

# LOS ANGELES COUNTY

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 2019



**BETTY T. YEE**  
California State Controller

September 11, 2019

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Arlene Barrera, Acting Auditor-Controller  
Los Angeles County  
Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 525  
Los Angeles, CA 90012

Dear Ms. Barrera:

The State Controller's Office (SCO) audited the costs claimed by Los Angeles County 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 county claimed \$6,551,653 for the mandated program. Our audit found that \$1,837,738 is allowable (\$1,995,931 less a \$158,193 penalty for filing late claims), and \$4,713,915 is unallowable because the county overstated salary and benefit costs, and offsetting reimbursements. The State made no payments to the county. The State will pay \$1,837,738, contingent upon available appropriations.

Following issuance of this audit report, the SCO's Local Government Programs and Services Division will notify the 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 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than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. IRC information is available on the Commission's website at [www.csm.ca.gov/forms/IRCForm.pdf](http://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 Janice Hahn, Chair  
    Los Angeles County Board of Supervisors  
Alex Villanueva, Sheriff  
    Los Angeles County  
Michael Hanks, Administration Services Manager II  
    Los Angeles County Sheriff's Department  
Hasmik Yaghobyan, SB90 Administrator  
    Los Angeles County Auditor-Controller's Office  
Chris Hill, Principal Program Budget Analyst  
    Local Government Unit  
    California Department of Finance  
Steven Pavlov, Finance Budget Analyst  
    Local Government Unit  
    California Department of Finance  
Debra Morton, Manager  
    Local Government Programs and Services Division  
    State Controller's Office

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# Audit Report

## Summary

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

The county claimed \$6,551,653 for the mandated program. Our audit found that \$1,837,738 is allowable (\$1,995,931 less a \$158,193 penalty for filing late claims), and \$4,713,915 is unallowable because the county overstated salary and benefit costs, and offsetting reimbursements. The State made no payments to the county. The State will pay \$1,837,738, 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 California Department of Justice 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, or 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 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, 2001, through June 30, 2012.

To achieve our objective, we:

- Reviewed the annual mandated cost claims filed by the county for the audit period and identified the significant cost components of each claim as Homicide Reports, Domestic Violence Related Calls for Assistance, and Hate Crime Reports. Determined whether there were any errors or unusual or unexpected variances from year to year. Reviewed the activities claimed to determine whether they adhered to the SCO's claiming instructions and the program's parameters and guidelines;
- Completed an internal control questionnaire by interviewing key county staff. Discussed the claim preparation process with county staff to determine what information was obtained, who obtained it, and how it was used;
- Interviewed county staff to determine what employee classifications were involved in performing the reimbursable activities;
- Traced productive hourly rate (PHR) and benefit rate calculations for all employee classifications performing the mandated activities to supporting information in the county's payroll system;
- 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 (see Finding 1);
- Reviewed and analyzed the claimed report counts for domestic violence related calls for assistance, homicides, and hate crimes for consistency and possible exclusions, and verified that counts were supported by the reports that the county submitted to the Department of Justice (DOJ) (see Finding 1);
- Traced a judgmentally selected non-statistical sample of 106 out of 16,727 domestic violence related calls for assistance to written incident reports for FY 2006-07 through FY 2011-12. Errors found were not projected to the intended population;
- Determined whether indirect costs claimed for each fiscal year in the audit period were for common or joint purposes and whether indirect cost rates were properly supported and applied; and
- Reviewed potential sources of offsetting revenues and reimbursements for the audit period. We inquired with district staff, reviewed single audit reports (with accompanying financial statements), and reviewed revenue reports for the audit period for other sources of funding (see Finding 2).

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 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 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 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, Los Angeles County claimed \$6,551,653 for costs of the legislatively mandated Crime Statistics Reports for the Department of Justice Program. Our audit found that \$1,837,738 is allowable (\$1,995,931 less a \$158,193 penalty for filing late claims) and \$4,713,915 is unallowable. The State made no payments to the county. The State will pay \$1,837,738, contingent upon available appropriations.

