2007-08	2008-09	2009-10	2010-11
Number of domestic violence incident reports claimed	8,268	7,727	7,719	7,689	6,884
Uniform time allowance	x 0.48	x 0.48	x 0.48	x 0.48	x 0.48
Adjusted total hours claimed	<u>3,969</u>	<u>3,709</u>	<u>3,705</u>	<u>3,691</u>	<u>3,304</u>

For each fiscal year, we selected a statistical sample from the number of domestic violence incident reports claimed based on a 95% confidence level, a precision rate of +/- 8%, and an expected error rate of 50%. We used statistical samples so that the results could be projected to the audited population of incident reports for each fiscal year. We selected a random sample of 147 incident reports for each fiscal year. We reviewed the sample incident reports to determine whether the city performed the required mandated program activities. Our review found the following:

- 349 incident reports were fully reimbursable under the mandated program. These reports are reimbursable at 29 minutes (0.48 hours) per report.
- 200 incident reports were partially reimbursable because the officers did not interview both parties involved in the domestic violence incident. These reports are reimbursable at 20.5 minutes (0.34 hours) per report, based on 8.5 minutes to interview one party and 12 minutes to consider the various factors identified in the parameters and guidelines.
- 186 incident reports were not reimbursable because they were unrelated to domestic violence. The incidents involved issues such as vandalism and court order violations that were not domestic violence as defined by Penal Code section 13700.

The following table summarizes the results of our statistical samples:

	Fiscal Year					Total
	2006-07	2007-08	2008-09	2009-10	2010-11	
Allowable incident reports	63	68	70	69	79	349
Partially reimbursable incident reports - only one party interviewed	50	41	33	38	38	200
Non-mandate-related incident reports	<u>34</u>	<u>38</u>	<u>44</u>	<u>40</u>	<u>30</u>	<u>186</u>
Total reports sampled	<u>147</u>	<u>147</u>	<u>147</u>	<u>147</u>	<u>147</u>	<u>735</u>

The following table summarizes the calculation of reimbursable hours and the resulting unallowable hours claimed:

	Fiscal Year					Total
	2006-07	2007-08	2008-09	2009-10	2010-11	
Allowable incident reports	63	68	70	69	79	349
Uniform time allowance (hours)	x 0.48	x 0.48	x 0.48	x 0.48	x 0.48	
Subtotal (C)	30.24	32.64	33.60	33.12	37.92	
Partially reimbursable incident reports - only one party interviewed	50	41	33	38	38	200
Allowable uniform time allowance (hours)	x 0.34	x 0.34	x 0.34	x 0.34	x 0.34	
Subtotal (D)	17.00	13.94	11.22	12.92	12.92	
Total reimbursable hours for sampled reports ((C) + (D))	47.24	46.58	44.82	46.04	50.84	
Statistical sample size	÷ 147	÷ 147	÷ 147	÷ 147	÷ 147	
Reimbursable hours per report	0.3214	0.3169	0.3049	0.3132	0.3459	
Number of domestic violence incident reports claimed	x 8,268	x 7,727	x 7,719	x 7,689	x 6,884	
Total reimbursable hours	2,657	2,449	2,354	2,408	2,381	
Adjusted total hours claimed	(3,969)	(3,709)	(3,705)	(3,691)	(3,304)	
Unallowable hours	(1,312)	(1,260)	(1,351)	(1,283)	(923)	

The following table summarizes the unallowable costs based on the unallowable hours identified from the statistical samples:

	Fiscal Year					Total
	2006-07	2007-08	2008-09	2009-10	2010-11	
Unallowable hours	(1,312)	(1,260)	(1,351)	(1,283)	(923)	
Claimed average productive hourly rate	x \$32.04	x \$34.80	x \$37.33	x \$37.36	x \$37.36	
Unallowable salaries (E)	\$ (42,036)	\$ (43,848)	\$ (50,433)	\$ (47,933)	\$ (34,483)	\$ (218,733)
Indirect cost rate claimed	x 10%	x 10%	x 10%	x 10%	x 10%	
Related indirect costs (F)	(4,204)	(4,385)	(5,043)	(4,793)	(3,448)	(21,873)
Audit adjustment ((E) + (F))	\$ (46,240)	\$ (48,233)	\$ (55,476)	\$ (52,726)	\$ (37,931)	\$ (240,606)

The parameters and guidelines state:

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. 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.

The parameters and guidelines allow a total uniform time allowance of 29 minutes (0.48 hours) for responding officers to interview both parties (17 minutes) and consider various specified factors (12 minutes) in a domestic violence incident.

Recommendation

We recommend that the city claim costs for only those reports that are related to domestic violence incidents. In addition, we recommend that the city claim the portion of the uniform time allowance that is attributable to the mandated activities actually performed.

City's Response

The city agreed with the audit finding; although the San Diego Police Department will not change its definition or response to domestic violence incidents.

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



THE CITY OF SAN DIEGO

August 30, 2013

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

Dear Chief Spano:

This letter is in response to the State Controller's Office draft audit report pertaining to Domestic Violence Arrest Policies and Standards Program dated August 2013. The draft audit report identified two recommendations for the San Diego Police Department (SDPD).

Recommendation #1

We recommend that the city calculate claimed costs in accordance with the parameters and guidelines.

SDPD Response

SDPD agrees with this finding. SDPD had already adjusted its calculation before the finding was identified by your office. In fact, the calculation was correctly submitted throughout the majority of the five year audit period. Staff turnover contributed to improperly interpreting the guidelines in the past, thus we appreciate the efforts the State made in updating the submission form to simplify the calculation rules to prevent errors from occurring in the future.

Recommendation #2

We recommend that the city claim costs for only those reports that are related to domestic violence incidents. In addition, we recommend that the city claim the portion of the uniform time allowance that is attributable to the mandated activities actually performed.

Page 2

Jim L. Spano, Chief, Mandated Cost Audits Bureau, State Controller's Office
August 30, 2013

SDPD Response

After reviewing the mandated policies provided by the California State Auditor's Office and the penal code referenced by the auditor (Penal Code 13700), the SDPD agrees with this audit finding, although the SDPD will not change its definition or response to domestic violence incidents.

The SDPD investigates any and all domestic violence allegations, including violation of court orders between domestic parties and vandalism, as any of these situations could escalate into violence. Unfortunately for purposes of SB90 reimbursements, Penal Code 13700 narrowly defines domestic violence as abuse that involves bodily injury or the fear of imminent bodily injury. In reviewing cases for potential reimbursement, the SDPD did not narrow the criteria as all domestic violence allegations are serious and not dismissed regardless of potential for reimbursement.

The SDPD will refocus future SB90 claims to the narrow definition of domestic violence under the application of Penal Code 13700. Under no circumstances will these audit findings dictate any changes in the SDPD's response to allegations or reports of any domestic violence.

If you have any questions please contact Mr. Ronald Villa at (619) 531-2883

Sincerely,



Scott Chadwick
Assistant Chief Operating Officer

cc: David Ramirez, Executive Assistant Police Chief
Cesar Solis, Assistant Police Chief
Jeff Sturak, Financial Management Director
Ronald Villa, Administrative Services Manager
Stacy Roberts, Accountant III

**State Controller's Office
Division of Audits
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