

CITY OF SAN DIEGO

Audit Report

DOMESTIC VIOLENCE ARREST POLICIES AND STANDARDS PROGRAM

Chapter 246, Statutes of 1995

July 1, 2001, through June 30, 2004



JOHN CHIANG
California State Controller

March 2007



JOHN CHIANG
California State Controller

March 30, 2007

John J. Torell
Auditor and Comptroller
City of San Diego
202 C Street, Suite 9B
San Diego, CA 92101-4806

Dear Mr. Torell:

The State Controller's Office audited the costs claimed by the City of San Diego 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, 2004.

The city claimed \$913,121 (\$914,121 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$750,015 is allowable and \$163,106 is unallowable. The unallowable costs occurred because the city claimed ineligible, unsupported, and overstated costs. The State paid the city \$58. The State will pay allowable costs claimed that exceed the amount paid, totaling \$749,957, contingent upon available appropriations.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). 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 COSM's Web site, at www.csm.ca.gov (Guidebook link); you may obtain IRC forms by telephone, at (916) 323-3562, or by e-mail, at csminfo@csm.ca.gov.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/vb:ams

cc: William M. Lansdowne, Chief of Police
City of San Diego
Allegra Pajot, Supervising Management Analyst
City of San Diego Police Department
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 San Diego 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, 2004. The last day of fieldwork was June 13, 2006.

The city claimed \$913,121 (\$914,121 less a \$1,000 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$750,015 is allowable and \$163,106 is unallowable. The unallowable costs occurred because the city claimed ineligible, unsupported, and overstated costs. The State paid the city \$58. The State will pay allowable costs claimed that exceed the amount paid totaling \$749,957, contingent upon available appropriations.

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 (COSM) determined that Chapter 246, Statutes of 1995, imposed a state mandate reimbursable under *Government Code* Section 17561.

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. COSM adopted the *Parameters and Guidelines* on August 20, 1998. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2001, through June 30, 2004.

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 the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Sections 12410, 17558.5, and 17561. We did not audit the city's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain Reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

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 San Diego claimed \$913,121 (\$914,121 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 \$750,015 is allowable and \$163,106 is unallowable. The State paid the city \$58. The State will pay allowable costs claimed that exceed the amount paid, totaling \$749,957, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on December 29, 2006. Ronald H. Villa, Police Fiscal Operations Manager, responded by letter dated March 2, 2007 (Attachment), agreeing with Finding 1 and disagreeing with Findings 2 and 3. This final audit report includes the city's response.

Restricted Use

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

**Schedule 1—
Summary of Program Costs
July 1, 2001, through June 30, 2004**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Salaries	\$ 205,486	\$ 171,369	\$ (34,117)	Findings 1, 2
Benefits	61,030	50,898	(10,132)	Findings 1, 2
Total direct costs	266,516	222,267	(44,249)	
Indirect costs	26,652	17,137	(9,515)	Findings 1, 2, 3
Total direct and indirect costs	293,168	239,404	(53,764)	
Less late penalty	(1,000)	(1,000)	—	
Total program costs	<u>\$ 292,168</u>	238,404	<u>\$ (53,764)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 238,404</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Salaries	\$ 208,340	\$ 176,489	\$ (31,851)	Findings 1, 2
Benefits	70,002	59,300	(10,702)	Findings 1, 2
Total direct costs	278,342	235,789	(42,553)	
Indirect costs	27,834	17,649	(10,185)	Findings 1, 2, 3
Total direct and indirect costs	306,176	253,438	(52,738)	
Less late penalty	—	—	—	
Total program costs	<u>\$ 306,176</u>	253,438	<u>\$ (52,738)</u>	
Less amount paid by the State		(58)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 253,380</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Salaries	\$ 214,514	\$ 180,037	\$ (34,477)	Findings 1, 2
Benefits	71,647	60,132	(11,515)	Findings 1, 2
Total direct costs	286,161	240,169	(45,992)	
Indirect costs	28,616	18,004	(10,612)	Findings 1, 2, 3
Total direct and indirect costs	314,777	258,173	(56,604)	
Less late penalty	—	—	—	
Total program costs	<u>\$ 314,777</u>	258,173	<u>\$ (56,604)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 258,173</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2001, through June 30, 2004</u>				
Salaries	\$ 628,340	\$ 527,895	\$(100,445)	Findings 1, 2
Benefits	<u>202,679</u>	<u>170,330</u>	<u>(32,349)</u>	Findings 1, 2
Total direct costs	831,019	698,225	(132,794)	
Indirect costs	<u>83,102</u>	<u>52,790</u>	<u>(30,312)</u>	Findings 1, 2, 3
Total direct and indirect costs	914,121	751,015	(163,106)	
Less late penalty	<u>(1,000)</u>	<u>(1,000)</u>	<u>—</u>	
Total program costs	<u>\$ 913,121</u>	750,015	<u>\$(163,106)</u>	
Less amount paid by the State		<u>(58)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 749,957</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Unallowable salary and
benefits, and related
indirect costs**

The city claimed unallowable salary and benefit costs totaling \$80,560. The related indirect costs total \$8,056. The city claimed ineligible and unsupported costs. The following table summarizes the audit adjustment.

