

# **CITY OF VISALIA**

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

October 2020



**BETTY T. YEE**  
California State Controller

October 14, 2020

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Renee Nagel, Finance Director  
City of Visalia  
707 West Acequia Avenue  
Visalia, CA 93291

Dear Ms. Nagel:

The State Controller's Office audited the costs claimed by the City of Visalia 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 \$1,261,518 for costs of the mandated program. Our audit found that \$490,560 is allowable and \$770,958 is unallowable. The costs are unallowable because the city overstated salary and benefit costs, and related indirect costs. The State made no payments to the city. The State will pay \$490,560, contingent upon available appropriations.

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

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/ac

cc: Bob Link, Mayor  
City of Visalia  
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 Reimbursement Section  
State Controller's Office

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Visalia 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 \$1,261,518 for costs of the mandated program. Our audit found that \$490,560 is allowable and \$770,958 is unallowable because the city overstated salary and benefit costs, and related indirect costs. The State made no payments to the city. The State will pay \$490,560, contingent upon available appropriations.

## Background

Penal Code (PC) sections 12025 (h)(1) and (h)(3), 12031 (m)(1) and (m)(3), 13014, 13023, and 13730 (a) require local agencies to report information related to certain specified criminal acts to the California Department of Justice (DOJ). These sections were added and/or amended by Chapter 1172, Statutes of 1989; Chapter 1338, Statutes of 1992; Chapter 1230, Statutes of 1993; Chapter 933, Statutes of 1998; Chapter 571, Statutes of 1999; Chapter 626, Statutes of 2000; and Chapter 700, Statutes of 2004.

On June 26, 2008, the Commission on State Mandates (Commission) adopted a statement of decision for the Crime Statistics Reports for the Department of Justice Program. The Commission found that the test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program on city and county claimants beginning on July 1, 2001, within the meaning of Article XII B, section 6 of the California Constitution and Government Code (GC) section 17514.

On July 31, 2009, the Commission heard an amended test claim on PC section 13023 (added by Chapter 700, Statutes of 2004), which imposed additional crime reporting requirements. The Commission also found that this test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program for city and county claimants beginning on January 1, 2004. On April 10, 2010, the Commission issued a corrected statement of decision to correctly identify the operative and effective date of the reimbursable state-mandated program as January 1, 2005.

The Commission found that the following activities are reimbursable:

- A local government entity responsible for the investigation and prosecution of a homicide case to provide the DOJ with demographic information about the victim and the person or persons charged with the crime, including the victim's and person's age, gender, race, and ethnic background (PC section 13014);
- Local law enforcement agencies to report, in a manner to be prescribed by the Attorney General, any information that may be required relative to any criminal acts or attempted criminal acts to cause physical injury, emotional suffering, or property damage

where there is a reasonable cause to believe that the crime was motivated, in whole or in part, by the victim's race, ethnicity, religion, sexual orientation, 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 [h][1] and [h][3], and 12031 [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 [a], Chapter 1230, Statutes of 1993);
- 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; 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, 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.<sup>1</sup>

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<sup>1</sup> Unreasonable and/or excessive costs include ineligible costs that are not identified in the program's parameters and guidelines as a reimbursable cost.

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 city for the audit period and identified the significant cost components of each claim as salaries, benefits, and indirect costs. 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 city staff. 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;
- Traced productive hourly rate (PHR) calculations for all employee classifications performing the mandated activities to the job classification and salary range documentation provided by the city;
- Determined whether the benefit rates were properly supported and applied. Recomputed the benefit rates for FY 2003-04, FY 2008-09, FY 2010-11, and FY 2011-12;
- Assessed whether the average time increments (ATIs) 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 for consistency and possible exclusions, and verified that the counts were supported by the reports that the city submitted to the DOJ;
- Traced a judgmentally selected non-statistical sample of 248 reports (76 for fiscal year [FY] 2009-10, 80 for FY 2010-11, and 92 for FY 2011-12) out of 9,519 total allowable written incident reports of domestic violence calls for assistance. Verified that the written incident reports were related to domestic violence calls for assistance. Errors found were not projected to the population;
- Determined whether the indirect cost rates were properly supported and applied. Recomputed the indirect cost rates for FY 2003-04, FY 2008-09, FY 2010-11 and FY 2011-12; and
- Verified that costs claimed were not funded by another source, based on discussions with the city's representative.

