

CITY OF OXNARD

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, 2001, through June 30, 2012



BETTY T. YEE
California State Controller

September 2018



BETTY T. YEE
California State Controller

September 28, 2018

The Honorable Tim Flynn
Mayor of the City of Oxnard
300 West Third Street
Oxnard, CA 93030

Dear Mayor Flynn:

The State Controller's Office (SCO) audited the costs claimed by the City of Oxnard for the legislatively mandated Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2001, through June 30, 2012.

The city claimed \$2,338,363 for the mandated program. Our audit found that \$809,386 is allowable and \$1,528,977 is unallowable because the city misstated the number of domestic violence-related calls for assistance, claimed unsupported time increments, and misstated both productive hourly rates and benefit rates. The State made no payments to the city. The State will pay \$809,386, contingent upon available appropriations. 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.

This audit report contains an adjustment to costs claimed by the city. If you disagree with the audit finding, 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three years following the date of this audit report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended.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/IRCFrm.pdf.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/as

cc: Christine Williams, Controller
Finance Department
City of Oxnard
Deanne Purcell, Interim Chief Financial Officer
City of Oxnard
Scott Whitney, Chief
Oxnard Police Department
Chris Hill, Principal Program Budget Analyst
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Oxnard for the legislatively mandated Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2001, through June 30, 2012.

The city claimed \$2,338,363 for the mandated program. Our audit found that \$809,386 is allowable and \$1,528,977 is unallowable because the city misstated the number of domestic violence-related calls for assistance, claimed unsupported time increments, and misstated both productive hourly rates (PHRs) and benefit rates. The State made no payments to the city. The State will pay \$809,386, 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 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, 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); and
 - For local law enforcement agency 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.
 - 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 the 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, 2001, through June 30, 2012.

To achieve our audit objective, we:

- Reviewed the annual mandated cost claims filed by the city for the audit period to identify the material cost components of each claim and determined whether there were any errors or any unusual or unexpected variances from year to year. We also reviewed the activities claimed to determine whether they adhered to the SCO's claiming instructions and the program's parameters and guidelines;
- Completed an internal control questionnaire by interviewing key city staff, and discussed the claim preparation process with city staff to determine what information was obtained, who obtained it, and how it was used;
- Interviewed city staff to determine what employee classifications were involved in performing the reimbursable activities during the audit period, and:
 - Traced PHR calculations for all employee classifications performing the mandated activities to supporting information in the city's payroll system (see Finding);
 - Traced benefit rate calculations for all employee classifications performing the mandated activities to supporting information in the city's payroll system (see Finding);
- Assessed whether the average time increments claimed for each fiscal year in the audit period to perform the reimbursable activities were reasonable per the requirements of the program and supported by source documentation;
- Reviewed and analyzed the claimed domestic violence incident report counts, homicide report counts, and hate crime counts for consistency and possible exclusions. Verified that counts were supported by the reports that the city had submitted to the Department of Justice (DOJ), and:
 - Traced a judgmentally selected non-statistical sample of 220 (20 reports per fiscal year in the audit period) out of 27,849 domestic violence calls for assistance to written incident reports. Errors found were not projected to the intended population; and
- Verified whether indirect costs claimed for each fiscal year in the audit period were for common or joint purposes and whether the indirect cost rates were supported properly and applied accurately. The audited rate differences from year to year were immaterial, and did not result in a finding.

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

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

For the audit period, the City of Oxnard claimed \$2,338,363 for costs of the legislatively mandated Crime Statistics Reports for the Department of Justice Program. Our audit found that \$809,386 is allowable and \$1,528,977 is unallowable. The State made no payments to the city. The State will pay \$809,386, contingent upon available appropriations.

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 Crime Statistics Reports for the Department of Justice Program.

Views of Responsible Officials

We issued a draft audit report on August 7, 2018. Scott Whitney, Chief, Oxnard Police Department, responded by letter dated August 23, 2018 (Attachment), disagreeing with the audit results. This final audit report included the city's response.

Restricted Use

This report is solely for the information and use of the City of Oxnard, 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.

