

CITY OF SACRAMENTO

Audit Report

DOMESTIC VIOLENCE ARREST POLICIES AND STANDARDS PROGRAM

Chapter 246, Statutes of 1995

July 1, 2001, through June 30, 2006



JOHN CHIANG
California State Controller

December 2008



JOHN CHIANG
California State Controller

December 17, 2008

The Honorable Kevin Johnson
Mayor of the City of Sacramento
915 I Street, 5th Floor
Sacramento, CA 95814

Dear Mayor Johnson:

The State Controller's Office audited the costs claimed by the City of Sacramento for the legislatively mandated Domestic Violence Arrest Policies and Standards Program (Chapter 246, Statutes of 1995) for the period of July 1, 2001, through June 30, 2006.

The city claimed \$823,643 (\$824,643 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$492,505 is allowable and \$331,138 is unallowable. The costs are unallowable because the city did not provide support for domestic violence cases claimed, understated the average productive hourly rate, understated the indirect cost rate, and claimed ineligible training costs. The State paid the city \$229,208. The State will pay allowable costs claimed that exceed the amount paid, totaling \$263,297, contingent upon available apportionment.

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: Allena Portis, Senior Accountant Auditor
Sacramento Police Department
Russell Fehr, Director of Finance
City of Sacramento
Todd Jerue, Program Budget Manager
Corrections and General Government
Department of Finance

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Sacramento for the legislatively mandated Domestic Violence Arrest Policies and Standards Program (Chapter 246, Statutes of 1995) for the period of July 1, 2001, through June 30, 2006.

The city claimed \$823,643 (\$824,643 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$492,505 is allowable and \$331,138 is unallowable. The costs are unallowable because the city did not provide support for domestic violence cases claimed, understated the average productive hourly rate, understated the indirect cost rate, and claimed ineligible training costs. The State paid the city \$229,208. The State will pay allowable costs claimed that exceed the amount paid, totaling \$263,297, contingent upon available apportionment.

Background

Penal Code section 13701 (added by Chapter 246, Statutes of 1995) requires local law enforcement agencies to develop, adopt, and implement written arrest policies for domestic violence offenders by July 1, 1996. The legislation also requires local law enforcement agencies to obtain input from local domestic violence agencies in developing the 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 (CSM) determined that Chapter 246, Statutes of 1995, imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. CSM adopted the parameters and guidelines on August 20, 1998. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts 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 Domestic Violence Policies and Standards Program for the period of July 1, 2001, through June 30, 2006.

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 city'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 city'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 instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the City of Sacramento claimed \$823,643 (\$824,643 less a \$1,000 penalty for filing a late claim) for costs of the Domestic Violence Arrest Policies and Standards Program. Our audit disclosed that \$492,505 is allowable and \$331,138 is unallowable. The State paid the city \$229,208. The State will pay allowable costs claimed that exceed the amount paid, totaling \$263,297, contingent upon available apportionment.

Views of Responsible Official

We issued a draft audit report on August 29, 2008. Rick Braziel, Chief of Police, responded by letter dated October 16, 2008 (Attachment), agreeing with the audit results. This final audit report includes the city's response.

Restricted Use

This report is solely for the information and use of the City of Sacramento, 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