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**

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. We found that the city did not claim costs funded by another source; however, the unallowable costs are ineligible and unsupported, as quantified in the Schedule and described in the Finding and Recommendation section of this audit report.

For the audit period, the City of Visalia claimed \$1,261,518 for costs of the legislatively mandated Crime Statistics Reports for the Department of Justice Program. Our audit found that \$490,560 is allowable and \$770,958 is unallowable. The State made no payments to the city. The State will pay \$490,560, 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 September 16, 2020. Renee Nagel, Finance Director, responded by letter dated September 24, 2020 (Attachment). The city agrees with the finding. This audit report includes the city's complete response.

## **Restricted Use**

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

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

October 14, 2020



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

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs:			
Domestic violence related calls for assistance	\$ 75,616	\$ 26,032	\$ (49,584)
Total direct costs	75,616	26,032	(49,584)
Indirect costs	31,608	10,881	(20,727)
Total program costs	<u>\$ 107,224</u>	36,913	<u>\$ (70,311)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 36,913</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs:			
Domestic violence related calls for assistance	\$ 70,064	\$ 25,731	\$ (44,333)
Total direct costs	70,064	25,731	(44,333)
Indirect costs	30,772	11,301	(19,471)
Total program costs	<u>\$ 100,836</u>	37,032	<u>\$ (63,804)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 37,032</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs:			
Domestic violence related calls for assistance	\$ 69,345	\$ 27,095	\$ (42,250)
Total direct costs	69,345	27,095	(42,250)
Indirect costs	33,244	12,989	(20,255)
Total program costs	<u>\$ 102,589</u>	40,084	<u>\$ (62,505)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 40,084</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2004, through June 30, 2005</u>			
Direct costs:			
Domestic violence related calls for assistance	\$ 84,032	\$ 31,449	\$ (52,583)
Total direct costs	84,032	31,449	(52,583)
Indirect costs	60,603	22,681	(37,922)
Total program costs	<u>\$ 144,635</u>	54,130	<u>\$ (90,505)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 54,130</u>	
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs:			
Domestic violence related calls for assistance	\$ 87,608	\$ 30,289	\$ (57,319)
Total direct costs	87,608	30,289	(57,319)
Indirect costs	44,961	15,544	(29,417)
Total program costs	<u>\$ 132,569</u>	45,833	<u>\$ (86,736)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 45,833</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs:			
Domestic violence related calls for assistance	\$ 69,897	\$ 27,403	\$ (42,494)
Total direct costs	69,897	27,403	(42,494)
Indirect costs	36,871	14,455	(22,416)
Total program costs	<u>\$ 106,768</u>	41,858	<u>\$ (64,910)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 41,858</u>	
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs:			
Domestic violence related calls for assistance	\$ 78,985	\$ 30,229	\$ (48,756)
Total direct costs	78,985	30,229	(48,756)
Indirect costs	36,277	13,884	(22,393)
Total program costs	<u>\$ 115,262</u>	44,113	<u>\$ (71,149)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 44,113</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs:			
Domestic violence related calls for assistance	\$ 74,268	\$ 28,895	\$ (45,373)
Total direct costs	74,268	28,895	(45,373)
Indirect costs	34,364	13,370	(20,994)
Total program costs	<u>\$ 108,632</u>	42,265	<u>\$ (66,367)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 42,265</u>	
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs:			
Domestic violence related calls for assistance	\$ 78,997	\$ 30,965	\$ (48,032)
Total direct costs	78,997	30,965	(48,032)
Indirect costs	46,284	18,142	(28,142)
Total program costs	<u>\$ 125,281</u>	49,107	<u>\$ (76,174)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 49,107</u>	
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs:			
Domestic violence related calls for assistance	\$ 92,021	\$ 35,210	\$ (56,811)
Total direct costs	92,021	35,210	(56,811)
Indirect costs	35,075	13,421	(21,654)
Total program costs	<u>\$ 127,096</u>	48,631	<u>\$ (78,465)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 48,631</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2011, through June 30, 2012</u>			
Direct costs:			
Homicide Reports	\$ 298	\$ 298	\$ -
Domestic violence related calls for assistance	65,430	36,264	(29,166)
Hate Crime Reports	298	298	-
Total direct costs	66,026	36,860	(29,166)
Indirect costs	24,600	13,734	(10,866)
Total program costs	<u>\$ 90,626</u>	50,594	<u>\$ (40,032)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 50,594</u>	
<u>Summary: July 1, 2001, through June 30, 2012</u>			
Direct costs:			
Homicide Reports	\$ 298	\$ 298	\$ -
Domestic violence related calls for assistance	846,263	329,562	(516,701)
Hate Crime Reports	298	298	-
Total direct costs	846,859	330,158	(516,701)
Indirect costs	414,659	160,402	(254,257)
Total program costs	<u>\$ 1,261,518</u>	490,560	<u>\$ (770,958)</u>
Less amount paid by the State <sup>2</sup>		-	
Allowable costs claimed in excess of amount paid		<u>\$ 490,560</u>	