	Fiscal Year			Total
	2001-02	2002-03	2003-04	
Salary costs:				
Training officers about written arrest policies	\$ (17,359)	\$ (10,074)	\$ (25,498)	\$ (52,931)
Implementation of written arrest policies	—	(6,378)	(1,538)	(7,916)
Total salary costs	(17,359)	(16,452)	(27,036)	(60,847)
Benefit costs	(5,155)	(5,528)	(9,030)	(19,713)
Indirect costs	(2,251)	(2,198)	(3,607)	(8,056)
Audit adjustment	<u>\$ (24,765)</u>	<u>\$ (24,178)</u>	<u>\$ (39,673)</u>	<u>\$ (88,616)</u>

Training Officers on Written Arrest Policies

The city claimed ineligible salary costs totaling \$52,931. The city claimed training costs for courses related to domestic violence attended by law enforcement officers and dispatchers. However, several courses were outside the mandated program’s scope, including courses for expert witnesses, investigations, response teams, and dispatchers.

Parameters and Guidelines specifies activities eligible for reimbursement. Regarding training costs, *Parameters and Guidelines* identifies the reimbursable activity as “training local law enforcement officers who normally respond to incidents of domestic violence on the new domestic violence arrest policies.” The written arrest policies encourage or require peace officers to arrest domestic violence offenders under specified circumstances and require peace officers to make reasonable efforts to identify the primary aggressor in any incident.

Implementation of Written Arrest Policies

The city claimed unsupported salary costs totaling \$7,916. The mandated program reimburses claimants based on a unit time allowance and the number of domestic violence incident reports documented. The city reported 10,318 domestic violence incident responses for fiscal year (FY) 2002-03, and 9,892 responses for FY 2003-04. However, the city’s records support only 9,963 responses for FY 2002-03 and 9,811 responses for FY 2003-04.

The following table shows the calculation of unallowable salary costs.

	Fiscal Year		Total
	2002-03	2003-04	
Documented responses	9,963	9,811	
Less reported responses	(10,318)	(9,892)	
Unsupported responses	(355)	(81)	
Unit time allowance (hours)	× 0.48	× 0.48	
Unallowable hours	(170.4)	(38.9)	
Productive hourly rate claimed	× \$ 37.43	× \$ 39.55	
Unallowable salary costs	\$ (6,378)	\$ (1,538)	\$ (7,916)

Parameters and Guidelines requires 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

Training Officers on Written Arrest Policies

The City accepts the audit finding that some of the courses claimed, although pertaining to domestic violence and including content related to identification of the primary aggressor, were outside the mandated program’s scope.

Implementation of Written Arrest Policies

The City proactively revised the methodology, not the documentation, used to identify those domestic violence responses claimed, solely and specifically for the purpose of the mandated program. This more conservative methodology resulted in a reduction of reported responses. The City accepts the audit finding.

SCO’s Comment

Our finding and recommendation are unchanged. The city accepted the audit finding.

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

The city claimed unallowable salary and benefit costs totaling \$52,234. The related indirect costs total \$5,223. The city overstated the average productive hourly rates that it used to claim costs associated with implementing the written arrest policies. The city used the maximum pay rate that Police Officer II employees earn to calculate the productive hourly rate that it used to claim salary costs.

For each fiscal year, we sampled 10 domestic violence incident reports to calculate an average productive hourly rate. For each sampled incident report, the city provided documentation to support the actual productive hourly rate for the officer(s) who responded to the domestic violence incident. In cases where more than one officer responded to an incident,

we calculated an average productive hourly rate for that incident. We then used the average productive hourly rate for each incident to calculate an average productive hourly rate for all incidents sampled.

The following table summarizes the audit adjustment.

