



JOHN CHIANG
California State Controller

November 15, 2011

Wendy L. Watanabe, Auditor-Controller
Los Angeles County
500 West Temple Street, Room 525
Kenneth Hahn Hall of Administration
Los Angeles, CA 90012

Dear Ms. Watanabe:

The State Controller's Office (SCO) reviewed the costs claimed by Los Angeles County for the legislatively mandated Postmortem Examinations: Unidentified Bodies, Human Remains Program (Chapter 284, Statutes of 2000) for the period of July 1, 2001, through June 30, 2009. Our review was limited to a review of activities claimed and mandate-related reports that the county submitted to the California Department of Justice.

The county claimed \$4,181,018 for the mandated program. Our review disclosed that \$16,572 is allowable and \$4,164,446 is unallowable. The costs are unallowable because the county claimed non-mandate-related and unsupported costs, as described in the attached Summary of Program Costs and Findings and Recommendations.

For the fiscal year (FY) 2001-02 claim, the State paid the county \$506,833. Our review disclosed that \$2,162 is allowable. The State will offset \$504,671 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

For the FY 2002-03 claim, the State paid the county \$525,131. Our review disclosed that \$2,329 is allowable. The State will offset \$522,802 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

For the FY 2003-04 claim, the State paid the county \$520,620. Our review disclosed that \$1,528 is allowable. The State will offset \$519,092 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

For the FY 2004-05 claim, the State paid the county \$459,184. Our review disclosed that \$2,316 is allowable. The State will offset \$456,868 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

For the FY 2005-06 claim, the State paid the county \$518,472. Our review disclosed that \$3,428 is allowable. The State will offset \$515,314 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

For the FY 2006-07 claim, the State paid the county \$472,590. Our review disclosed that \$1,454 is allowable. The State will offset \$471,136 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

For the FY 2007-08 claim, the State made no payment to the county. Our review disclosed that \$2,233 is allowable. The State will pay that amount, contingent upon available appropriations.

For the FY 2008-09 claim, the State made no payment to the county. Our review disclosed that \$1,122 is allowable. The State will pay that amount, contingent upon available appropriations.

On September 13, 2011, we provided our findings to the county and requested comments. Hasmik Yaghobyan, SB90 Administrator, Department of Auditor-Controller, Los Angeles County, responded by e-mail dated October 14, 2011, stating that the county had no comment on the findings.

If you disagree with the review findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's Web site at www.csm.ca.gov/docs/IRCForm.pdf.

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

Attachments

RE: S10-MCC-912

cc: Hasmik Yaghobyan, SB 90 Coordinator
Auditor-Controller Department, Accounting Division
Los Angeles County
Jeff Carosone, Principal Program Budget Analyst
Cor-Gen Unit, Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Attachment 1— Summary of Program Costs July 1, 2001, through June 30, 2009

Cost Elements	Actual Costs Claimed	Allowable Per Review	Review Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs:				
Salaries	\$ 178,359	\$ 857	\$ (177,502)	Findings 1, 2
Benefits	62,729	312	(62,417)	Findings 1, 2
Services and supplies	52,326	-	(52,326)	Finding 1
Total direct costs	293,414	1,169	(292,245)	
Indirect costs	213,419	993	(212,426)	Findings 1, 2
Total program costs	<u>\$ 506,833</u>	2,162	<u>\$ (504,671)</u>	
Less amount paid by the state		(506,833)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (504,671)</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
Salaries	\$ 177,710	\$ 907	\$ (176,803)	Findings 1, 2
Benefits	67,639	359	(67,280)	Findings 1, 2
Services and supplies	64,809	-	(64,809)	Finding 1
Total direct costs	310,158	1,266	(308,892)	
Indirect costs	214,973	1,063	(213,910)	Findings 1, 2
Total program costs	<u>\$ 525,131</u>	2,329	<u>\$ (522,802)</u>	
Less amount paid by the state		(525,131)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (522,802)</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries	\$ 172,169	\$ 586	\$ (171,583)	Findings 1, 2
Benefits	66,435	235	(66,200)	Findings 1, 2
Services and supplies	67,331	-	(67,331)	Finding 1
Total direct costs	305,935	821	(305,114)	
Indirect costs	214,685	707	(213,978)	Findings 1, 2
Total program costs	<u>\$ 520,620</u>	1,528	<u>\$ (519,092)</u>	
Less amount paid by the state		(520,620)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (519,092)</u>		