<sup>1</sup> See the Finding and Recommendation section.

<sup>2</sup> Payment amount current as of September 25, 2020.

# Finding and Recommendation

**FINDING—  
Overstated salary and  
benefit costs**

The city claimed \$846,263 in salaries and benefits for the Domestic Violence Related Calls for Assistance cost component. We found that \$329,562 is allowable and \$516,701 is unallowable. Unallowable related indirect costs total \$254,257, for a total finding of \$770,958.

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

To calculate the claimed salaries and benefits, the city multiplied the number of written incident reports by the ATIs necessary to process a report, then multiplied the resulting hours by a PHR and related benefit rate.

During testing, we found that the city overstated the number of domestic violence related calls for assistance; misstated the ATIs used to perform the mandated activities; claimed ineligible costs for a classification that did not perform the mandated activity; overstated the PHRs; and overstated related indirect costs. The city overstated these costs because it did not claim costs in accordance with the program’s parameters and guidelines or the *State Controller’s Office Mandated Cost Manual for Local Agencies*.

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	\$ 75,616	\$ 26,032	\$ (49,584)	\$ (20,727)	\$ (70,311)
2002-03	70,064	25,731	(44,333)	(19,471)	(63,804)
2003-04	69,345	27,095	(42,250)	(20,255)	(62,505)
2004-05	84,032	31,449	(52,583)	(37,922)	(90,505)
2005-06	87,608	30,289	(57,319)	(29,417)	(86,736)
2006-07	69,897	27,403	(42,494)	(22,416)	(64,910)
2007-08	78,985	30,229	(48,756)	(22,393)	(71,149)
2008-09	74,268	28,895	(45,373)	(20,994)	(66,367)
2009-10	78,997	30,965	(48,032)	(28,142)	(76,174)
2010-11	92,021	35,210	(56,811)	(21,654)	(78,465)
2011-12	65,430	36,264	(29,166)	(10,866)	(40,032)
<b>Total</b>	<b>\$ 846,263</b>	<b>\$ 329,562</b>	<b>\$ (516,701)</b>	<b>\$ (254,257)</b>	<b>\$ (770,958)</b>

## Incident Reports

The city provided monthly reports to the DOJ for the audit period. During our review of these monthly reports, we found that the city overstated the number of domestic violence related calls for assistance in FY 2001-02, FY 2002-03, FY 2004-05, FY 2005-06, FY 2007-08, FY 2010-11 and FY 2011-12. The city overstated domestic violence related calls for assistance because it claimed unsupported calls that did not result in a written incident report. We recalculated the allowable costs using the supported incident report counts.

The following table summarizes the claimed, allowable, and overstated number of written incident reports:

Fiscal Year <sup>1</sup>	Amount Claimed	Amount Allowable	Audit Adjustment
2001-02	1,177	1,037	(140)
2002-03	981	922	(59)
2004-05	944	901	(43)
2005-06	919	843	(76)
2007-08	797	784	(13)
2010-11	914	898	(16)
2011-12	930	911	(19)
Total	6,662	6,296	(366)

<sup>1</sup>The table identifies the fiscal years that resulted in audit adjustments.

