

LOS ANGELES COUNTY

Audit Report

DOMESTIC VIOLENCE ARREST POLICIES AND STANDARDS PROGRAM

Chapter 246, Statutes of 1995

July 1, 2013, through June 30, 2017



BETTY T. YEE
California State Controller

November 2019



BETTY T. YEE
California State Controller

November 19, 2019

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 Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2013, through June 30, 2017.

The county claimed and was paid \$627,374 for the mandated program. Our audit found that \$504,795 is allowable and \$122,579 is unallowable. The costs are unallowable because the county claimed unsupported and non-mandate-related costs, and overstated offsetting reimbursements.

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.

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: Hasmik Yaghobyan, SB90 Administrator
Los Angeles County Auditor-Controller's Office
Alex Villanueva, Sheriff
Los Angeles County
Michael Hanks, Administrative Services Manager II
Los Angeles County Sheriff's 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 Los Angeles County for the legislatively mandated Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2013, through June 30, 2017.

The county claimed and was paid \$627,374 for the mandated program. Our audit found that \$504,795 is allowable and \$122,579 is unallowable. The costs are unallowable because the county claimed unsupported and non-mandate-related costs, and overstated offsetting reimbursements.

Background

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

On September 25, 1997, the Commission on State Mandates (Commission) determined that Chapter 246, Statutes of 1995, imposed a state mandated program reimbursable under Government Code (GC) section 17561.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on August 20, 1998, and amended them on October 30, 2009. 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 Domestic Violence Arrest Policies and Standards 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, 2013, through June 30, 2017.

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 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 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;
- Verified that the county used the uniform time allowance and applied it properly;
- Reviewed and analyzed the claimed domestic violence incident report counts and verified that counts were supported by the county's report management system (see Finding 1);
- Selected a statistical sample of 142 incident reports for each fiscal year from the supported number of domestic violence incident reports (the adjusted population) based on a 95% confidence level, a precision rate of +/- 8%, and an expected error rate of 50%. We used statistical samples so that the results could be projected to the population for each fiscal year (see Finding 2);
- Reviewed incident reports to verify that the reports met the mandated criteria and to ensure that the mandated activities were completed;
- Recalculated allowable costs claimed using audited data;
- 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 3).

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 and was paid \$627,374 for costs of the legislatively mandated Domestic Violence Arrest Policies and Standards Program. Our audit found that \$504,795 is allowable and \$122,579 is unallowable.

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 Domestic Violence Arrest Policies and Standards Program.

**Views of
Responsible
Officials**

We issued a draft audit report on September 27, 2019. Michael Hanks, Administrative Services Manager II, Los Angeles County Sheriff's Department, responded by email on October 4, 2019, agreeing with the audit results.

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 audit report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

