

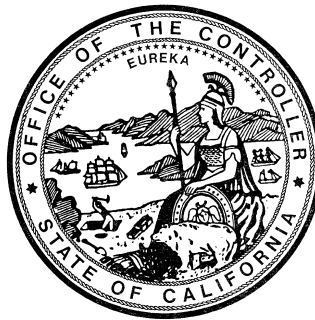
SACRAMENTO COUNTY

Audit Report

DOMESTIC VIOLENCE TREATMENT SERVICES-AUTHORIZATION AND CASE MANAGEMENT PROGRAM

Chapters 183 and 184, Statutes of 1992; Chapter 28,
Statutes of 1994; and Chapter 641, Statutes of 1995

July 1, 1999, through June 30, 2002



STEVE WESTLY
California State Controller

November 2006



STEVE WESTLY
California State Controller

November 29, 2006

Dave Irish, CPA
Director of Finance
Sacramento County Department of Finance
700 H Street
Sacramento, CA 95814

Dear Mr. Irish:

The State Controller's Office audited the costs claimed by Sacramento County for the legislatively mandated Domestic Violence Treatment Services-Authorization and Case Management Program (Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995) for the period of July 1, 1999, through June 30, 2002.

The county claimed \$347,096 (\$347,837 less a \$741 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$266,762 is allowable and \$80,334 is unallowable. The unallowable costs occurred because the county claimed unsupported salary and benefit costs. The State paid the county \$314,286. The amount paid exceeds allowable costs claimed by \$47,524.

If you disagree with the audit finding, 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

cc: Julie Valverde

Assistant Auditor-Controller
Sacramento County

Verne Spiers

Chief Probation Officer
Sacramento County Probation Department

Annie Granucci

Senior Accounting Manager
Sacramento County Probation Department

Shawn Ayala

Assistant Chief Deputy
Sacramento County Probation 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 Sacramento County for the legislatively mandated Domestic Violence Treatment Services-Authorization and Case Management Program (Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995) for the period of July 1, 1999, through June 30, 2002. The last day of fieldwork was April 7, 2006.

The county claimed \$347,096 (\$347,837 less a \$741 penalty for filing a late claim) for the mandated program. Our audit disclosed that \$266,762 is allowable and \$80,334 is unallowable. The unallowable costs occurred because the county claimed unsupported salary and benefit costs. The State paid the county \$314,286. The amount paid exceeds allowable costs claimed by \$47,524.

Background

Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, Statutes of 1995, repealed, added, or amended *Penal Code* Sections 273.5, 1000.93 through 1000.95, and 1203.097. The legislation provide that if an accused is convicted of a domestic violence crime and granted probation as part of sentencing, the defendant is required to successfully complete a batterer's treatment program as a condition of probation.

The Commission on State Mandates (COSM) determined that probation is a penalty for conviction of a crime. The successful completion of probation is required before the unconditional release of the defendant. If the defendant fails to successfully complete a batterer's treatment program, the legislation subjects the defendant to further sentencing and incarceration.

Since the Legislature changed the penalty for domestic violence crimes by changing the requirements for probation, COSM determined that the "crimes and infractions" disclaimer in *Government Code* Section 17556, subdivision (g), applies. COSM concluded that subdivision (g) applies to those activities required by the legislation that are directly related to the enforcement of the statute, which changed the penalty for a crime.

On April 23, 1998, COSM determined that Chapters 183 and 184, Statutes of 1992; Chapter 28, Statutes of 1994; and Chapter 641, 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 November 30, 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 Treatment Services-Authorization and Case Management Program for the period of July 1, 1999, through June 30, 2002.

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

For the audit period, Sacramento County claimed \$347,096 (\$347,837 less a \$741 penalty for filing a late claim) for costs of the Domestic Violence Treatment Services-Authorization and Case Management Program. Our audit disclosed that \$266,762 is allowable and \$80,334 is unallowable.

For fiscal year (FY) 1999-2000, the State paid the county \$153,711. Our audit disclosed that \$91,747 is allowable. The county should return \$61,964 to the State.

For FY 2000-01, the State paid the county \$114,737. Our audit disclosed that \$96,367 is allowable. The county should return \$18,370 to the State.

For FY 2001-02, the State paid the county \$45,838. Our audit disclosed that \$78,648 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$32,810, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on August 30, 2006. Annie Granucci, Senior Accounting Manager, Sacramento County Probation Department, responded by electronic mail message on September 18, 2006. This final audit report includes the county's response.

Subsequent to our draft audit report, we revised our audit finding to correct the weighted average productive hourly rates that we used to calculate allowable costs for components 2 and 3. We revised the audit finding to decrease allowable salary and benefit costs by \$5,033, and related indirect costs by \$1,952. On November 3, 2006, we notified the county of the revised audit finding. The county agreed that we may issue the audit report as final.