## Average Time Increments

For FY 2001-02 through FY 2010-11, the city estimated that it took Police Officers 30 minutes (0.50 hours) to write and 10 minutes (0.17 hours) to edit incident reports and Sergeants 45 minutes (0.75 hours) to review incident reports. For FY 2011-12, the city estimated that it took Police Officers 60 minutes (1 hour) to write, Sergeants three minutes (0.05 hours) to review, and Crime Analysts three minutes (0.05 hours) to edit incident reports. The city did not maintain documentation to support the ATIs claimed for Police Department staff members performing the mandated activities.

During testing, we interviewed Police Department staff members who were responsible for performing the mandated activities. Based on our interviews, we found that Police Officers, not Crime Analysts, edit incident reports. We also found that it took Police Officers an average of 15 minutes (0.25 hours) to write and 10 minutes (0.17 hours) to edit incident reports, and Sergeants an average of 13 minutes (0.22 hours) to review incident reports.

The city claimed overstated salary and benefit costs as a result of overstating ATIs and claiming ineligible costs for the Crime Analyst classification to edit incident reports in FY 2011-12. We recalculated the allowable costs based on the ATIs and classifications allowable for the audit period.

The following table summarizes the claimed, allowable, and adjusted hours by fiscal year:

Fiscal Year	Hours Claimed			Hours Allowable				Audit Adjustment
	Police Officer & Crime Analyst	Sergeant	Total	Police Officer	Police Officer	Sergeant	Total	
	Write & Edit Reports	Review Reports		Write Reports	Edit Reports	Review Reports		
2001-02	784.67	882.75	1,667.42	259.25	228.14	176.29	663.68	(1,003.74)
2002-03	654.00	735.75	1,389.75	230.50	202.84	156.74	590.08	(799.67)
2003-04	602.67	678.00	1,280.67	226.00	198.88	153.68	578.56	(702.11)
2004-05	629.33	708.00	1,337.33	225.25	198.22	153.17	576.64	(760.69)
2005-06	612.67	689.25	1,301.92	210.75	185.46	143.31	539.52	(762.40)
2006-07	514.67	579.00	1,093.67	193.00	169.84	131.24	494.08	(599.59)
2007-08	531.33	597.75	1,129.08	196.00	172.48	133.28	501.76	(627.32)
2008-09	514.00	578.25	1,092.25	192.75	169.62	131.07	493.44	(598.81)
2009-10	517.33	582.00	1,099.33	194.00	170.72	131.92	496.64	(602.69)
2010-11	609.33	685.50	1,294.83	224.50	197.56	152.66	574.72	(720.11)
2011-12	976.50	46.50	1,023.00	227.75	200.42	154.87	583.04	(439.96)
Total	6,946.50	6,762.75	13,709.25	2,379.75	2,094.18	1,618.23	6,092.16	(7,617.09)

### Productive Hourly Rates

For FY 2001-02 through FY 2010-11, the city calculated PHRs for Police Officers to write and edit incident reports, and for Sergeants to review incident reports. For FY 2011-12, the city calculated PHRs for Police Officers to write, Sergeants to review, and Crime Analysts to edit incident reports. During testing, we interviewed Police Department staff members responsible for performing the mandated activities. Based on our interviews, we found that Police Officers, not Crime Analysts, edit incident reports. Therefore, the claimed PHR for the Crime Analyst in FY 2011-12 to edit incident reports is ineligible for reimbursement.

For FY 2001-02 through FY 2003-04, the city used the maximum annual salaries to calculate the PHRs for the Police Department staff members responsible for performing the mandated activities. For FY 2004-05 through FY 2011-12, the city used the maximum monthly salaries to calculate these PHRs.

We recalculated the PHRs for the Police Officer and Sergeant classifications using the average annual salaries for FY 2001-02 through FY 2003-04, and the average monthly salaries identified in the city's job classification and salary range documentation. We determined that the city overstated the claimed PHRs as a result of using the maximum annual and monthly salaries. We found that the city overstated the claimed salary and benefit costs as a result of overstating the PHRs and claiming an ineligible classification. We recalculated the allowable costs based on allowable PHRs and classifications.