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

## **Views of Responsible Officials**

We discussed our audit results with the county's representatives during an exit conference conducted on August 14, 2019. Cynthia Evans, Assistant Director, Administrative Services Division, Los Angeles County Sheriff's Department; Michael Hanks, Administrative Services Manager II, Los Angeles County Sheriff's Department; and other county employees agreed with the audit results. The county's representatives declined a draft audit report and agreed that we could issue the audit report as final.

## **Restricted Use**

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

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

September 11, 2019



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

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs:				
Homicide reports	\$ 29,743	\$ 1,918	\$ (27,825)	
Domestic violence related calls for assistance	501,558	148,350	(353,208)	
Total direct costs	531,301	150,268	(381,033)	
Indirect costs	39,314	11,118	(28,196)	
Total direct and indirect costs	570,615	161,386	(409,229)	Finding 1
Less late filing penalty <sup>2</sup>	-	(16,139)	(16,139)	
Total program costs	<u>\$ 570,615</u>	145,247	<u>\$ (425,368)</u>	
Less amount paid by the State <sup>3</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 145,247</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
Homicide reports	\$ 31,408	\$ 3,340	\$ (28,068)	
Domestic violence related calls for assistance	502,765	142,326	(360,439)	
Total direct costs	534,173	145,666	(388,507)	
Indirect costs	38,774	10,572	(28,202)	
Total direct and indirect costs	572,947	156,238	(416,709)	Finding 1
Less late filing penalty <sup>2</sup>	-	(15,624)	(15,624)	
Total program costs	<u>\$ 572,947</u>	140,614	<u>\$ (432,333)</u>	
Less amount paid by the State <sup>3</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 140,614</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Homicide reports	\$ 33,247	\$ 2,759	\$ (30,488)	
Domestic violence related calls for assistance	480,671	137,803	(342,868)	
Total direct costs	513,918	140,562	(373,356)	
Indirect costs	35,656	9,751	(25,905)	
Total direct and indirect costs	549,574	150,313	(399,261)	Finding 1
Less late filing penalty <sup>2</sup>	-	(15,031)	(15,031)	
Total program costs	<u>\$ 549,574</u>	135,282	<u>\$ (414,292)</u>	
Less amount paid by the State <sup>3</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 135,282</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Homicide reports	\$ 35,020	\$ 3,594	\$ (31,426)	
Hate crime reports	9,466	426	(9,040)	
Domestic violence related calls for assistance	500,490	144,447	(356,043)	
Total direct costs	544,976	148,467	(396,509)	
Indirect costs	36,780	10,020	(26,760)	
Total direct and indirect costs	581,756	158,487	(423,269)	Finding 1
Less late filing penalty <sup>2</sup>	-	(15,849)	(15,849)	
Total program costs	<u>\$ 581,756</u>	142,638	<u>\$ (439,118)</u>	
Less amount paid by the State <sup>3</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 142,638</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
Homicide reports	\$ 37,044	\$ 3,801	\$ (33,243)	
Hate crime reports	20,033	801	(19,232)	
Domestic violence related calls for assistance	541,884	155,160	(386,724)	
Total direct costs	598,961	159,762	(439,199)	
Indirect costs	39,553	10,550	(29,003)	
Total direct and indirect costs	638,514	170,312	(468,202)	Finding 1
Less late filing penalty <sup>2</sup>	-	(17,031)	(17,031)	
Total program costs	<u>\$ 638,514</u>	153,281	<u>\$ (485,233)</u>	
Less amount paid by the State <sup>3</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 153,281</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs:				
Homicide reports	\$ 37,866	\$ 3,327	\$ (34,539)	
Hate crime reports	20,489	978	(19,511)	
Domestic violence related calls for assistance	605,386	170,654	(434,732)	
Total direct costs	663,741	174,959	(488,782)	
Indirect costs	44,736	11,792	(32,944)	
Total direct and indirect costs	708,477	186,751	(521,726)	Finding 1
Less late filing penalty <sup>2</sup>	-	(18,675)	(18,675)	
Total program costs	<u>\$ 708,477</u>	168,076	<u>\$ (540,401)</u>	
Less amount paid by the State <sup>3</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 168,076</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2007, through June 30, 2008</u>				