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

September 28, 2018

Schedule—
Summary of Program Costs
July 1, 2001, through June 30, 2012

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Homicide reports	\$ 64	\$ 64	\$ -
Domestic violence related calls for assistance	123,835	39,826	(84,009)
Total direct costs	123,899	39,890	(84,009)
Indirect costs	39,680	13,913	(25,767)
Total program costs	<u>\$ 163,579</u>	53,803	<u>\$ (109,776)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 53,803</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Homicide reports	\$ 233	\$ 233	\$ -
Domestic violence related calls for assistance	143,702	49,455	(94,247)
Total direct costs	143,935	49,688	(94,247)
Indirect costs	53,630	18,515	(35,115)
Total program costs	<u>\$ 197,565</u>	68,203	<u>\$ (129,362)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 68,203</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Homicide reports	\$ 204	\$ 204	\$ -
Domestic violence related calls for assistance	146,973	22,688	(124,285)
Total direct costs	147,177	22,892	(124,285)
Indirect costs	41,253	6,414	(34,839)
Total program costs	<u>\$ 188,430</u>	29,306	<u>\$ (159,124)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 29,306</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2004, through June 30, 2005</u>			
Direct costs:			
Homicide reports	\$ 295	\$ 295	\$ -
Domestic violence related calls for assistance	130,908	48,333	(82,575)
Total direct costs	131,203	48,628	(82,575)
Indirect costs	40,254	14,920	(25,334)
Total program costs	<u>\$ 171,457</u>	63,548	<u>\$ (107,909)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 63,548</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Homicide reports	\$ 189	\$ 189	\$ -
Domestic violence related calls for assistance	155,383	67,366	(88,017)
Total direct costs	155,572	67,555	(88,017)
Indirect costs	40,588	17,625	(22,963)
Total program costs	<u>\$ 196,160</u>	85,180	<u>\$ (110,980)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 85,180</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Homicide reports	\$ 186	\$ 186	\$ -
Hate crime reports	44	44	-
Domestic violence related calls for assistance	163,297	65,060	(98,237)
Total direct costs	163,527	65,290	(98,237)
Indirect costs	43,497	17,367	(26,130)
Total program costs	<u>\$ 207,024</u>	82,657	<u>\$ (124,367)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 82,657</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs:			
Homicide reports	\$ 123	\$ 123	\$ -
Hate crime reports	15	15	-
Domestic violence related calls for assistance	168,389	62,188	(106,201)
Total direct costs	168,527	62,326	(106,201)
Indirect costs	43,986	16,269	(27,717)
Total program costs	<u>\$ 212,513</u>	78,595	<u>\$ (133,918)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 78,595</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs:			
Homicide reports	\$ 159	\$ 159	\$ -
Hate crime reports	70	70	-
Domestic violence related calls for assistance	132,090	58,995	(73,095)
Total direct costs	132,319	59,224	(73,095)
Indirect costs	44,593	19,960	(24,633)
Total program costs	<u>\$ 176,912</u>	79,184	<u>\$ (97,728)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 79,184</u>	
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs:			
Homicide reports	\$ 210	\$ 210	\$ -
Hate crime reports	88	88	-
Domestic violence related calls for assistance	196,590	65,140	(131,450)
Total direct costs	196,888	65,438	(131,450)
Indirect costs	82,102	27,287	(54,815)
Total program costs	<u>\$ 278,990</u>	92,725	<u>\$ (186,265)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 92,725</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs:			
Homicide reports	\$ 56	\$ 56	\$ -
Hate crime reports	157	157	-
Domestic violence related calls for assistance	190,343	62,786	(127,557)
Total direct costs	190,556	62,999	(127,557)
Indirect costs	85,939	28,410	(57,529)
Total program costs	<u>\$ 276,495</u>	91,409	<u>\$ (185,086)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 91,409</u>	
<u>July 1, 2011, through June 30, 2012</u>			
Direct costs:			
Homicide reports	\$ 205	\$ 205	\$ -
Hate crime reports	90	90	-
Domestic violence related calls for assistance	192,985	60,564	(132,421)
Total direct costs	193,280	60,859	(132,421)
Indirect costs	75,958	23,917	(52,041)
Total program costs	<u>\$ 269,238</u>	84,776	<u>\$ (184,462)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 84,776</u>	
<u>Summary: July 1, 2001, through June 30, 2012</u>			
Direct costs:			
Homicide reports	\$ 1,924	\$ 1,924	\$ -
Hate crime reports	464	464	-
Domestic violence related calls for assistance	1,744,495	602,401	(1,142,094)
Total direct costs	1,746,883	604,789	(1,142,094)
Indirect costs	591,480	204,597	(386,883)
Total program costs	<u>\$ 2,338,363</u>	809,386	<u>\$ (1,528,977)</u>
Less amount paid by the State ²		-	
Allowable costs claimed in excess of amount paid		<u>\$ 809,386</u>	