November 19 , 2019

Schedule—
Summary of Program Costs
July 1, 2013, through June 30, 2017

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2013, through June 30, 2014</u>				
Direct costs:				
Salaries and benefits	\$ 347,451	\$ 88,071	\$ (259,380)	Finding 1, 2
Indirect costs	92,807	23,524	(69,283)	Finding 1, 2
Total direct and indirect costs	440,258	111,595	(328,663)	
Less offsetting reimbursements	(277,363)	-	277,363	Finding 3
Total program costs	<u>\$ 162,895</u>	111,595	<u>\$ (51,300)</u>	
Less amount paid by the State ²		(162,895)		
Amount paid in excess of allowable costs claimed		<u>\$ (51,300)</u>		
<u>July 1, 2014, through June 30, 2015</u>				
Direct costs:				
Salaries and benefits	\$ 315,109	\$ 95,684	\$ (219,425)	Finding 1, 2
Indirect costs	93,227	28,309	(64,918)	Finding 1, 2
Total direct and indirect costs	408,336	123,993	(284,343)	
Less offsetting savings/reimbursements	(261,335)	-	261,335	Finding 3
Total program costs	<u>\$ 147,001</u>	123,993	<u>\$ (23,008)</u>	
Less amount paid by the State ²		(147,001)		
Amount paid in excess of allowable costs claimed		<u>\$ (23,008)</u>		
<u>July 1, 2015, through June 30, 2016</u>				
Direct costs:				
Salaries and benefits	\$ 320,134	\$ 98,886	\$ (221,248)	Finding 1, 2
Indirect costs	98,895	30,547	(68,348)	Finding 1, 2
Total direct and indirect costs	419,029	129,433	(289,596)	
Less offsetting reimbursements	(259,798)	-	259,798	Finding 3
Total program costs	<u>\$ 159,231</u>	129,433	<u>\$ (29,798)</u>	
Less amount paid by the State ²		(159,231)		
Amount paid in excess of allowable costs claimed		<u>\$ (29,798)</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2016, through June 30, 2017</u>				
Direct costs:				
Salaries and benefits	\$ 115,314	\$ 101,853	\$ (13,461)	Finding 1, 2
Indirect costs	42,933	37,921	(5,012)	Finding 1, 2
Total program costs	<u>\$ 158,247</u>	139,774	<u>\$ (18,473)</u>	
Less amount paid by the State ²		(158,247)		
Amount paid in excess of allowable costs claimed		<u>\$ (18,473)</u>		
 <u>Summary: July 1, 2013, through June 30, 2017</u>				
Direct costs:				
Salaries and benefits	\$ 1,098,008	\$ 384,494	\$ (713,514)	Finding 1, 2
Indirect costs	327,862	120,301	(207,561)	Finding 1, 2
Total direct and indirect costs	1,425,870	504,795	(921,075)	
Less offsetting reimbursements	(798,496)	-	798,496	Finding 3
Total program costs	<u>\$ 627,374</u>	504,795	<u>\$ (122,579)</u>	
Less amount paid by the State ²		(627,374)		
Amount paid in excess of allowable costs claimed		<u>\$ (122,579)</u>		

¹ See the Findings and Recommendations section.

² Payment amount current as of October 29, 2019.

Findings and Recommendations

FINDING 1— Overstated salary and benefit costs

The county overstated salaries and benefits by \$667,212; the related indirect costs total \$192,909, for a total finding of \$860,121.

During our review of the county's claims, the county disclosed that it claimed domestic violence incident reports based on the total number of domestic incidents that occurred in the county. The county provides law enforcement services to cities that contract with it for those services for a fee. The county refers to these cities as "contract cities."

The county is able to identify the number of domestic violence incidents for the unincorporated areas of the county using its records management system, Los Angeles Regional Crime Information System (LARCIS). The county provided summary reports that identified domestic violence incidents that occurred in the unincorporated areas of the county. Therefore, we concluded that the county overstated the reimbursable number of domestic violence incident reports for fiscal year (FY) 2013-14 through FY 2015-16 as a result of claiming both contract cities and unincorporated areas of the county.

The following table summarizes the audit adjustment for the overstated number of incident reports:

	Fiscal Year			Total
	2013-14	2014-15	2015-16	
Number of domestic violence				
incident reports for unincorporated areas	2,641	2,739	2,761	
Less number of domestic violence				
incident reports claimed	(9,508)	(8,048)	(7,916)	
Overstated number of reports	(6,867)	(5,309)	(5,155)	
Uniform time allowance (hours)	× 0.48	× 0.48	× 0.48	
Understated/overstated hours	(3,296)	(2,548)	(2,474)	
Claimed PHR, salaries *	× \$50.35	× \$51.74	× \$53.76	
Understated/(overstated)				
salaries (A)†	\$ (165,954)	\$ (131,834)	\$ (133,002)	
Benefit rate *	× 51.204%	× 57.654%	× 56.720%	
Understated/(overstated)				
benefits (B)†	(84,975)	(76,008)	(75,439)	
Understated/(overstated) salaries				
and benefits [(C) = (A) + (B)]	(250,929)	(207,842)	(208,441)	\$ (667,212)
Indirect cost rate claimed (D)	× 40.388%	× 46.643%	× 48.414%	
Related indirect costs				
[(E) = (A) x (D)]†	(67,026)	(61,491)	(64,392)	(192,909)
Audit adjustment				
[(F) = (C) + (E)]	\$ (317,955)	\$ (269,333)	\$ (272,833)	\$ (860,121)

* The average PHR claimed for FY 2015-16 combined salaries, benefits, and indirect costs. We calculated salaries, benefits, and indirect costs separately to show that the indirect cost rate was properly applied to the correct salary base.