Direct costs:				
Homicide reports	\$ 38,169	\$ 2,955	\$ (35,214)	
Hate crime reports	20,647	1,003	(19,644)	
Domestic violence related calls for assistance	657,673	181,920	(475,753)	
Total direct costs	716,489	185,878	(530,611)	
Indirect costs	49,787	12,916	(36,871)	
Total direct and indirect costs	766,276	198,794	(567,482)	Finding 1
Less late filing penalty <sup>2</sup>	-	(19,879)	(19,879)	
Total program costs	<u>\$ 766,276</u>	178,915	<u>\$ (587,361)</u>	
Less amount paid by the State <sup>3</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 178,915</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs:				
Homicide reports	\$ 39,854	\$ 2,792	\$ (37,062)	
Hate crime reports	21,568	862	(20,706)	
Domestic violence related calls for assistance	666,532	185,929	(480,603)	
Total direct costs	727,954	189,583	(538,371)	
Indirect costs	50,660	13,194	(37,466)	
Total direct and indirect costs	778,614	202,777	(575,837)	Finding 1
Less late filing penalty <sup>2</sup>	-	(20,278)	(20,278)	
Total program costs	<u>\$ 778,614</u>	182,499	<u>\$ (596,115)</u>	
Less amount paid by the State <sup>3</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 182,499</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2009, through June 30, 2010</u>				
Direct costs:				
Homicide reports	\$ 40,538	\$ 2,266	\$ (38,272)	
Hate crime reports	21,930	610	(21,320)	
Domestic violence related calls for assistance	637,138	181,231	(455,907)	
Total direct costs	699,606	184,107	(515,499)	
Indirect costs	48,496	12,762	(35,734)	
Total direct and indirect costs	748,102	196,869	(551,233)	Finding 1
Less late filing penalty <sup>2</sup>	-	(19,687)	(19,687)	
Total program costs	<u>\$ 748,102</u>	177,182	<u>\$ (570,920)</u>	
Less amount paid by the State <sup>3</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 177,182</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Direct costs:				
Homicide reports	\$ 33,700	\$ 2,564	\$ (31,136)	
Hate crime reports	29,392	897	(28,495)	
Domestic violence related calls for assistance	668,329	185,074	(483,255)	
Total direct costs	731,421	188,535	(542,886)	
Indirect costs	124,986	32,218	(92,768)	
Total direct and indirect costs	856,407	220,753	(635,654)	Finding 1
Less other reimbursements	(539,536)	-	539,536	Finding 2
Total program costs	<u>\$ 316,871</u>	\$ 220,753	<u>\$ (96,118)</u>	
Less amount paid by the State <sup>3</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 220,753</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2011, through June 30, 2012</u>				
Direct costs:				
Homicide reports	\$ 33,237	\$ 2,266	\$ (30,971)	
Hate crime reports	28,983	604	(28,379)	
Domestic violence related calls for assistance	588,530	164,458	(424,072)	
Total direct costs	650,750	167,328	(483,422)	
Indirect costs	100,812	25,923	(74,889)	
Total direct and indirect costs	751,562	193,251	(558,311)	Finding 1
Less other reimbursements	(431,655)	-	431,655	Finding 2
Total program costs	<u>\$ 319,907</u>	\$ 193,251	<u>\$ (126,656)</u>	
Less amount paid by the State <sup>3</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 193,251</u>		
<u>Summary: July 1, 2001, through June 30, 2012</u>				
Direct costs:				
Homicide reports	\$ 389,826	\$ 31,582	\$ (358,244)	
Hate crime reports	172,508	6,181	(166,327)	
Domestic violence related calls for assistance	6,350,956	1,797,352	(4,553,604)	
Total direct costs	6,913,290	1,835,115	(5,078,175)	
Indirect costs	609,554	160,816	(448,738)	
Total direct and indirect costs	7,522,844	1,995,931	(5,526,913)	Finding 1
Less other reimbursements	(971,191)	-	971,191	Finding 2
Less late filing penalty <sup>2</sup>	-	(158,193)	(158,193)	
Total program costs	<u>\$6,551,653</u>	\$ 1,837,738	<u>\$ (4,713,915)</u>	
Less amount paid by the State <sup>3</sup>		-		
Allowable costs claimed in excess of amount paid		<u>\$ 1,837,738</u>		

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

<sup>2</sup> The county filed its initial reimbursement claims for FY 2001-02 through FY 2009-10 after the due date specified in GC section 17560. Pursuant to GC section 17561, subdivision (d)(3), the State assessed a late filing penalty equal to 10% of allowable costs, with no maximum penalty amount (for claims filed on or after September 30, 2002).