December 17, 2008

**Schedule 1—
Summary of Program Costs
July 1, 2001, through June 30, 2006**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Salaries and benefits	\$ 100,741	\$ 47,227	\$ (53,514)	Finding 1
Indirect costs	75,787	35,528	(40,259)	Finding 1
Less late claim penalty	<u>(1,000)</u>	<u>(1,000)</u>	<u>—</u>	
Total program costs	<u>\$ 175,528</u>	81,755	<u>\$ (93,773)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 81,755</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Salaries and benefits	\$ 113,084	\$ 46,595	\$ (66,489)	Finding 1,2
Indirect costs	<u>94,425</u>	<u>38,907</u>	<u>(55,518)</u>	Finding 1,2
Total program costs	<u>\$ 207,509</u>	85,502	<u>\$ (122,007)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 85,502</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Salaries and benefits	\$ 120,065	\$ 54,547	\$ (65,518)	Finding 1,2
Indirect costs	<u>91,333</u>	<u>41,493</u>	<u>(49,840)</u>	Finding 1,2
Total program costs	<u>\$ 211,398</u>	96,040	<u>\$ (115,358)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 96,040</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Salaries and benefits	\$ 69,281	\$ 64,202	\$ (5,079)	Finding 1,2
Indirect costs	<u>49,217</u>	<u>56,126</u>	<u>6,909</u>	Finding 1,2,3
Subtotal	118,498	120,328	1,830	
Less allowable costs that exceed amount claimed ²	<u>—</u>	<u>(1,830)</u>	<u>(1,830)</u>	
Total program costs	<u>\$ 118,498</u>	118,498	<u>\$ —</u>	
Less amount paid by the State		<u>(118,498)</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	Reference ¹
<u>July 1, 2005, through June 30, 2006</u>				
Salaries and benefits	\$ 70,381	\$ 71,275	\$ 894	Finding 1,2,3,4
Indirect costs	40,329	63,060	22,731	Finding 1,2,3,4
Subtotal	110,710	134,335	23,625	
Less allowable costs that exceed amount claimed ²	—	(23,625)	(23,625)	
Total program costs	<u>\$ 110,710</u>	110,710	<u>\$ —</u>	
Less amount paid by the State		(110,710)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>Summary: July 1, 2001, through June 30, 2006</u>				
Total program costs	\$ 824,643	\$ 518,960	\$ (305,683)	
Less late claim penalty	(1,000)	(1,000)	—	
Subtotal	823,643	517,960	(305,683)	
Less allowable costs that exceed amount claimed ²	—	(25,455)	(25,455)	
Total program costs	<u>\$ 823,643</u>	492,505	<u>\$ (331,138)</u>	
Less amount paid by the State		(229,208)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 263,297</u>		

¹ See the Findings and Recommendations section.

² Government Code section 17561 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. The deadline has expired for FY 2004-05 and FY 2005-06.

Findings and Recommendations

**FINDING 1—
Unallowable salaries
and benefits**

The city claimed \$178,188 in unallowable salaries and benefits related to the implementation of written arrest policies for the audit period. The related indirect costs total \$143,528. The costs are unallowable because the city claimed an unsupported number of city-reported domestic violence incident responses. We measured the error through statistical sampling.

We selected a statistical sample for each fiscal year from the total population of domestic violence cases based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We used a statistical sampling so that the results could be projected to the domestic violence cases population. We reviewed a random sample of 142 domestic violence cases for each of the first four fiscal years and 143 for the final fiscal year.

For fiscal year (FY) 2001-02, the city reported 2,591 domestic violence cases. Of the sampled cases, 115 were reimbursable at 29 minutes and 27 were reimbursable at 12 minutes. We projected the results of the sampled cases to the population to arrive at 1,106 reimbursable hours.

For FY 2002-03, the city reported 2,607 domestic violence cases. Of the sampled cases, 102 were reimbursable at 29 minutes and 40 were reimbursable at 12 minutes. We projected the results of the sampled cases to the population to arrive at 1,046 reimbursable hours.

For FY 2003-04, the city reported 2,637 domestic violence cases. Of the sampled cases, 118 were reimbursable at 29 minutes and 24 were reimbursable at 12 minutes. We projected the results of the sampled cases to the population to arrive at 1,141 reimbursable hours.

For FY 2004-05, the city reported 2,713 domestic violence cases. Of the sampled cases, 118 were reimbursable at 29 minutes and 24 were reimbursable at 12 minutes. We projected the results of the sampled cases to the population to arrive at 1,174 reimbursable hours.

For FY 2005-06, the city reported 2,872 domestic violence cases. Of the sampled cases, 114 were reimbursable at 29 minutes and 29 were reimbursable at 12 minutes. We projected the results of the sampled cases to the population to arrive at 1,215 reimbursable hours.