¹ See the Finding and Recommendation section.² Payment amount current as of August 14, 2018.

Finding and Recommendation

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

During testing, we found that the city overstated salaries and benefits by \$1,142,094 for the audit period. In addition, unallowable related indirect costs total \$386,883, for a total audit adjustment of \$1,528,977.

The audit adjustments are related to the Domestic Violence Related Calls for Assistance cost component. The city overstated costs because it overstated number of domestic violence-related calls for assistance, overstated PHRs, overstated benefit rates, and overstated time increments used to calculate costs to write, review and edit domestic violence-related calls for assistance incident reports. In addition, costs were calculated using salary information of classifications that did not perform the mandated activity. The noted issues occurred because the city misinterpreted the program’s parameters and guidelines when preparing the mandated cost claims.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits and related indirect costs for the Domestic Violence Related Calls for Assistance cost component for the audit period:

Fiscal Year	Salaries and Benefits			Related	Total Audit
	Amount Claimed	Amount Allowable	Adjustment	Indirect Cost Adjustment	
2001-02	\$ 123,835	\$ 39,826	\$ (84,009)	\$ (25,767)	\$ (109,776)
2002-03	143,702	49,455	(94,247)	(35,115)	(129,362)
2003-04	146,973	22,688	(124,285)	(34,839)	(159,124)
2004-05	130,908	48,333	(82,575)	(25,334)	(107,909)
2005-06	155,383	67,366	(88,017)	(22,963)	(110,980)
2006-07	163,297	65,060	(98,237)	(26,130)	(124,367)
2007-08	168,389	62,188	(106,201)	(27,717)	(133,918)
2008-09	132,090	58,995	(73,095)	(24,633)	(97,728)
2009-10	196,590	65,140	(131,450)	(54,815)	(186,265)
2010-11	190,343	62,786	(127,557)	(57,529)	(185,086)
2011-12	192,985	60,564	(132,421)	(52,041)	(184,462)
	<u>\$ 1,744,495</u>	<u>\$ 602,401</u>	<u>\$ (1,142,094)</u>	<u>\$ (386,883)</u>	<u>\$ (1,528,977)</u>

Domestic Violence Related Calls for Assistance

The costs for this component include supporting each domestic violence-related call for assistance with a written incident report. Reimbursable activities consist of writing, reviewing and editing the incident reports. Claimed costs were calculated by multiplying the number of incident reports by a time increment to process a report, then multiplying the resulting hours by a PHR.

Incident Reports

The city overstated and understated the number of domestic violence-related calls for assistance, which resulted in net overstated salary and benefit costs totaling \$41,515. We reviewed the monthly reports to DOJ

and summary reports that the city created in its Records Management System (RMS), both provided by the city. Our review disclosed that the RMS information did not support the claimed number of domestic violence-related calls for assistance in some fiscal years. The city claimed calls that did not result in a written incident report for FY 2001-02 through FY 2003-04. The RMS supported that the city did not claim all domestic violence-related calls for assistance that resulted in a written incident report for FY 2005-06.