<sup>3</sup> Payment amount current as of August 2, 2019.

# Findings and Recommendations

## FINDING 1— Overstated salary and benefit costs

The county reported \$6,913,290 in salary and benefit costs. We found that \$1,835,115 is allowable and \$5,078,175 is unallowable. The related indirect costs are \$448,738, for a total finding of \$5,526,913. The audit adjustments are related to the following cost components: Homicide Reports, Hate Crime Reports, and Domestic Violence Related Calls for Assistance. Costs are unallowable because the county misinterpreted the program's parameters and guidelines when preparing the mandated cost claims. As a result, the county overstated the number of domestic violence related calls for assistance that were used to calculate the costs to write, review, and edit reports on domestic violence related calls for assistance; and overstated employees' hours claimed to complete the mandated activities for both the Homicide Reports and Hate Crime Reports cost components. The overstatement occurred because the county claimed costs for services provided to its contract cities as well as to the unincorporated areas of the county.

The following table summarizes the claimed, allowable and overstated salaries, benefits, and related indirect costs for the audit period:

Fiscal Year	Salaries and Benefits			Unallowable Indirect Costs	Total Audit Adjustment
	Amount Reported	Amount Allowable	Audit Adjustment		
2001-02	\$ 531,301	\$ 150,268	\$ (381,033)	\$ (28,196)	\$ (409,229)
2002-03	534,173	145,666	(388,507)	(28,202)	(416,709)
2003-04	513,918	140,562	(373,356)	(25,905)	(399,261)
2004-05	544,976	148,467	(396,509)	(26,760)	(423,269)
2005-06	598,961	159,762	(439,199)	(29,003)	(468,202)
2006-07	663,741	174,959	(488,782)	(32,944)	(521,726)
2007-08	716,489	185,878	(530,611)	(36,871)	(567,482)
2008-09	727,954	189,583	(538,371)	(37,466)	(575,837)
2009-10	699,606	184,107	(515,499)	(35,734)	(551,233)
2010-11	731,421	188,535	(542,886)	(92,768)	(635,654)
2011-12	650,750	167,328	(483,422)	(74,889)	(558,311)
Total	<u>\$ 6,913,290</u>	<u>\$ 1,835,115</u>	<u>\$ (5,078,175)</u>	<u>\$ (448,738)</u>	<u>\$ (5,526,913)</u>

## Background

The Los Angeles County Sheriff's Department (LASD) is responsible for providing law enforcement services to the unincorporated areas of the county. LASD also contracts with 44 cities within the county's boundaries that do not have a police force, to provide general law enforcement services for a fee. The county identifies these cities as "contract cities." We reviewed a sample contract and found that the contract fee includes all costs for law enforcement officers and administrative functions. The administrative functions are included in the contract fee in order to recover overhead costs.

During the course of the audit, we found that the county included costs for providing services to contract cities as part of its mandated cost claims for

all activities. The parameters and guidelines state that any county, city, or city and county is eligible to submit a mandate reimbursement claim. Therefore, as all cities are eligible to submit reimbursement claims, and as the county received fees for law enforcement services from its contract cities, we determined that the county should claim only costs associated with the unincorporated areas of the county. As a result, we requested that the county provide support for the unincorporated areas of the county for all reimbursable activities. We determined that costs incurred by contract cities were unallowable because the county had already been compensated by contract fees.

### **Homicide Reports Costs**

The county claimed \$389,826 in salaries and benefits for the Homicide Reports cost component. We found that \$31,582 is allowable and \$358,244 is unallowable. The costs are unallowable because the county overstated the total number of hours LASD staff spent performing the mandated activities. Unallowable related indirect costs total \$30,653, for a total finding of \$388,897.

Reimbursable activities for this component consist of extracting demographic information from local records, reporting the information to the Department of Justice (DOJ) monthly, verifying information contained in the report, and provide additional explanation when specifically requested by the DOJ.