*Police Officer*

The following table summarizes the claimed, allowable, and adjusted PHR for the audit period:

<u>Fiscal Year</u>	<u>Claimed PHR</u>	<u>Allowable PHR</u>	<u>Rate Difference</u>
2001-02	29.58	26.62	(2.96)
2002-03	29.58	26.62	(2.96)
2003-04	29.58	26.62	(2.96)
2004-05	34.26	30.84	(3.42)
2005-06	35.63	30.84	(4.79)
2006-07	35.63	32.07	(3.56)
2007-08	38.94	35.04	(3.90)
2008-09	38.94	35.04	(3.90)
2009-10	40.49	36.44	(4.05)
2010-11	39.69	35.67	(4.02)
2011-12	39.69	35.67	(4.02)

*Sergeant*

The following table summarizes the claimed, allowable, and adjusted PHR for the audit period:

<u>Fiscal Year</u>	<u>Claimed PHR</u>	<u>Allowable PHR</u>	<u>Rate Difference</u>
2001-02	36.33	32.59	(3.74)
2002-03	36.33	32.59	(3.74)
2003-04	36.33	32.59	(3.74)
2004-05	41.34	37.09	(4.25)
2005-06	43.02	37.09	(5.93)
2006-07	43.02	38.60	(4.42)
2007-08	48.89	43.86	(5.03)
2008-09	48.89	43.86	(5.03)
2009-10	48.89	43.86	(5.03)
2010-11	49.37	44.30	(5.07)
2011-12	49.37	44.30	(5.07)

**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 described in section IV of the parameters and guidelines. Each reimbursable cost must be supported by source documentation. For salary and benefit costs, claimants are to report each employee implementing the reimbursable activities by name, job classification, and PHR.

#### Recommendation

The Crime Statistics Reports for the Department of Justice Program was suspended in the FY 2012-13 through FY 2019-20 Budget Acts. If the program becomes active again, we recommend that the city:

- Follow the mandated program claiming instructions and the parameters and guidelines when claiming reimbursement for mandated costs;
- Claim costs based on the ATIs required to perform the mandated cost activities;
- Claim costs based on the number of domestic violence related calls for assistance that are supported with a written report; and
- Calculate PHRs based on the average annual or monthly salary identified in the city's job classification and salary range documentation for the corresponding fiscal year.

#### City's Response

The city agrees with the audit finding.

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

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September 24, 2020

Mr. Jim L. Spano  
Chief, Compliance Audit Bureau  
Office of State Controller Betty T. Yee-Division of Audits  
3301 C Street, Suite 735  
Sacramento, CA 95816

RE: State Mandated Cost Audit Program – Crime Statistics Reports for the Department of Justice Program

Dear Mr. Spano,

Thank you for providing the City of Visalia (City) with the draft findings for the State Controller's Office (SCO) audit on the Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2001 through June 30, 2012. The City has reviewed the draft report and agrees with the SCO's findings that the City overstated reimbursement claims due to overstated salary and benefit costs and related indirect costs.

The City concurs with SCO's finding that the City overstated domestic violence related calls for assistance because it claimed calls that did not meet the reimbursement criteria. This unintentional overstatement was the result of the City pulling information at a level of detail that should have been more parameter based. The City will implement a more detailed process to ensure accuracy on future reimbursement cost mandate claims that involve incident counts.

The City understands the SCO's finding regarding the overstatement of time spent on the writing, editing, and review of the claimed incident reports by the staff involved. This claim spanned eleven years and was filed over seven years ago. Over that time, the City had different staff involved in these incident reports due to staff reassignments, retirements, and turnover. The City, along with its mandated cost claim consultant, felt it appropriately estimated the time spent on these incident reports but understands that without a substantiated time study to support its claim, SCO's time adjustment is valid. When appropriate, the City will perform time studies for future mandated claims to ensure accurate estimates and proper documentation.

The City agrees with the SCO finding that the City overstated salaries and benefits costs and related indirect costs as a result of the overstatement of time spent on incident reports as well as the City using the maximum annual salaries available for the staff classifications involved to calculate salaries and benefits when the City was only allowed to use average annual salaries for the calculations. The City will work with its consultant on future mandated claims to ensure the appropriate calculations are used.

The City will consider all the issues raised by this audit in its approach on future mandated cost claims.

Sincerely,

A handwritten signature in cursive script, appearing to read "Renee Nagel".

Renee Nagel  
Finance Director  
City of Visalia



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Division of Audits  
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