The following table summarizes the overstated number of incident reports:

<u>Fiscal Year</u>	<u>Claimed Incident Reports</u>	<u>Incident Reports Identified in the City's System</u>	<u>Difference</u>
2001-02	2,988	2,675	(313)
2002-03	2,982	2,916	(66)
2003-04	2,878	2,041	(837)
2005-06	2,440	2,659	219
Total	<u>11,288</u>	<u>10,291</u>	<u>(997)</u>

The following schedule summarizes the audit adjustment:

<u>Fiscal Year</u>	<u>Salaries and Benefit Costs</u>	<u>Related Indirect Costs</u>	<u>Audit Adjustment</u>
2001-02	\$ (9,531)	\$ (3,053)	\$ (12,584)
2002-03	(3,180)	(1,185)	(4,365)
2003-04	(42,752)	(11,984)	(54,736)
2005-06	13,948	3,639	17,587
Total	<u>\$ (41,515)</u>	<u>\$ (12,583)</u>	<u>\$ (54,098)</u>

Time Increments

The city overstated salary and benefit costs by \$882,770 because the claimed time increments that were used to calculate claimed hours for patrol officers to write incident reports and senior officers to review and edit incident reports were not supported.

For the audit period, the city claimed 25 minutes for patrol officers to write each report and 25 minutes for senior officers to review and edit incident reports. The city provided a time study that supports 13.5 minutes to write incident reports, 11.3 minutes to review incident reports and zero minutes to edit incident reports. City personnel verified that the time study provided was derived prior to claims preparation. The city did not provide any additional documentation to support the claimed time increments. The city overstated claimed salaries and benefit costs as a result of overstated time increments. We recalculated allowable costs based on the allowable time increments.

The following schedule summarizes the audit adjustment:

Fiscal Year	Salaries and Benefits	Related Indirect Costs	Audit Adjustment
2001-02	\$ (62,498)	\$ (20,002)	\$ (82,500)
2002-03	(72,838)	(27,139)	(99,977)
2003-04	(74,319)	(20,832)	(95,151)
2004-05	(66,269)	(20,331)	(86,600)
2005-06	(78,753)	(20,546)	(99,299)
2006-07	(82,329)	(21,899)	(104,228)
2007-08	(84,721)	(22,112)	(106,833)
2008-09	(67,026)	(22,588)	(89,614)
2009-10	(99,828)	(41,629)	(141,457)
2010-11	(96,337)	(43,448)	(139,785)
2011-12	(97,852)	(38,456)	(136,308)
Total	\$ (882,770)	\$ (298,982)	\$ (1,181,752)

Productive Hourly Rates

The city overstated salary and benefit costs by \$105,737 because it misstated the PHRs during the audit period

During our review of the PHRs, we found that the city overstated the average PHRs in all fiscal years for patrol officers for writing incident reports, and both overstated and understated PHRs for senior officers for reviewing and editing incident reports.

1. Patrol Officers – Written Reports

The city provided salary reports for each fiscal year. We reviewed the salary reports provided and compared the information in the salary worksheets that were included in each fiscal year's claim. During our review, we found that the city included the cost of the following classifications in the PHR calculation for officers that completed the mandated activity of writing incident reports: Police Officer I, Police Officer II, Police Officer III, and Sergeant. Discussion with city staff and review of the job descriptions disclosed that the Police Officer I and Police Officer II classifications performed the mandated activity of writing domestic violence-related calls for assistance incident reports. The Police Officer III classification performed specialized activities and some oversight responsibilities. The city also claimed the Police Officer III as the classification that reviewed and edited the work of the patrol officers. The Sergeant classification performed field supervision activities. Therefore, the city included the cost of employees who did not perform the mandated activity in the PHR calculation.

Based on the information provided, we recalculated the average PHRs of the patrol officers responsible for writing incident reports based on the salaries of the Police Officer I and Police Officer II classifications.

2. Senior Officer – Review and Edit

The city claimed the cost of one officer in the Police Officer III

classification for the audit period; however, that officer did not perform the mandated activity throughout the audit period. Discussions with city staff disclosed that other officers in the Police Officer III classification performed the mandated activity throughout the audit period, but the city did not provide documentation to disclose which officers performed the mandated activity. Based on our review of incident reports, we have reasonable assurance that the mandated activity was completed. We calculated an average PHR for the Police Officer III classification and concluded that the city overstated and understated salary and benefit costs.