For FY 2001-02 through FY 2009-10, the county claimed a total of 936 hours per fiscal year (78 hours the mandated activities of extracting the required information and submitting the information to DOJ. However, for FY 2010-11 and FY 2011-12, the county claimed a total of 720 hours per fiscal year (60 hours a month) to complete the mandated activities of reviewing the data and submitting to DOJ. The county also claimed a total of 24 hours per fiscal year (two hours per month) for an Operations Assistant to complete the mandated activity of extracting data. County staff provided an email received from its Crime Analysis Unit indicating that it took 80 hours a month to complete the mandated activity. The county was unable to provide source documentation to support the number of hours claimed.

During testing, we found that the claimed number of hours was both for contract cities and for unincorporated areas of the county. In addition, based on interviews with LASD's staff, we found that the county's process to determine the number of homicide reports included non-reimbursable activities such as reviewing all homicide reports and updating files; and documenting and sending all cases to detectives for review. The parameters and guidelines state that reimbursement is not required for reviewing and editing every homicide report. Therefore, the county claimed costs for the non-reimbursable activity of reviewing and editing every homicide report.

We conducted interviews with LASD staff to determine the time it takes employees in the Operations Assistant II and Statistical Analyst classifications to perform the mandated activities per case. Based on our interviews and observations of the LASD processes, the county was able



to support that it takes five minutes for an Operations Assistant II and 30 minutes for a Statistical Analyst to perform the mandated activities per case. The county provided us with monthly reports that were submitted to the DOJ, identifying the number of homicides that were reported for the unincorporated areas of the county for each calendar year. We then calculated the number of reported homicides for each fiscal year.

The following table summarizes the allowable number of homicide reports for unincorporated areas of the county and were reported to DOJ:

<u>Fiscal Year</u>	<u>Homicide Reports Identified in the County's System</u>
2001-02	105
2002-03	173
2003-04	135
2004-05	167
2005-06	167
2006-07	143
2007-08	126
2008-09	114
2009-10	91
2010-11	96
2011-12	86
Total	<u><u>1,403</u></u>

We calculated the allowable hours by multiplying the number of homicide reports for the unincorporated areas of the county by the allowable time increments. As a result, we found that the county overstated the total number of hours claimed for the Homicide Reports cost component. The following table summarizes the claimed, allowable, and overstated costs for the Homicide Reports cost component by fiscal year:

<u>Fiscal Year</u>	<u>Salaries and Benefits</u>			<u>Unallowable Indirect Costs</u>	<u>Total Audit Adjustment</u>
	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>		
2001-02	\$ 29,743	\$ 1,918	\$ (27,825)	\$ (2,059)	\$ (29,884)
2002-03	31,408	3,340	(28,068)	(2,038)	(30,106)
2003-04	33,247	2,759	(30,488)	(2,116)	(32,604)
2004-05	35,020	3,594	(31,426)	(2,121)	(33,547)
2005-06	37,044	3,801	(33,243)	(2,195)	(35,438)
2006-07	37,866	3,327	(34,539)	(2,328)	(36,867)
2007-08	38,169	2,955	(35,214)	(2,447)	(37,661)
2008-09	39,854	2,792	(37,062)	(2,579)	(39,641)
2009-10	40,538	2,266	(38,272)	(2,653)	(40,925)
2010-11	33,700	2,564	(31,136)	(5,320)	(36,456)
2011-12	33,237	2,266	(30,971)	(4,797)	(35,768)
Total	<u><u>\$ 389,826</u></u>	<u><u>\$ 31,582</u></u>	<u><u>\$ (358,244)</u></u>	<u><u>\$ (30,653)</u></u>	<u><u>\$ (388,897)</u></u>

## Hate Crime Report Costs

The county claimed \$172,508 in salaries and benefits for the Hate Crime Reports cost component. We found that \$6,181 is allowable and \$166,327 is unallowable. The costs are unallowable because the county overstated the total number of hours that Sheriff's Department staff spent performing the mandated activities. Unallowable related indirect costs total \$16,744, for a total finding of \$183,071.

Reimbursable activities for this cost component consist of extracting required information about hate crimes from existing law enforcement records in order to report to the DOJ on an annual and monthly basis in a manner prescribed by the Attorney General; and to verify information contained in the report, or to provide additional explanation about the report when specifically requested by the DOJ.