† Calculation differences due to rounding.

Criteria

Section IV of the program’s 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 (E) of the parameters and guidelines authorizes a total uniform time allowance of 29 minutes (0.48 hours) for responding officers to interview both parties (17 minutes) and consider various specified factors (12 minutes) in a domestic violence incident.

Recommendation

We recommend that the county:

- Follow the mandated program’s claiming instructions and parameters and guidelines when claiming reimbursement for mandated costs; and
- Claim costs based on the number of domestic violence incident reports in the unincorporated areas of the county that are supported in LARCIS.

County’s Response

The county agreed with the audit finding.

**FINDING 2—
Non-reimbursable
costs**

The county claimed non-reimbursable salaries and benefits totaling \$46,302; the related indirect costs total \$14,652, for a total finding of \$60,954.

As noted in Finding 1, the county overstated the claimed number of domestic violence incident reports for FY 2013-14 through FY 2015-16. The claimed number of domestic incident reports for FY 2016-17 was based on the number of incidents that occurred in the unincorporated area of the county, and was supported by county records; therefore, FY 2016-17 was not included in Finding 1. The following table summarizes the audited population of incident reports and the claimed hours attributable to the audited population:

	Fiscal Year				
	2013-14	2014-15	2015-16	2016-17	Total
Documented number of domestic violence incident reports for unincorporated areas	2,641	2,739	2,761	2,784	10,925
Uniform time allowance (hours)	× 0.48	× 0.48	× 0.48	× 0.48	× 0.48
Claimed hours attributable to documented incident reports	<u>1,268</u>	<u>1,315</u>	<u>1,325</u>	<u>1,336</u>	<u>5,244</u>

For each fiscal year, we selected a statistical sample from the documented number of domestic violence incident reports (the population) based on a 95% confidence level, a precision rate of +/- 8%, and an expected error rate of 50%. We used statistical samples so the results could be projected to the population for each fiscal year. We selected a random sample of 142 incident reports for each fiscal year. We reviewed the sample incident reports to determine whether the county performed the required mandated program activities. Our review found the following:

- Three hundred seventy-five incident reports were fully reimbursable under the mandated program. These reports are reimbursable at 29 minutes (0.48 hours) per report.
- One hundred eighty-seven incident reports were partially reimbursable because the officers did not interview both parties involved in the domestic violence incident. These reports are reimbursable at 20.5 minutes (0.34 hours) per report, based on 8.5 minutes to interview one party and 12 minutes to consider the various factors identified in the parameters and guidelines.
- Three incident reports were not reimbursable because they are courtesy reports from other law enforcement agencies, and there is no indication that county deputies performed the mandated activities.
- Two incident reports were unsupported because the county did not provide the incident reports for review. County personnel explained that one report was purged from the system, and the other report was confidential because it involved an ongoing case. In both instances, we were unable to review the incident report to verify that the incident met mandate criteria and that the officers performed the mandated activities. As a result, the incidents were unsupported.
- One incident report is not reimbursable because the incident did not meet the definition of domestic violence, as defined by PC section 13700. The ineligible report involved a mother and son, which is non-mandate-related.

The following table summarizes the results of our statistical samples:

	Fiscal Year				Total
	2013-14	2014-15	2015-16	2016-17	
Allowable incident reports	102	92	91	90	375
Partially reimbursable incident reports – only one party interviewed	39	49	49	50	187
Unallowable incident reports	1	1	2	2	6
Total reports sampled	142	142	142	142	568

The following table shows the calculation of unallowable hours based on the results of the statistical samples:

	Fiscal Year				Total
	2013-14	2014-15	2015-16	2016-17	
Allowable incident reports	102	92	91	90	375
Uniform time allowance (hours)	× 0.48	× 0.48	× 0.48	× 0.48	
Subtotal (G)	<u>48.96</u>	<u>44.16</u>	<u>43.68</u>	<u>43.20</u>	
Partially reimbursable incident reports – only one party interviewed	39	49	49	50	187
Allowable uniform time allowance (hours)	× 0.34	× 0.34	× 0.34	× 0.34	
Subtotal (H)	<u>13.26</u>	<u>16.66</u>	<u>16.66</u>	<u>17.00</u>	
Total reimbursable hours for sampled reports [(G) + (H)]	62.22	60.82	60.34	60.20	
Statistical sample size	÷ 142	÷ 142	÷ 142	÷ 142	
Reimbursable hours per report	0.4382	0.4283	0.4249	0.4239	
Number of documented incident reports	× 2,641	× 2,739	× 2,761	× 2,784	
Total reimbursable hours	1,157	1,173	1,173	1,180	
Less claimed hours attributable to documented incident reports	<u>(1,268)</u>	<u>(1,315)</u>	<u>(1,325)</u>	<u>(1,336)</u>	
Unallowable hours	<u>(111)</u>	<u>(142)</u>	<u>(152)</u>	<u>(156)</u>	

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

	Fiscal Year				Total
	2013-14	2014-15	2015-16	2016-17	
Unallowable hours	(111)	(142)	(152)	(156)	
Claimed average PHR (salary)	× \$50.35	× \$51.74	× \$53.76	× \$55.65	
Unallowable salaries (J)*	\$ (5,589)	\$ (7,347)	\$ (8,172)	\$ (8,681)	
Benefit rate	× 51.204%	× 57.654%	× 56.720%	× 55.060%	
Unallowable benefits (K)†	<u>(2,862)</u>	<u>(4,236)</u>	<u>(4,635)</u>	<u>(4,780)</u>	
Unallowable salary and benefits [(L) = (J) + (K)]	(8,451)	(11,583)	(12,807)	(13,461)	\$ (46,302)
Indirect cost rate claimed	× 40.388%	× 46.643%	× 48.414%	× 57.731%	
Related indirect costs (M)†	<u>(2,257)</u>	<u>(3,427)</u>	<u>(3,956)</u>	<u>(5,012)</u>	<u>(14,652)</u>
Audit adjustment [(L) + (M)]	<u>\$ (10,708)</u>	<u>\$ (15,010)</u>	<u>\$ (16,763)</u>	<u>\$ (18,473)</u>	<u>\$ (60,954)</u>

* The average PHRs claimed for FY 2015-16 and FY 2016-17 combined salaries, benefits, and indirect costs. We calculated salaries, benefits, and indirect costs separately to show that the indirect cost rates were applied to the correct salary base for each fiscal year.

† Calculation differences due to rounding.

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

Recommendation

We recommend that the county:

- Follow the mandated program claiming instructions and parameters and guidelines when claiming reimbursement for mandated costs; and
- Develop a system to identify and verify reports of domestic violence incidents in the unincorporated areas of the county.

County's Response

The county agreed with the audit finding.

**FINDING 3—
Overstated offsetting
reimbursements**

The county overstated offsetting reimbursements by \$798,496 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 disclosed that the county staff were not aware that contract cities were eligible to claim reimbursement for the mandate. Therefore, as the county provided services to both the unincorporated areas of the county and contract cities, it should be able to claim all associated costs for the mandate. 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 at the Los Angeles County Sheriff's Department and the Auditor-Controller's Office determined that the county should calculate an offset to compensate for the costs applicable to the contract cities.

The county provided worksheets to show that a percentage (63% in FY 2013-14, 64% in FY 2014-15, and 62% in FY 2015-16) 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 who 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:

<u>Fiscal Year</u>	<u>Reported Offsetting Reimbursements</u>	<u>Actual Offsetting Reimbursements</u>	<u>Audit Adjustment</u>
2013-14	\$ (277,363)	\$ -	\$ 277,363
2014-15	(261,335)	-	261,335
2015-16	(259,798)	-	259,798
Total	<u>\$ (798,496)</u>	<u>\$ -</u>	<u>\$ 798,496</u>

Criteria

Section VII of the parameters and guidelines requires that any offsetting savings the claimant experiences as a direct result of the subject 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

We recommend that the county:

- Follow the mandated program's 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.

County's Response

The county agreed with the audit finding.

**State Controller's Office
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