	Fiscal Year			Total
	2001-02	2002-03	2003-04	
Allowable average productive hourly rate	\$ 32.32	\$ 34.21	\$ 37.97	
Claimed average productive hourly rate	<u>(35.86)</u>	<u>(37.43)</u>	<u>(39.55)</u>	
Unallowable productive hourly rate	(3.54)	(3.22)	(1.58)	
Unit time allowance (hours)	× 0.48	× 0.48	× 0.48	
Documented incident responses	<u>× 9,862</u>	<u>× 9,963</u>	<u>× 9,811</u>	
Unallowable salary costs	\$(16,758)	\$(15,399)	\$ (7,441)	\$(39,598)
Benefit costs	(4,977)	(5,174)	(2,485)	(12,636)
Indirect costs	<u>(2,173)</u>	<u>(2,057)</u>	<u>(993)</u>	<u>(5,223)</u>
Audit adjustment	<u>\$(23,908)</u>	<u>\$(22,630)</u>	<u>\$(10,919)</u>	<u>\$(57,457)</u>

Parameters and Guidelines states that all costs claimed shall be traceable to source documents that show the validity of such costs. Source documents may include, but are not limited to, time logs evidencing actual costs claimed, payroll records, and other documents evidencing the expenditure. In calculating costs associated with implementing the domestic violence arrest policies, *Parameters and Guidelines* states that claimants will calculate costs by multiplying the number of domestic violence incident responses by the average productive hourly rate and 0.48 hours.

Recommendation

We recommend that the city calculate average productive hourly rates based on the actual productive hourly rate of those officers who respond to domestic violence incidents. When more than one officer responds to a single incident, the city should calculate an average productive hourly rate for that incident.

City’s Response

The City does not accept the audit finding.

State audit staff was provided with a spreadsheet of the rates of officers responding to the cases sampled. Normally there will be at least two officers responding to a domestic violence incident. The average number of officers responding to the cases sampled was 3.7. With 43 percent of the incidents there were three or more officers responding.

It was initially suggested by State audit staff that the claim rate be based on the salary of the officer who prepared the domestic violence arrest report. However, the individual who prepares the reports is not necessarily the same individual who is primarily responsible for assessments/decisions relative to the case. In all but three of the incidents, one or more of the responding officers was journey-level (Police Officer II – E Step) or higher. In fact, if the individual with the highest pay rate (by incident) is selected instead of the person

processing the paperwork, the claimed rates are very close to the actual sample. For Fiscal Year 2002 the actual rate is \$0.14 less than that claimed. However, for Fiscal Year 2003 the actual rate is \$1.92 higher than claimed, and for Fiscal Year 2004 the actual rate is \$0.96 higher than claimed.

The audit recommendation that the City calculate average productive hourly rates based on the actual productive hourly rate of those officers who respond to domestic violence incidents is simply not practical. Such a methodology would require that staff pull the dispatch report for each incident and review the document in detail to determine all responding officers. Staff would then have to pull the payroll record for each officer and determine the officers' salary rates and what special pays (e.g., bilingual, shift differential, SWAT) were appropriate for that date. Staff would then have to research the special pay rates for that date and make the necessary calculations. Then the officers' pay rates would have to be averaged. The City claims approximately 10,000 domestic violence incidents under the mandated program; preparing a claim, even if staff were available and reimbursement assured, would not be cost efficient.

Consequently, the City proposes that a flat rate be developed solely and specifically for the purpose of future claims for the mandated program. This conservative rate would be based on the average classification step of all (non-investigative) Police Officers II and the average shift differential at the mid-point of the fiscal year.

SCO's Comment

Our finding and recommendation are unchanged. The city provided no additional documentation that supports the claimed productive hourly rates.

The city states "the individual who prepares the report is not necessarily the same individual who is primarily responsible for assessments/decisions relative to the case." However, the city did not identify any methodology to identify the primary responsible individual. The city also presented its calculation of average productive hourly rates. The city used the highest pay rate of individuals who responded to each incident. However, the city provided no documentation showing that these individuals performed the mandated activities.

Parameters and Guidelines requires the city to claim actual costs. We believe that our audit methodology fairly and accurately reflects actual costs for the audit period. The city contends that the auditor's methodology is inefficient to prepare the city's mandated cost claim. The city proposes to use a flat rate based on the "average classification step" of all non-investigative Police Officer II employees. We do not concur with the city's proposal. Our audit tests show that Police Officer I employees also responded to domestic violence incidents. One acceptable alternative is a weighted average of Police Officer I and Police Officer II pay rates, using Pay Step C for each classification and the average shift differential pay.

**FINDING 3—
Unallowable indirect costs**

The city claimed unallowable indirect costs totaling \$17,033. The city chose to use a flat 10% indirect cost rate rather than prepare an indirect cost rate proposal. The city incorrectly calculated indirect costs claimed by applying the indirect cost rate to total salary and benefit costs rather than salary costs only.

The following table summarizes the audit adjustment.

	Fiscal Year			Total
	2001-02	2002-03	2003-04	
Allowable benefit costs	\$ 50,898	\$ 59,300	\$ 60,132	
Unallowable indirect costs	× (10)%	× (10)%	× (10)%	
Audit adjustment	<u>\$ (5,090)</u>	<u>\$ (5,930)</u>	<u>\$ (6,013)</u>	<u>\$ (17,033)</u>

Parameters and Guidelines states, “Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing a departmental Indirect Cost Rate Proposal (ICRP). . . .”