The operable period for this component began January 1, 2005. The county claimed a total of 240 hours for FY 2004-05 (40 hours a month for six months); for FY 2005-06 through FY 2009-10, the county claimed a total of 480 hours per fiscal year (40 hours per month) for a Senior Statistical Analyst to compile, update, and send Hate Crime reports to DOJ. For FY 2010-11 and FY 2011-12 the county claimed a total of 600 hours per fiscal year (50 hours a month) increasing the total number of hours to perform the same activities. The county was unable to provide source documentation to support the number of hours claimed.

During testing, we found that the total number of hours the county claimed was for extracting information both for contract cities and for unincorporated areas of the county. We requested that the county provide the number of hate crimes that occurred in the unincorporated areas, as well as the unit time that it takes a Senior Statistical Analyst to gather hate crime information and submit the information to DOJ.

The county used its case management system, the Los Angeles Regional Crime Information System (LARCIS) to provide the number of hate crimes that were reported in the unincorporated areas of the county. We interviewed Sheriff's Department staff and observed the county's process. Based on our interviews and observations, the county was able to support 25 minutes per case to complete the information in DOJ's Uniform Crime Reporting system (UCR). As a result, we found that the county overstated the total number of hours claimed for the Hate Crime Reports cost component. We calculated allowable hours by multiplying the time increment by the number of hate crimes identified in the unincorporated areas.

The following table summarizes the allowable number of Hate Crime Reports for unincorporated areas of the county that were reported to DOJ:

Fiscal Year	Hate Crime Reports Identified in the County's System
2004-05	26
2005-06	46
2006-07	55
2007-08	56
2008-09	46
2009-10	32
2010-11	44
2011-12	30
Total	<u>335</u>

The following table summarizes the claimed, allowable, and overstated costs for the Hate Crime Reports cost component by fiscal year:

Fiscal Year	Salaries and Benefits			Unallowable Indirect Costs	Total Audit Adjustment
	Amount Claimed	Amount Allowable	Audit Adjustment		
2004-05	\$ 9,466	\$ 426	\$ (9,040)	\$ (610)	\$ (9,650)
2005-06	20,033	801	(19,232)	(1,270)	(20,502)
2006-07	20,489	978	(19,511)	(1,315)	(20,826)
2007-08	20,647	1,003	(19,644)	(1,365)	(21,009)
2008-09	21,568	862	(20,706)	(1,441)	(22,147)
2009-10	21,930	610	(21,320)	(1,478)	(22,798)
2010-11	29,392	897	(28,495)	(4,869)	(33,364)
2011-12	28,983	604	(28,379)	(4,396)	(32,775)
Total	<u>\$ 172,508</u>	<u>\$ 6,181</u>	<u>\$ (166,327)</u>	<u>\$ (16,744)</u>	<u>\$ (183,071)</u>

### Domestic Violence Related calls for Assistance

The county claimed \$6,350,956 in salaries and benefits for the Domestic Violence Related Calls for Assistance cost component. We found that \$1,797,352 is allowable and \$4,553,604 is unallowable. The costs are unallowable because the county overstated the number of domestic violence related calls for assistance. Unallowable related indirect costs total \$401,341, for a total finding of \$4,954,945.

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

To calculate the claimed salaries and benefits, the county multiplied the time increments to prepare each domestic violence related call for assistance incident report by the number of domestic violence related calls for assistance, and then multiplied the total by the average PHR and related benefit costs for the Deputy Sheriff and Sergeant classifications.

As previously stated, during testing, we found that the county claimed the total number of domestic violence related calls for assistance both for the unincorporated areas of the county and for contract cities. The county provided a summary report generated from LARCIS to support the number of domestic violence related calls for assistance for the unincorporated areas of the county. Based on our review of the summary reports, we determined that the county overstated the number of domestic violence related calls for assistance as a result of claiming written incident reports both for contract cities and for unincorporated areas of the county. As a result, the county overstated salaries and benefit costs for this activity.