The following schedule summarizes the audit adjustment:

<u>Fiscal Year</u>	<u>Salaries and Benefits</u>	<u>Related Indirect Costs</u>	<u>Audit Adjustment</u>
2001-02	\$ (8,418)	\$ (2,712)	\$ (11,130)
2002-03	(15,141)	(5,641)	(20,782)
2003-04	(4,752)	(1,332)	(6,084)
2004-05	(8,976)	(2,754)	(11,730)
2005-06	(11,609)	(3,029)	(14,638)
2006-07	23	7	30
2007-08	(6,450)	(1,683)	(8,133)
2008-09	(8,528)	(2,874)	(11,402)
2009-10	(18,935)	(7,896)	(26,831)
2010-11	(11,589)	(5,227)	(16,816)
2011-12	(11,362)	(4,465)	(15,827)
Total	<u>\$ (105,737)</u>	<u>\$ (37,606)</u>	<u>\$ (143,343)</u>

Benefit Rates

The city overstated benefit costs by \$112,072.

For the audit period, the city overstated the claimed benefit rates because it included both employer and employee contributions for pension costs in its calculation. In addition, the safety officers pension costs for both employer and employee contributions are fully funded by a special tax levied on the city's taxpayers. Therefore, there was no effect on the city's general fund for reimbursement purposes.

The following schedule summarizes the audit adjustment:

<u>Fiscal Year</u>	<u>Salaries and Benefits</u>	<u>Related Indirect Costs</u>	<u>Audit Adjustment</u>
2001-02 ¹	\$ (3,562)	\$ -	\$ (3,562)
2002-03	(3,088)	(1,150)	(4,238)
2003-04	(2,462)	(691)	(3,153)
2004-05	(7,330)	(2,249)	(9,579)
2005-06	(11,603)	(3,027)	(14,630)
2006-07	(15,931)	(4,238)	(20,169)
2007-08	(15,030)	(3,922)	(18,952)
2008-09	2,459	829	3,288
2009-10	(12,687)	(5,290)	(17,977)
2010-11	(19,631)	(8,854)	(28,485)
2011-12	(23,207)	(9,120)	(32,327)
Total	<u>\$ (112,072)</u>	<u>\$ (37,712)</u>	<u>\$ (149,784)</u>

¹ Indirect cost rate applied to salaries only for FY 2001-02.

Therefore, no impact on indirect costs.

Criteria

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

Section IV – Ongoing Activities, subsection D, allows ongoing activities related to costs supporting domestic violence-related calls for assistance with a written incident report, and reviewing and editing the report.

Section V of the parameters and guidelines states that cost elements must be identified for the reimbursable activities identified in section IV of the parameters and guidelines. Each reimbursable cost must be supported by source documentation. For salaries and benefit costs, claimants are to report each employee performing reimbursable activities by name, job classification, and PHR.

Recommendation

The Crime Statistics Reports for the Department of Justice Program was suspended in FY 2012-13 through FY 2017-18. If the program becomes active again, we recommend that the city:

- Follow the mandated program claiming instructions and parameters and guidelines when claiming reimbursement for mandated costs;

- Claim costs based on the actual time increment required to perform the mandated cost activity;
- Compute claimed costs using the job classification that performed the mandated activity; and
- Calculate benefit rates using only those costs that effect the General Fund.