Restricted Use

This report is solely for the information and use of Sacramento 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

**Schedule 1—
Summary of Program Costs
July 1, 1999, through June 30, 2002**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 1999, through June 30, 2000</u>			
Salaries and benefits	\$ 115,705	\$ 69,806	\$ (45,899)
Indirect costs	40,497	24,432	(16,065)
Total direct and indirect costs	156,202	94,238	(61,964)
Less offsetting revenues/reimbursements	(1,750)	(1,750)	—
Subtotal	154,452	92,488	(61,964)
Less late penalty	(741)	(741)	—
Total program costs	<u>\$ 153,711</u>	91,747	<u>\$ (61,964)</u>
Less amount paid by the State		(153,711)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (61,964)</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Salaries and benefits	\$ 84,460	\$ 71,282	\$ (13,178)
Indirect costs	33,277	28,085	(5,192)
Total direct and indirect costs	117,737	99,367	(18,370)
Less offsetting revenues/reimbursements	(3,000)	(3,000)	—
Total program costs	<u>\$ 114,737</u>	96,367	<u>\$ (18,370)</u>
Less amount paid by the State		(114,737)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (18,370)</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Salaries and benefits	\$ 57,539	\$ 70,446	\$ 12,907
Indirect costs	24,109	29,517	5,408
Total direct and indirect costs	81,648	99,963	18,315
Less offsetting revenues/reimbursements	(3,000)	(3,000)	—
Subtotal	78,648	96,963	18,315
Adjustment to reduce total allowable costs to total claimed costs ²	—	(18,315)	(18,315)
Total program costs	<u>\$ 78,648</u>	78,648	<u>\$ —</u>
Less amount paid by the State		(45,838)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 32,810</u>	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>Summary: July 1, 1999, through June 30, 2002</u>			
Salaries and benefits	\$ 257,704	\$ 211,534	\$ (46,170)
Indirect costs	<u>97,883</u>	<u>82,034</u>	<u>(15,849)</u>
Total direct and indirect costs	355,587	293,568	(62,019)
Less offsetting revenues/reimbursements	<u>(7,750)</u>	<u>(7,750)</u>	<u>—</u>
Subtotal	347,837	285,818	(62,019)
Less late penalty	(741)	(741)	—
Adjustment to reduce FY 2001-02 total allowable costs to total claimed costs ²	<u>—</u>	<u>(18,315)</u>	<u>(18,315)</u>
Total program costs	<u>\$ 347,096</u>	266,762	<u>\$ (80,334)</u>
Less amount paid by the State		<u>(314,286)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (47,524)</u>	

¹ See the Finding and Recommendation 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. That deadline has expired for FY 2001-02.

Finding and Recommendation

**FINDING—
Unallowable salary,
benefit, and related
indirect costs**

The county claimed unallowable salary and benefit costs totaling \$46,170 for the audit period. The related indirect costs total \$15,849.

The county claimed salary and benefit costs for the following reimbursable activities.

- Component 1—Administration and regulation of batterers’ treatment programs
- Component 2—Victim notification

The county did not claim costs for Component 3—Assessing the future probability of a defendant committing murder.

The following table summarizes the audit adjustment.

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Salaries and benefits:				
Component 1	\$ (46,884)	\$ (21,280)	\$ (7,050)	\$ (75,214)
Component 2	(4,824)	1,760	13,839	10,775
Component 3	5,809	6,342	6,118	18,269
Total salaries and benefits	(45,899)	(13,178)	12,907	(46,170)
Indirect costs	(16,065)	(5,192)	5,408	(15,849)
Audit adjustment	\$ (61,964)	\$ (18,370)	\$ 18,315	\$ (62,019)

Component 1

The county claimed salary and benefit costs totaling \$212,587 for the audit period. For fiscal year (FY) 1999-2000 and FY 2000-01, the county claimed costs by estimating the time spent by probation officers administering the county’s batterer programs. The county did not maintain actual time records. For FY 2001-02, the county maintained actual time logs that support salary and benefit costs totaling \$45,791. The county verified that the mandated activities performed and level-of-service maintained during FY 2001-02 were consistent with the activities performed and services maintained for FY 1999-2000 and FY 2000-01. Therefore, we applied the results of the third year to the first two years, resulting in allowable costs of \$137,373, a reduction in claimed costs of \$75,214.

Components 2 and 3

For component 2, the county claimed salary and benefit costs totaling \$45,117 for the audit period. The county did not claim costs for component 3. The county claimed component 2 costs by estimating the time spent by probation officers performing victim notification activities. The county did not maintain actual time records.

During the period of May 30, 2004, through July 10, 2004, the county conducted a time study to identify time spent performing mandated activities under components 2 and 3. The time study results revealed that the county spent an average of 0.7236 hours per case for component 2 activities and 0.2204 hours per case for component 3 activities. We calculated allowable salary and benefit costs based on the average time spent for each component, the number of documented cases, weighted-average employee productive hourly rates, and employee benefit rates claimed. Consequently, we allowed salary and benefit costs of \$55,892 for component 2 and \$18,269 for component 3. This resulted in increases of \$10,775 to claimed costs for component 2 and \$18,269 for component 3.

Parameters and Guidelines states that direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities, or functions. It further requires that claimants describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity.

Recommendation

We recommend that the county establish ongoing procedures to identify actual time spent performing mandated activities.

County's Response

The Probation Department has implemented a time study of its Domestic Violence Treatment Services unit which will allow them to identify actual time spent performing mandated activities.

SCO's Comment

Subsequent to the county's response, we modified our finding to correct the weighted-average productive hourly rates that we used to calculate allowable costs for components 2 and 3. This resulted in decreases of \$4,812 to allowable salary and benefit costs for component 2 and \$221 for component 3. The allowable related indirect costs decreased by \$1,952. Our recommendation is unchanged.

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, California 94250-5874**

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