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Review	Review Adjustment	Reference ¹
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Salaries	\$ 147,448	\$ 849	\$ (146,599)	Findings 1, 2
Benefits	61,923	368	(61,555)	Findings 1, 2
Services and supplies	52,903	-	(52,903)	Finding 1
Total direct costs	262,274	1,217	(261,057)	
Indirect costs	196,910	1,099	(195,811)	Findings 1, 2
Total program costs	<u>\$ 459,184</u>	2,316	<u>\$ (456,868)</u>	
Less amount paid by the state		(459,184)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (456,868)</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
Salaries	\$ 174,391	\$ 1,242	\$ (173,149)	Findings 1, 2
Benefits	76,842	567	(76,275)	Findings 1, 2
Services and supplies	33,532	-	(33,532)	Finding 1
Total direct costs	284,765	1,809	(282,956)	
Indirect costs	233,977	1,619	(232,358)	Findings 1, 2
Total program costs	<u>\$ 518,742</u>	3,428	<u>\$ (515,314)</u>	
Less amount paid by the state		(518,742)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (515,314)</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs:				
Salaries	\$ 156,264	\$ 518	\$ (155,746)	Findings 1, 2
Benefits	75,504	259	(75,245)	Findings 1, 2
Services and supplies	30,884	-	(30,884)	Finding 1
Total direct costs	262,652	777	(261,875)	
Indirect costs	209,938	677	(209,261)	Findings 1, 2
Total program costs	<u>\$ 472,590</u>	1,454	<u>\$ (471,136)</u>	
Less amount paid by the state		(472,590)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (471,136)</u>		

Attachment 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Review	Review Adjustment	Reference ¹
<u>July 1, 2007, through June 30, 2008</u>				
Direct costs:				
Salaries	\$ 183,468	\$ 821	\$ (182,647)	Findings 1, 2
Benefits	88,609	410	(88,199)	Findings 1, 2
Services and supplies	33,221	-	(33,221)	Finding 1
Total direct costs	305,298	1,231	(304,067)	
Indirect costs	231,012	1,002	(230,010)	Findings 1, 2
Total program costs	<u>\$ 536,310</u>	2,233	<u>\$ (534,077)</u>	
Less amount paid by the state		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 2,233</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs:				
Salaries	\$ 211,876	\$ 393	(211,483)	Findings 1, 2
Benefits	101,266	195	(101,071)	Findings 1, 2
Services and supplies	37,781	-	(37,781)	Finding 1
Total direct costs	350,923	588	(350,335)	
Indirect costs	290,685	534	(290,151)	Findings 1, 2
Total program costs	<u>\$ 641,608</u>	1,122	<u>\$ (640,486)</u>	
Less amount paid by the state		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,122</u>		
<u>Summary: July 1, 2001, through June 30, 2009</u>				
Direct costs:				
Salaries	\$ 1,401,685	\$ 6,173	\$ (1,395,512)	
Benefits	600,947	2,705	(598,242)	
Services and supplies	372,787	-	(372,787)	
Total direct costs	2,375,419	8,878	(2,366,541)	
Indirect costs	1,805,599	7,694	(1,797,905)	
Total program costs	<u>\$ 4,181,018</u>	16,572	<u>\$ (4,164,446)</u>	
Less amount paid by the state		<u>(3,003,100)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (2,986,528)</u>		

¹ See Attachment 2, Findings and Recommendations.

Attachment 2— Findings and Recommendations July 1, 2001, through June 30, 2009

**FINDING 1—
Non-mandate-related
costs**

The county claimed non-mandate-related activities totaling \$3,976,304. The county claimed costs attributable to the Coroner’s death investigations conducted at death scenes and hospitals.

The program’s parameters and guidelines identify the following reimbursable activity:

Initial reporting of the death of an unidentified person to the [California Department of Justice (DOJ)], in a DOJ-approved format, within 10 calendar days of the date the body or human remains are discovered . . . Reimbursement is limited to submitting the following mandatory information to DOJ to complete the 10-day report. . . .