City's Response

1. Domestic Violence Related Calls for Assistance

a. Time Increments

- i. The audit findings indicated that "the city overstated salary and benefits by \$882,770 because the claimed time increments that were used to calculate claimed hours for patrol officers to write incident reports and senior officers to review and edit incident reports were not supported." The city claimed 25 minutes for patrol officers to write each report and 25 minutes for senior officers to review and edit incident reports while a "time study" provided to the SCO supported 13.5 minutes to write incident reports, 11.3 minutes to review incident reports, and zero minutes to edit incident reports.*
- ii. We believe the time study referenced in the audit findings was an inadequate representation of the actual time spent writing, reviewing, and editing domestic violence incident reports for several reasons:*
 - 1. The Oxnard Police Department works under the provisions of a robust and progressive Ventura County Domestic Violence Protocol. This protocol requires an extensive investigation into each reported allegation of domestic violence with a stated mission of identifying the primary aggressor and interviewing all involved parties.*
 - 2. The time study that was provided to the SCO was a snapshot of a two-week period that was used to formulate an estimated time increment for an 11-year audit period. This time study included twenty (20) incidents when we claimed over 20,000 during the audit period. We believe this was an inadequate sample to formulate an estimated time increment.*
 - 3. The Oxnard Police Department utilizes a dictation-based report writing system in which officers dictate their report into a telephone and word processors later transcribe the report for final editing and review. Officers often spend several minutes gathering and organizing their investigative notes prior to beginning dictation. The time study utilized start/end times collected from our dictation system which would not have taken into account additional preparation time for the officers nor transcription time by our word processors.*

b. Productive Hourly Rates

- i. The audit findings indicated that "a review of the job descriptions disclosed that the Police Officer I and Police Officer II classifications performed the mandated activity of writing domestic violence-related calls for assistance reports."*

- ii. *We disagree with the finding that only Police Officer I and Police Officer II classifications complete domestic violence reports. We have Police Officer III's and Police Sergeants working in a patrol capacity throughout our deployment periods. While Police Sergeants infrequently complete domestic violence reports, Police Officer III's routinely are called upon to complete them.*
- c. Benefit Rates
 - i. *The audit findings indicated that "the safety officers pension costs for both employer and employee contributions are fully funded by a special tax levied on city's taxpayers. Therefore, there was no effect on the city's general fund for reimbursement purposes."*
 - ii. *The "special tax", a voter-approved Carman Override property assessment, utilizes a sophisticated formula each year to determine how much revenue can be utilized for public safety pensions. It is uncertain year to year as to how the general fund will be impacted by public safety pensions (e.g. The FY 17-18 general fund paid over \$4 million toward police pension costs). Oxnard has a significant unfunded accrued liability for its pension costs. We do not believe the Carman Override tax should preclude the city from reimbursement.*

SCO Comment

Our finding and recommendation remain unchanged.

Time Increments

The city states that the "time study referenced in the audit findings was an inadequate representation of the actual time spent writing, reviewing, and editing domestic violence incident reports." We disagree.

The city states that the time study is inadequate because the Oxnard Police Department works under a protocol that requires extensive investigation into each allegation of domestic violence.

The program's parameters and guidelines do not allow reimbursement for investigations. Section IV. Reimbursable activities, On-going activities, subsection D – Domestic Violence Related Calls for Assistance, allows law enforcement agencies to be reimbursed for 1. Supporting all domestic violence related calls for assistance with a written report, and 2. Reviewing and editing the incident reports.

The section continues:

Reimbursement is **not** required to interview parties, complete a booking sheet or restraining order, transport the victim to the hospital, book the perpetrator, or other related activities to enforce a crime and assist the victim. In addition, reimbursement is **not** required to include the information in the incident report required by Penal Code section 13730(c)(1)(2), based on the Commission decision denying reimbursement for that activity in *Domestic Violence Training and Incident Reporting* (CSM-96-362-01). Reimbursement for including the information in the incident report required by Penal Code section 13730(c)(3) is not provided in these parameters and guidelines and may not be claimed under this program.

Therefore, time spent on investigations and other activities related to enforcing the law or assisting victims is not reimbursable, and exceeds the scope of this mandate.

The city states:

The time study that was provided to the SCO was a snapshot of a two-week period that was used to formulate an estimated time increment for an 11-year audit period. This time study included twenty (20) incidents when we claimed over 20,000 during the audit period. We believe this was an inadequate sample to formulate an estimated time increment.