The following table summarizes the audit adjustment:

	Fiscal Year				
	2001-02	2002-03	2003-04	2004-05	2005-06
Number of sampled cases reimbursable at 29 minutes per case	115	102	118	118	114
Multiplied by 29 minutes (in hours)	× 0.48	× 0.48	× 0.48	× 0.48	× 0.48
Subtotal	55.20	48.96	56.64	56.64	54.72
Number of sampled cases reimbursable at 12 minutes per case	27	40	24	24	29
Multiplied by 12 minutes (in hours)	× 0.20	× 0.20	× 0.20	× 0.20	× 0.20
Subtotal	5.40	8.00	4.80	4.80	5.80

	Fiscal Year				
	2001-02	2002-03	2003-04	2004-05	2005-06
Reimbursable hours per sampled cases	60.60	56.96	61.44	61.44	60.52
Number of cases sampled	÷ 142	÷ 142	÷ 142	÷ 142	÷ 143
Reimbursable hours per case	0.4268	0.4011	0.4327	0.4327	0.4232
Number of cases in population	×2,591	×2,607	×2,637	×2,713	×2,872
Reimbursable hours	1,106	1,046	1,141	1,174	1,215
Less claimed hours	(2,359)	(2,690)	(2,632)	(1,305)	(864)
Unallowable hours	(1,253)	(1,644)	(1,491)	(131)	351

The following table summarizes the unallowable costs:

	Fiscal Year					Total
	2001-02	2002-03	2003-04	2004-05	2005-06	
Number of unallowable hours	(1,253)	(1,644)	(1,491)	(131)	351	
Productive hourly rate claimed	× \$32.84	× \$32.04	× \$32.85	× \$34.15	× \$35.41	
Unallowable salaries	(41,149)	(52,674)	(48,979)	(4,474)	12,429	\$(134,847)
Unallowable benefits	(12,365)	(16,440)	(19,038)	(2,483)	6,985	(43,341)
Total unallowable salaries and benefits	(53,514)	(69,114)	(68,017)	(6,957)	19,414	(178,188)
Unallowable indirect costs	(40,259)	(57,710)	(51,741)	(4,942)	11,124	(143,528)
Audit adjustment	\$ (93,773)	\$(126,824)	\$(119,758)	\$ (11,899)	\$ 30,538	\$(321,716)

The program’s parameters and guidelines allow claimants to be reimbursed based on a unit time allowance of 29 minutes (0.48 of an hour). Each reimbursable domestic violence incident response consists of 17 minutes (0.283 of an hour) to interview both parties and 12 minutes (0.20 of an hour) to consider the factors listed in the parameters and guidelines.

The parameters and guidelines require claimants to support claimed costs with source documents that include, but are not limited to, time logs and other documents evidencing actual costs claimed to implement the written arrest policies.

Recommendation

We recommend that the city claim eligible costs and maintain adequate documentation to support costs claimed in accordance with parameters and guidelines.

City’s Response

The city agreed with the audit finding.

**FINDING 2—
Understated average
productive hourly
rates claimed**

The city understated claimed salaries and benefits by \$11,048. The related indirect costs total \$7,745.

The city understated the average productive hourly rates that it used to claim costs associated with implementing the written arrest policies. The city claimed productive hourly rates of \$42.04 for FY 2002-03, \$45.62 for FY 2003-04, \$53.10 for FY 2004-05, and \$55.31 for FY 2005-06. However, allowable productive hourly rates for those years were \$44.55, \$47.81, \$54.70, and \$58.64, respectively.

The following table summarizes the audit adjustment:

	Fiscal Year				
	2001-02	2002-03	2003-04	2004-05	2005-06
Allowable average productive hourly rate	\$ 44.55	\$ 47.81	\$ 54.70	\$ 58.64	
Claimed average productive hourly rate	(42.04)	(45.62)	(53.10)	(55.31)	
Difference	2.51	2.19	1.60	3.33	
Reimbursable hours	× 1,046	× 1,141	× 1,174	× 1,215	
Allowable salaries and benefits	2,625	2,499	1,878	4,046	\$11,048
Allowable indirect costs	2,192	1,901	1,334	2,318	7,745
Audit adjustment	\$ 4,817	\$ 4,400	\$ 3,212	\$ 6,364	\$18,793

The program’s parameters and guidelines allow claimants to be reimbursed based on a unit time allowance of 29 minutes (0.48 of an hour). Each reimbursable domestic violence incident response consists of 17 minutes (0.283 of an hour) to interview both parties and 12 minutes (0.20 of an hour) to consider the factors listed in the parameters and guidelines.

The parameters and guidelines require claimants to support claimed costs with source documents that include, but are not limited to, time logs and other documents evidencing actual costs claimed to implement the written arrest policies.

