

VENTURA COUNTY

Audit Report

SEXUALLY VIOLENT PREDATORS PROGRAM

Chapter 762 and 763, Statutes of 1995,
and Chapter 4, Statutes of 1996

July 1, 2007, through June 30, 2010



JOHN CHIANG
California State Controller

October 2012



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California State Controller

October 25, 2012

John C. Zaragoza, Chair
Board of Supervisors, Ventura County
800 S. Victoria Avenue
Ventura, CA 93009

Dear Mr. Zaragoza:

The State Controller's Office audited the costs claimed by Ventura County for the legislatively mandated Sexually Violent Predators Program (Chapter 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) for the period of July 1, 2007, through June 30, 2010.

The county claimed and was paid \$918,583 for the mandated program. Our audit disclosed that \$901,682 is allowable and \$16,901 is unallowable. The costs are unallowable because the county misstated prisoner housing costs. The State will offset \$16,901 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb

cc: Christine L. Cohen, Auditor-Controller
Auditor-Controller's Office
Ventura County
Anita Limon, Financial Analyst III
Auditor-Controller's Office
Randall Ward, Finance Staff Analyst
Mandates Unit, Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Ventura County for the legislatively mandated Sexually Violent Predators Program (Chapter 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) for the period of July 1, 2007, through June 30, 2010.

The county claimed and was paid \$918,583 for the mandated program. Our audit disclosed that \$901,682 is allowable and \$16,901 is unallowable. The costs are unallowable because the county misstated prisoner housing costs. The State will offset \$16,901 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

Background

Welfare and Institutions Code sections 6250 and 6600 through 6608 (added by Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) establish new civil commitment procedures for the continued detention and treatment of sexually violent offenders following their completion of a prison term for certain sex-related offenses. Before detention and treatment are imposed, the county attorney is required to file a petition for civil commitment. A trial is then conducted to determine if the inmate is a sexually violent predator. If the inmate accused of being a sexually violent predator is indigent, the test claim legislation requires counties to provide the indigent with the assistance of counsel and experts necessary to prepare a defense.

On June 25, 1998, the Commission on State Mandates (CSM) determined that Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996, imposed a reimbursable state mandate under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on September 24, 1998 and amended them on October 30, 2009. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Sexually Violent Predators Program for the period of July 1, 2007, through June 30, 2010.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the county's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards

require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed an instance of noncompliance with the requirements outlined above. This instance is described in the accompanying Summary of Program Costs (Schedule 1) and in the Finding and Recommendation section of this report.

For the audit period, Ventura County claimed \$918,583 for costs of the Sexually Violent Predators Program. Our audit disclosed that \$901,682 is allowable and \$16,901 is unallowable.

For the fiscal year (FY) 2007-08 claim, the State paid the county \$325,278. Our audit disclosed that \$308,377 is allowable. The State will offset \$16,901 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

For the FY 2008-09 claim, the State paid the county \$292,053. Our audit disclosed that the entire amount is allowable.

For the FY 2009-10 claim, the State paid the county \$301,252. Our audit disclosed that the entire amount is allowable.

Views of Responsible Official

We issued a draft report on August 14, 2012. Christine L. Cohen, Auditor-Controller, responded by letter dated August 31, 2012 (Attachment) concurring with the audit results. This final audit report includes the county's response.

Restricted Use

This report is solely for the information and use of Ventura 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.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

October 25, 2012

**Schedule 1—
Summary of Program Costs
July 1, 2007, through June 30, 2010**

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustment¹</u>
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs:			
Salaries and benefits	\$ 30,098	\$ 30,098	\$ —
Services and supplies	287,145	270,244	(16,901)
Travel and training	576	576	—
Total direct costs	317,819	300,918	(16,901)
Indirect costs	7,459	7,459	—
Total program costs	<u>\$ 325,278</u>	308,377	<u>\$ (16,901)</u>
Less amount paid by the State		<u>(325,278)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (16,901)</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs:			
Salaries and benefits	\$ 39,093	\$ 39,093	\$ —
Services and supplies	235,016	273,940	38,924
Contract services	7,277	7,277	—
Travel and training	640	640	—
Total direct costs	282,026	320,950	38,924
Indirect costs	10,027	10,027	—
Total direct and indirect costs	292,053	330,977	38,924
Less allowable costs that exceed costs claimed ²	—	<u>(38,924)</u>	<u>(38,924)</u>
Total program costs	<u>\$ 292,053</u>	292,053	<u>\$ —</u>
Less amount paid by the State		<u>(292,053)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs:			
Salaries and benefits	\$ 50,514	\$ 50,514	\$ —
Services and supplies	229,113	229,113	—
Contract services	8,898	8,898	—
Travel and training	532	532	—
Total direct costs	289,057	289,057	—
Indirect costs	12,195	12,195	—
Total program costs	<u>\$ 301,252</u>	301,252	<u>\$ —</u>
Less amount paid by the State		<u>(301,252)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>Summary: July 1, 2007, through June 30, 2010</u>			
Direct costs:			
Salaries and benefits	\$ 119,705	\$ 119,705	\$ —
Services and supplies	751,274	773,297	22,023
Contract services	16,175	16,175	—
Travel and training	1,748	1,748	—
Total direct costs	888,902	910,925	22,023
Indirect costs	29,681	29,681	—
Total direct and indirect costs	918,583	940,606	22,023
Less allowable costs that exceed costs claimed ²	—	(38,924)	(38,924)
Total program costs	<u>\$ 918,583</u>	901,682	<u>\$ (16,901)</u>
Less amount paid by the State		(918,583)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (16,901)</u>	

¹ See the Finding and Recommendation section.