Upon initiation of this audit, we requested supporting documentation for the time increments used to support claimed costs. The city provided a summary sheet that indicated that it took 25 minutes for an officer to write an incident reports and 25 minutes for a Police Officer III to review and edit the report. When we requested support for the information included in the summary sheet, the city's representative provided a document prepared by the Oxnard Police Department titled "Time Study Sample," and stated that the document was a time study that had been used to prepare the mandated cost claims for the audit period. The time study sample documented the start time and end time of 20 different cases in March 2011. The time increments associated with writing the report and reviewing the report were collected separately, as they represent two distinct activities. The report showed that the average time to write reports was 13.5 minutes, whereas the average time to review those reports was 11.3 minutes (the city's time study did not document a time increment to "edit" the reports). We inquired multiple times if the city had any additional documentation to support claimed costs related to the time increments, and were repeatedly told that there was no additional documentation. When summed, the time increments round to 25 minutes ($13.5 + 11.3 = 24.8$).

Instead of using the supported time increment, the claims preparer added the results of the time study together and claimed costs based on the sum of the results, which overstated the claimed costs.

The city states:

Oxnard Police Department utilizes a dictation-based system in which officers dictate their report into a telephone and word processors later transcribe the report.... Officers often spend several minutes gathering and organizing their investigative notes prior to dictation.

During the audit process, we inquired about the claimed time. Key personnel described the dictation-based system and explained that this system is why the report writing time is low. The explanation appears reasonable, as it would take less time to dictate reports than to handwrite or type them. We believe that this explanation supports the time increments identified in the time study for writing reports.

Productive Hourly Rates

The city states that it disagrees that “only Police Officer I and Police Officer II classifications performed the mandated activity of writing incident reports.”

We interviewed several police department personnel during this audit regarding officer classifications that are considered “patrol.” All interviewees stated that Police Officer I and Police Officer II are considered patrol officers, whereas the Police Officer III is considered to be a “senior officer,” with more oversight responsibilities. As such, the Police Officer III is primarily responsible for reviewing the domestic violence incident reports. In fact, the city’s own job description states, under distinguishing characteristics:

The Police Officer III is the journey level class responsible for coordination of activities between Police Officers and Neighborhood Watch groups. This classification is distinguished from the next lower classification of Police Officer I/II by the performance of the coordination and oversight responsibilities for a designated beat.

Despite the city’s assertion that “Police Officer III’s are routinely called upon to complete” domestic violence reports, the evidence presented by the city during the audit contradicts this statement. Furthermore, the city’s own claims list “Patrol Officers” as writing incident reports, and Senior Detectives (Police Officer IIIs) as reviewing and editing reports. Therefore, the city has not provided us with any documentation to support that Police Officer IIIs routinely complete domestic violence reports.

Department personnel also stated that Sergeants provide supervision for all staff in the unit, do not write incident reports, and very rarely review domestic violence incident reports.

Benefit Rates

The city’s response indicates that it should be reimbursed pension costs regardless of the fact that the city’s pension costs were fully funded with a special pension fund. The city stated the following:

The “special tax”, a voter-approved Carman Override property assessment, utilizes a sophisticated formula each year to determine how much revenue can be utilized for public safety pensions. It is uncertain year to year as to how the general fund will be impacted by public safety pensions (e.g. The FY 17-18 general fund paid over \$4 million toward police pension costs). Oxnard has a significant unfunded accrued liability for its pension costs. We do not believe the Carman Override tax should preclude the city from reimbursement.

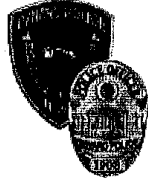
During the audit process, we interviewed the city’s subject matter expert in the Finance Department’s Personnel Division and discussed pension costs. The subject matter expert disclosed that the total amount of retirement – employer and employee contributions – was fully funded during the audit period (July 1, 2001, through June 30, 2012) with the Carman Override Tax. The city representative explained that in October 1951, the city’s taxpayers approved a special tax to fully fund the pension

for all safety positions, both police and fire. The tax was levied on property owners; however, the tax was later challenged in the court system. In 1982, the California Supreme Court upheld the pension tax (*Carman vs Alvord*, 1982). Since that time, the city has been required to adopt a resolution each year to establish the annual tax on property to pay for the obligation.