Recommendation

We recommend that the city calculate the average productive hourly rates based on the actual productive hourly rate of those officers who respond to domestic violence incidents.

City’s Response

The city agreed with the audit finding.

**FINDING 3—
Understated indirect
cost rate claimed**

The city understated indirect costs related to the implementation of written arrest policies by \$32,736.

The following table summarizes the understated indirect costs:

	Fiscal Year		Total
	2004-05	2005-06	
Allowable indirect cost rate	86.22%	88.87%	
Claimed indirect cost rate	(71.04)%	(57.30)%	
Understated indirect cost rate	15.18%	31.57%	
Total claimed salaries and benefits	× \$69,281	× \$70,381	
Audit adjustment	\$ 10,517	\$ 22,219	\$ 32,736

The program reimburses claimants based on a unit time allowance and the number of eligible domestic violence incident reports documented. We reviewed the indirect cost rate proposal (ICRP) rates in all years under audit. For FY 2004-05 and FY 2005-06, the city claimed ICRPs of 71.04% and 57.30%, respectively. The allowable ICRP rates were 86.22% and 88.87%, respectively.

Recommendation

We recommend that the city ensure that its indirect cost rates are correctly computed.

City’s Response

The city agreed with the audit finding.

**FINDING 4—
Ineligible training
cost claimed**

The city claimed \$22,566 in ineligible salary and benefit costs related to training. The related indirect costs total \$12,930.

The following table summarizes the audit adjustment:

	Fiscal Year 2004-05
Unallowable salaries	\$ (14,447)
Unallowable benefits	(8,119)
Total unallowable salaries and benefits	(22,566)
Unallowable indirect costs	(12,930)
Audit adjustment	\$ (35,496)

The city is allowed a “one-time” training cost for officers on newly written domestic violence arrest policies. As the training costs have been in place since 1998, the city is not eligible for these additional training costs.

Recommendation

We recommend that the city ensure that all claimed costs are eligible increased costs incurred as a result of the mandate, and that they are supported by appropriate documentation.

City’s Response

The city agreed with the audit finding.

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



NOV 04 2008

DEPARTMENT OF
POLICE

CHIEF OF POLICE
RICK BRAZIER

DEPUTY CHIEFS
SAM SOMERS, JR.
BRIAN LOUIE

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October 16, 2008
Ref: COP 10-28

Jim L Spano
Chief, Mandate Cost Audit Bureau
State Contoller's Office
Division of Audits
PO Box 942850
Sacramento, CA 94250-5874

Dear Mr. Spano:

Thank you for providing the City of Sacramento Police Department with the preliminary findings in your audit report on the Domestic Violence Arrest Policies and Standards Program. This letter provides you with a response to your findings outlined in the draft audit report dated August 29, 2008.

Finding 1 Unallowable salaries and benefits

Recommendation: Claim eligible costs and maintain adequate documentation to support costs claimed in accordance with parameters and guidelines.

Response: The city agrees. Originally the cases claimed included all domestic violence calls, we have since revised the claims to include only domestic violence reports.

Finding 2 Understated average productive hourly rates claimed

Recommendation: Calculate the average productive hourly rates based on the actual productive hourly rate for those officers who respond to domestic violence incidents.

The mission of the Sacramento Police Department is to work in partnership with the Community to protect life and property; solve neighborhood problems, and enhance the quality of life in our City.

Response: The City agrees with this finding and will ensure that future average productive hourly rate calculations are in compliance with the parameters and guidelines of the program.

Finding 3 **Understated indirect cost rate claimed**

Recommendation: The City should ensure that its indirect costs rates are correctly computed.

Response: The City agrees. The City will work to ensure that future indirect cost rates are correctly computed.

Finding 4 **Ineligible training cost claimed**

Recommendation: The city should ensure that all claimed costs are eligible increased costs incurred as a result of the mandate, and that they are supported by appropriate documentation.

Response: The city agrees. The program's parameters and guidelines restrict the reimbursable training costs to one-time costs that occurred during the implementation of new policies. Since these policies were updated in 1998, training on the new procedures have become a part of the normal training provided to Officers.

Sincerely,



Rick Braziel
Chief of Police

cc: Finance Director, City of Sacramento

**State Controller's Office
Division of Audits
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