Recommendation

We recommend that the city calculate indirect costs claimed in accordance with *Parameters and Guidelines*.

City’s Response

...[P]rior to submission of the original claim, the City was advised by staff at the State Mandated Cost Program that use of a 10% flat rate for **both** salary and benefits would be acceptable if greater actual indirect costs were supportable upon audit. Consequently, the City requests that the indirect costs be recalculated (on salary costs only) based on documented IRC rates as follows:

Fiscal Year 2002	30.9%
Fiscal Year 2003	32.9%
Fiscal Year 2004	22.4%

SCO’s Comment

Our finding and recommendation are unchanged. *Parameters and Guidelines* states, “Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing a departmental Indirect Cost Rate Proposal (ICRP) for the department if an indirect cost rate in excess of 10% is claimed.” The city incorrectly applied the 10% flat indirect cost rate to benefit costs claimed. The city provided no documentation supporting the indirect cost rates that it identified in its response.

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

March 2, 2007

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

Dear Mr. Spano:

Following is the response by the City of San Diego to the State Controller's Office audit of costs claimed for the legislatively mandated Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2001, through June 30, 2004.

Findings and Recommendations

Finding 1 – Unallowable salary and benefits, and related indirect costs

Training Officers on Written Arrest Policies

The City accepts the audit finding that some of the courses claimed, although pertaining to domestic violence and including content related to identification of the primary aggressor, were outside the mandated program's scope.

Implementation of Written Arrest Policies

The City proactively revised the methodology, not the documentation, used to identify those domestic violence responses claimed, solely and specifically for the purpose of the mandated program. This more conservative methodology resulted in a reduction of reported responses. The City accepts the audit finding.

Finding 2 – Overstated average productive hourly rates claimed

The draft audit report states that the City overstated the average productive hourly rates that it used to claim costs associated with implementing the written policies. The City does not accept the audit finding.

State audit staff was provided with a spreadsheet of the rates of officers responding to the cases sampled. Normally there will be at least two officers responding to a domestic violence incident. The average number of officers responding to the cases sampled was 3.7. With 43 percent of the incidents there were three or more officers responding.

It was initially suggested by State audit staff that the claim rate be based on the salary of the officer who prepared the domestic violence arrest report. However, the individual who prepares the reports is not necessarily the same individual who is primarily responsible for assessments/decisions relative to the case. In all but three of the incidents, one or more of the responding officers was journey-level (Police Officer II – E Step) or higher. In fact, if the individual with the highest pay rate (by incident) is

selected instead of the person processing the paperwork, the claimed rates are very close to the actual sample. For Fiscal Year 2002 the actual rate is \$0.14 less than that claimed. However, for Fiscal Year 2003 the actual rate is \$1.92 higher than claimed, and for Fiscal Year 2004 the actual rate is \$0.96 higher than claimed.

The audit recommendation that the City calculate average productive hourly rates based on the actual productive hourly rate of those officers who respond to domestic violence incidents is simply not practical. Such a methodology would require that staff pull the dispatch report for each incident and review the document in detail to determine all responding officers. Staff would then have to pull the payroll record for each officer and determine the officers' salary rates and what special pays (e.g., bilingual, shift differential, SWAT) were appropriate for that date. Staff would then have to research the special pay rates for that date and make the necessary calculations. Then the officers' pay rates would have to be averaged. The City claims approximately 10,000 domestic violence incidents under the mandated program; preparing a claim, even if staff were available and reimbursement assured, would not be cost efficient.

Consequently, the City proposes that a flat rate be developed solely and specifically for the purpose of future claims for the mandated program. This conservative rate would be based on the average classification step of all (non-investigative) Police Officers II and the average shift differential at the mid-point of the fiscal year.

Finding 3 – Unallowable indirect costs

The draft audit reports states that the City chose to use a flat 10% indirect cost rate rather than prepare an indirect cost rate proposal, and that the City incorrectly calculated indirect costs claimed by applying the indirect cost rate to total salary and benefits costs rather than salary costs only.

However, prior to submission of the original claim, the City was advised by staff at the State Mandated Cost Program that use of a 10% flat rate for **both** salary and benefits would be acceptable if greater actual indirect costs were supportable upon audit. Consequently, the City requests that the indirect costs be recalculated (on salary costs only) based on documented IRC rates as follows:

Fiscal Year 2002	30.9%
Fiscal Year 2003	32.9%
Fiscal Year 2004	22.4%

Thank you for your consideration of our comments. If you have any questions, please contact me at 619-531-2883.

Ronald H. Villa
Police Fiscal Operations Manager

AP

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<http://www.sco.ca.gov>