The city representative stated that in recent years, the city had been advised that a portion of the general fund should have been allocated toward the pension costs. The representative explained that an actuary determined that 10.719% of the pension costs should have been paid with the city's General Fund. We requested documentation to support the percentage, to determine whether that percentage could be included in the benefit rate calculation for the audit. City personnel stated that, after much internal discussion, it was determined that the percentage should not be applied to pension costs during the audit period because the pension costs had been fully funded with the Carman Override tax.

The mandated cost manual allows local agencies to calculate benefit rates using only the employer's contribution for benefits—which includes health insurance, retirement, workers' compensation, etc. In the city's case, the total amount of retirement – employer and employee contributions – was fully funded during the audit period by a special pension tax. Based on the information provided by the city's subject matter expert, we concluded that pension costs should not have been included in the benefit rate calculation for mandated cost reimbursement purposes because the cost was fully paid with restricted funds.

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



OXNARD POLICE DEPARTMENT

Protecting Our Community with Exceptional Service

CHIEF OF POLICE
Scott Whitney

ASSISTANT POLICE CHIEF
Jason Benites

ASSISTANT POLICE CHIEF
Eric S. Sonstegard

251 SOUTH C STREET, OXNARD, CALIFORNIA 93030-5789 * (805) 385-7600 * <http://oxnardpd.org>

August 23, 2018

Ms. Lisa Kurokawa, Chief of Compliance Audits Bureau
California State Controller's Office-Division of Audits
Post Office Box 942850
Sacramento, CA 94250

Subject: City of Oxnard-State Controller's Office (SCO) Audit
Crime Statistics Reports for the Department of Justice Program
2001-2012

Dear Ms. Kurokawa:

Thank you for providing the City of Oxnard with the draft findings for your audit on the Crime Statistics Reports for the Department of Justice Program. The City disagrees with several of the findings outlined in the draft audit report received by our office on August 9, 2018. Our comments are as follows:

1. Domestic Violence Related Calls for Assistance

a. Time Increments

- i. *The audit findings indicated that "the city overstated salary and benefits by \$882,770 because the claimed time increments that were used to calculate claimed hours for patrol officers to write incident reports and senior officers to review and edit incident reports were not supported." The city claimed 25 minutes for patrol officers to write each report and 25 minutes for senior officers to review and edit incident reports while a "time study" provided to the SCO supported 13.5 minutes to write incident reports, 11.3 minutes to review incident reports, and zero minutes to edit incident reports.*
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mission of identifying the primary aggressor and interviewing all involved parties.

2. The time study that was provided to the SCO was a snapshot of a two-week period that was used to formulate an estimated time increment for an 11-year audit period. This time study included twenty (20) incidents when we claimed over 20,000 during the audit period. We believe this was an inadequate sample to formulate an estimated time increment.
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b. Productive Hourly Rates

- i. The audit findings indicated that "a review of the job descriptions disclosed that the Police Officer I and Police Officer II classifications performed the mandated activity of writing domestic violence-related calls for assistance reports."
- ii. We disagree with the finding that only Police Officer I and Police Officer II classifications complete domestic violence reports. We have Police Officer III's and Police Sergeants working in a patrol capacity throughout our deployment periods. While Police Sergeants infrequently complete domestic violence reports, Police Officer III's routinely are called upon to complete them.

c. Benefit Rates

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We appreciate the information and recommendations provided by your audit. Thank you for this opportunity to submit our comments on your draft report and the City looks forward to

reading your response to our comments. If you have any questions about this response, please do not hesitate to contact me at (805) 385-7624.

Sincerely,

Scott Whitney

Scott Whitney
Chief of Police
City of Oxnard

Cc: Alexander Nguyen, City Manager, City of Oxnard
Jesus Nava, Assistant City Manager, City of Oxnard
Deanne Purcell, Interim Chief Financial Officer, City of Oxnard
Christine Williams, Controller, City of Oxnard

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