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

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
2001-02	10,814	3,198	(7,616)
2002-03	10,649	3,015	(7,634)
2003-04	9,745	2,795	(6,950)
2004-05	9,687	2,796	(6,891)
2005-06	9,631	2,758	(6,873)
2006-07	10,065	2,837	(7,228)
2007-08	10,526	2,911	(7,615)
2008-09	10,528	2,938	(7,590)
2009-10	10,017	2,849	(7,168)
2010-11	9,790	2,711	(7,079)
2011-12	8,992	2,481	(6,511)
Total	<u>110,444</u>	<u>31,289</u>	<u>(79,155)</u>

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			Unallowable Indirect Costs	Total Audit Adjustment
	Amount Claimed	Amount Allowable	Audit Adjustment		
2001-02	\$ 501,558	\$ 148,350	\$ (353,208)	\$ (26,137)	\$ (379,345)
2002-03	502,765	142,326	(360,439)	(26,164)	(386,603)
2003-04	480,671	137,803	(342,868)	(23,789)	(366,657)
2004-05	500,490	144,447	(356,043)	(24,029)	(380,072)
2005-06	541,884	155,160	(386,724)	(25,538)	(412,262)
2006-07	605,386	170,654	(434,732)	(29,301)	(464,033)
2007-08	657,673	181,920	(475,753)	(33,059)	(508,812)
2008-09	666,532	185,929	(480,603)	(33,446)	(514,049)
2009-10	637,138	181,231	(455,907)	(31,603)	(487,510)
2010-11	668,329	185,074	(483,255)	(82,579)	(565,834)
2011-12	588,530	164,458	(424,072)	(65,696)	(489,768)
Total	<u>\$ 6,350,956</u>	<u>\$ 1,797,352</u>	<u>\$ (4,553,604)</u>	<u>\$ (401,341)</u>	<u>\$ (4,954,945)</u>

### 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.

Section IV of the parameters and guidelines also states:

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.

This section continues to state that claimants may use time studies to support salary and benefit costs when an activity is task repetitive.

Section IV (D) of the parameters and guidelines allows ongoing activities related to costs associated with 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 implementing the reimbursable activities by name, job classification and productive hourly rate.

### Recommendation

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

- Follow the mandated program claiming instructions and parameters and guidelines when claiming reimbursement for mandated costs;
- Claim costs based on the number of domestic violence related calls for assistance that are supported with a written report for the unincorporated areas of the county; and
- Calculate time increments used to claim mandated costs based on either actual time or based on a documented time study.

### **FINDING 2— Overstated offsetting reimbursements**

The county overstated offsetting reimbursements by \$971,191 for the audit period. The allowable costs for the mandated activities are applicable to the unincorporated areas of the county; therefore, the offsetting reimbursements reported for contract cities are not applicable.

The audit disclosed that the offsetting reimbursements were not based on actual revenues received from contract cities. Interviews with county staff members disclosed that county staff was not aware that contract cities were eligible to claim reimbursement for the mandate. Therefore, the county determined that it should be able to claim all associated costs for the mandate, as it provided services both to unincorporated areas of the county and to contract cities. However, after the initial claims were submitted, the county learned that contract cities were eligible to file reimbursement claims for the mandate. At that time, officials in the LASD and the Auditor-Controller's Office determined that the county should calculate an offset to compensate for the costs applicable to contract cities.

For FY 2010-11 and FY 2011-12, the county provided worksheets to show that 63% of the activities performed were for contract cities. The documentation disclosed that the percentage was derived by identifying the number of officers that provided services to the contract cities divided by the total number of officers that provided general law enforcement services. Based on our review, we concluded that the offsetting reimbursements applied to the mandated cost claims were based on an estimated percentage applied only to the calculated mandated costs, and not based on actual revenues received.

The following table summarizes the claimed, allowable, and overstated offsetting reimbursements for the audit period:

Fiscal Year	Reported Offsetting Reimbursements	Actual Offsetting Reimbursements	Audit Adjustment
2010-11	\$ (539,536)	\$ -	\$ 539,536
2011-12	(431,655)	-	431,655
Total	<u>\$ (971,191)</u>	<u>\$ -</u>	<u>\$ 971,191</u>

### Criteria

Section VII of the parameters and guidelines states that any offsets the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any federal, state, or non-local source must be identified and deducted from such claims.

### Recommendation

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

- Follow the mandated program claiming instructions and parameters and guidelines when claiming reimbursement for mandated costs; and
- Ensure that reported offsetting reimbursements are based on actual revenues and are offset against mandated costs.

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