² Government Code section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2008-09.

Finding and Recommendation

FINDING— Misstated services and supplies costs

The county claimed \$767,449 in services and supplies costs for the audit period (\$27,688 for the Public Defender’s Office \$6,272 for the District Attorney’s Office and \$733,489 for the Sheriff’s Department). We determined that allowable costs totaled \$789,472 and exceeded the costs claimed by the net amount of \$22,023. The costs are misstated because the Sheriff’s Department claimed prisoner housing costs using Daily Jail Rates (DJR) that were not based on actual costs.

The following table summarizes the claimed, allowable, and audit adjustment amounts for services and supplies costs by fiscal year:

	Fiscal Year			Total
	2007-08	2008-09	2009-10	
Allowable costs	\$ 270,820	\$ 281,857	\$ 238,543	\$ 791,220
Claimed costs	<u>(287,721)</u>	<u>(242,933)</u>	<u>(238,543)</u>	<u>(769,197)</u>
Audit adjustment	<u>\$ (16,901)</u>	<u>\$ 38,924</u>	<u>\$ —</u>	<u>\$ 22,023</u>

Daily Jail Rates

The table below summarizes the adjustments made to the DJRs:

	Fiscal Year	
	2007-08	2008-09
Allowable DJR	\$ 117.56	\$ 109.01
Claimed DJR	<u>(125.37)</u>	<u>(93.49)</u>
Rate variance	\$ (7.81)	\$ 15.52
Custody days	<u>2,164</u>	<u>2,508</u>
Audit adjustment	<u>\$ (16,901)</u>	<u>\$ 38,924</u>

The county initially claimed DJRs of \$125.37 for FY 2007-08, \$93.49 for FY 2008-09, and \$113.63 for FY 2009-10. However, these rates were based on actual costs and prisoner population statistics from two years prior and adjusted upwards based on an estimated percentage. For mandated cost claims, the DJR should be based on actual costs incurred and actual prisoner population statistics for the same year as the claim.

During the course of the audit, the Sheriff’s Department provided actual cost information and actual jail population for each fiscal year. We determined that the DJR should be \$117.56 for FY 2007-08, \$109.01 for FY 2008-09, and \$112.63 for FY 2009-10. These rates are supported as the “Corrected Daily Jail Rate” for FY 2007-08 through FY 2009-10 on the CDCR schedules titled “Prior Rate Estimate Adjustment” (schedules 2009/10A, 2010/11A, and 2011/12A). These schedules document that the DJR is based on actual total allowable costs divided by total actual inmate days for two fiscal years prior to the date listed on the schedule. We determined that the proposed audit adjustment for FY 2009-10 was immaterial.

The parameters and guidelines (section IV.B.7 – Reimbursable Activities) state that reimbursable costs include:

Transportation and housing costs for each potential sexually violent predator at a secured facility while the individual awaits trial on the issue of whether he or she is a sexually violent predator. Counties shall be entitled to reimbursement for such transportation and housing costs, regardless of whether the secured facility is a state facility or county facility, except in those circumstances when the State has directly borne the costs of housing and transportation, in which case no reimbursement of such costs shall be permitted.

The parameters and guidelines (section IV.–Reimbursable Activities) state the following:

To be eligible for mandated cost reimbursement, 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. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. . . . However, corroborating documents cannot be substituted for source documents.

Recommendation

We recommend that the county ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County's Response

The county concurs with the summary finding and recommendation.

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

**CHRISTINE L. COHEN
AUDITOR-CONTROLLER**

COUNTY OF VENTURA
800 SOUTH VICTORIA AVE.
VENTURA, CA 93009-1540



**ASSISTANT
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August 31, 2012

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

SUBJECT: SEXUALLY VIOLENT PREDATORS PROGRAM DRAFT AUDIT FINDINGS

Dear Mr. Spano:

The purpose of this letter is to respond as requested to the draft of the State Controller's Office report regarding the claims of Ventura County for the legislatively mandated Sexually Violent Predators Program (Chapter 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) for the period of July 1, 2007, through June 30, 2010.

We have reviewed the enclosed draft report and concur with the summary findings and recommendations indicated in the report.

If you have any questions, please contact Joanne McDonald, Chief Deputy Auditor-Controller, at (805) 654-3191.

Sincerely,

CHRISTINE L. COHEN
Auditor-Controller

Enclosure

Cc: Geoff Dean, Sheriff
Gregory D. Totten, District Attorney
Stephen P. Lipson, Public Defender

**State Controller's Office
Division of Audits
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