The parameters and guidelines specify that activities contained within Government Code section 27521, which includes postmortem examinations and investigations, are not mandate-reimbursable activities.

On August 3, 2005, the Commission on State Mandates (CSM) adopted a Statewide Cost Estimate (SCE) for the Postmortem Examinations: Unidentified Bodies, Human Remains Program. In the SCE, the CSM stated:

After reviewing the claims and adopted parameters and guidelines, staff determined that the County of Los Angeles’ claims [for FY 2000-01 through FY 2003-04] include costs that the Commission determined to be non-reimbursable. . . .

The parameters and guidelines for this program only provide reimbursement for the initial reporting of the death of an unidentified person to the DOJ. The Commission expressly found that conducting medical examinations and completing the final report of investigation . . . are not reimbursable because these activities are a result of the coroner’s discretionary autopsy. . . .

The following table summarizes the review adjustment:

	Salaries	Benefits	Services and Supplies	Indirect Costs	Total
<u>FY 2001-02</u>					
Investigations at scene	\$ (150,855)	\$(52,822)	\$ (47,005)	\$ (180,775)	
Investigations at hospital	(17,834)	(6,380)	(5,321)	(21,416)	
Review adjustment, FY 2001-02	<u>\$ (168,689)</u>	<u>\$(59,202)</u>	<u>\$ (52,326)</u>	<u>\$ (202,191)</u>	\$ (482,408)
<u>FY 2002-03</u>					
Investigations at scene	\$ (145,822)	\$(55,189)	\$ (56,526)	\$ (176,660)	
Investigations at hospital	(22,337)	(8,670)	(8,283)	(27,121)	
Review adjustment, FY 2002-03	<u>\$ (168,159)</u>	<u>\$(63,859)</u>	<u>\$ (64,809)</u>	<u>\$ (203,781)</u>	(500,608)
<u>FY 2003-04</u>					
Investigations at scene	\$ (155,766)	\$(59,919)	\$ (64,237)	\$ (194,563)	
Investigations at hospital	(7,154)	(2,811)	(3,094)	(8,956)	
Review adjustment, FY 2003-04	<u>\$ (162,920)</u>	<u>\$(62,730)</u>	<u>\$ (67,331)</u>	<u>\$ (203,519)</u>	(496,500)
<u>FY 2004-05</u>					
Investigations at scene	\$ (132,781)	\$(55,607)	\$ (50,893)	\$ (177,596)	
Investigations at hospital	(6,770)	(2,885)	(2,010)	(9,073)	
Review adjustment, FY 2004-05	<u>\$ (139,551)</u>	<u>\$(58,492)</u>	<u>\$ (52,903)</u>	<u>\$ (186,669)</u>	(437,615)
<u>FY 2005-06</u>					
Investigations at scene	\$ (154,650)	\$(67,913)	\$ (31,676)	\$ (207,775)	
Investigations at hospital	(10,631)	(4,765)	(1,856)	(14,309)	
Review adjustment, FY 2005-06	<u>\$ (165,281)</u>	<u>\$(72,678)</u>	<u>\$ (33,532)</u>	<u>\$ (222,084)</u>	(493,575)
<u>FY 2006-07</u>					
Investigations at scene	\$ (141,301)	\$(68,075)	\$ (29,898)	\$ (190,119)	
Investigations at hospital	(6,510)	(3,196)	(986)	(8,776)	
Review adjustment, FY 2006-07	<u>\$ (147,811)</u>	<u>\$(71,271)</u>	<u>\$ (30,884)</u>	<u>\$ (198,895)</u>	(448,861)
<u>FY 2007-08</u>					
Investigations at scene	\$ (161,133)	\$(77,753)	\$ (31,117)	\$ (203,207)	
Investigations at hospital	(12,270)	(5,818)	(2,104)	(15,491)	
Review adjustment, FY 2007-08	<u>\$ (173,403)</u>	<u>\$(83,571)</u>	<u>\$ (33,221)</u>	<u>\$ (218,698)</u>	(508,893)
<u>FY 2008-09</u>					
Investigations at scene	\$ (190,521)	\$(90,756)	\$ (36,006)	\$ (261,478)	
Investigations at hospital	(9,555)	(4,634)	(1,775)	(13,119)	
Review adjustment, FY 2008-09	<u>\$ (200,076)</u>	<u>\$(95,390)</u>	<u>\$ (37,781)</u>	<u>\$ (274,597)</u>	(607,844)
Total review adjustment					<u>\$ (3,976,304)</u>

Recommendation

We recommend that the county claim only those costs attributable to the reimbursable activity identified in the parameters and guidelines.

FINDING 2— Unsupported costs

The county claimed unsupported costs totaling \$188,142. The county claimed reimbursement for 2,221 reports submitted to the DOJ during the audit period. However, the DOJ's records show that the county submitted only 184 reports. The county did not provide documentation showing that it submitted the remaining reports.

The parameters and guidelines state:

To be eligible for mandated cost reimbursement for any given 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. 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. . . .

The following table summarizes the review adjustment:

	Reports Filed	Salaries	Benefits	Indirect Costs	Total
<u>FY 2001-02</u>					
Allowable	27	\$ 856	\$ 312	\$ 994	
Claimed	(305)	(9,669)	(3,527)	(11,229)	
Review adjustment, FY 2001-02	<u>(278)</u>	<u>\$ (8,813)</u>	<u>\$ (3,215)</u>	<u>\$ (10,235)</u>	\$ (22,263)
<u>FY 2002-03</u>					
Allowable	28	907	359	1,063	
Claimed	(295)	(9,551)	(3,780)	(11,192)	
Review adjustment, FY 2002-03	<u>(267)</u>	<u>\$ (8,644)</u>	<u>\$ (3,421)</u>	<u>\$ (10,129)</u>	(22,194)
<u>FY 2003-04</u>					
Allowable	18	\$ 586	\$ 235	\$ 707	
Claimed	(284)	(9,249)	(3,705)	(11,166)	
Review adjustment, FY 2003-04	<u>(266)</u>	<u>\$ (8,663)</u>	<u>\$ (3,470)</u>	<u>\$ (10,459)</u>	(22,592)
<u>FY 2004-05</u>					
Allowable	26	\$ 848	\$ 368	\$ 1,100	
Claimed	(242)	(7,896)	(3,431)	(10,242)	
Review adjustment, FY 2004-05	<u>(216)</u>	<u>\$ (7,048)</u>	<u>\$ (3,063)</u>	<u>\$ (9,142)</u>	(19,253)
<u>FY 2005-06</u>					
Allowable	38	\$ 1,241	\$ 567	\$ 1,620	
Claimed	(279)	(9,109)	(4,164)	(11,894)	
Review adjustment, FY 2005-06	<u>(241)</u>	<u>\$ (7,868)</u>	<u>\$ (3,597)</u>	<u>\$ (10,274)</u>	(21,739)
<u>FY 2006-07</u>					
Allowable	15	\$ 518	\$ 259	\$ 677	
Claimed	(245)	(8,453)	(4,233)	(11,043)	
Review adjustment, FY 2006-07	<u>(230)</u>	<u>\$ (7,935)</u>	<u>\$ (3,974)</u>	<u>\$ (10,366)</u>	(22,275)
<u>FY 2007-08</u>					
Allowable	22	\$ 820	\$ 410	\$ 1,003	
Claimed	(270)	(10,064)	(5,038)	(12,315)	
Review adjustment, FY 2007-08	<u>(248)</u>	<u>\$ (9,244)</u>	<u>\$ (4,628)</u>	<u>\$ (11,312)</u>	(25,184)
<u>FY 2008-09</u>					
Audited	10	\$ 392	\$ 195	\$ 535	
Claimed	(301)	(11,799)	(5,876)	(16,089)	
Review adjustment, FY 2008-09	<u>(291)</u>	<u>\$ (11,407)</u>	<u>\$ (5,681)</u>	<u>\$ (15,554)</u>	(32,642)
Total review adjustment					<u>\$ (188,142)</u>

Recommendation

We recommend that the county claim costs based on the number of mandate-related reports actually submitted to the DOJ.