

RIVERSIDE COUNTY

Audit Report

OPEN MEETINGS ACT/ BROWN ACT REFORM PROGRAM

Chapter 641, Statutes of 1986,
and Chapters 1136, 1137, 1138, Statutes of 1993

July 1, 2002, through June 30, 2005



JOHN CHIANG
California State Controller

June 2008



JOHN CHIANG
California State Controller

June 25, 2008

The Honorable Roy Wilson, Chairperson
Board of Supervisors
Riverside County
P.O. Box 1326
Riverside, CA 92502-1326

Dear Supervisor Wilson:

The State Controller's Office audited the costs claimed by Riverside County for the legislatively mandated Open Meetings Act/Brown Act Reform Program (Chapter 641, Statutes of 1986, and Chapters 1136, 1137, 1138, Statutes of 1993) for the period of July 1, 2002, through June 30, 2005.

The county claimed \$730,080 for the mandated program. Our audit disclosed that \$675,139 is allowable and \$54,941 is unallowable. The unallowable costs resulted primarily because the county overstated the productive hourly labor rates. The State paid the county \$266,672. Allowable costs claimed exceed the amount paid by \$408,467.

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/sk

cc: The Honorable Robert E. Byrd, Auditor-Controller
Riverside County
Michael Alexander, Chief Internal Auditor
Auditor-Controller's Office
Riverside County
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 Riverside County for the legislatively mandated Open Meetings Act/Brown Act Reform Program (Chapter 641, Statutes of 1986, and Chapters 1136, 1137, 1138, Statutes of 1993) for the period of July 1, 2002, through June 30, 2005.

The county claimed \$730,080 for the mandated program. Our audit disclosed that \$675,139 is allowable and \$54,941 is unallowable. The unallowable costs resulted primarily because the county overstated productive hourly labor rates. The State paid the county \$266,672. Allowable costs claimed exceed the amount paid by \$408,467.

Background

Open Meetings Act Program

Chapter 641, Statutes of 1986, added Government Code sections 54954.2 and 54954.3. Section 54954.2 requires the legislative body of a local agency, or its designee, to post an agenda containing a brief general description of each item or business to be transacted or discussed at the regular meeting, subject to exceptions stated therein, specifying the time and location of the regular meeting. It also requires that the agenda to be posted at least 72 hours before the meeting in a location freely accessible to the public. Section 54954.3 requires members of the public to be provided an opportunity to address the legislative body on specific agenda items or an item of interest that is within the subject matter jurisdiction of the legislative body. The legislation requires that this opportunity be stated on the posted agenda.

Open Meetings Act/Brown Act Reform Program

Chapters 1136 through 1138, Statutes of 1993, amended Government Code sections 54952, 54954.2, 54957.1, and 54957.7, expanding the types of legislative bodies that are required to comply with the notice and agenda requirements of sections 54954.2 and 54954.3. These sections also require all legislative bodies to perform additional activities related to the closed sessions requirements of the Brown Act.

The Commission on State Mandates (CSM) determined that the Open Meetings Act Program (October 22, 1987) and the Open Meetings Act/Brown Act Reform Program (June 28, 2001) resulted in state-mandated costs that are reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted parameters and guidelines on September 22, 1988 (last amended on November 30, 2000) for the Open Meetings Act Program, and on April 25, 2002, for the Open Meetings Act/Brown Act Reform Program. 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.

The Open Meetings Act Program was effective August 29, 1986. Commencing in fiscal year (FY) 1997-98, a local agency may claim costs using the actual time reimbursement option, the standard-time reimbursement option, or the flat rate reimbursement option as specified in parameters and guidelines. The Open Meetings Act/Brown Act Reform Program was effective for FY 2001-02.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Open Meetings Act/Brown Act Reform Program for the period of July 1, 2002, through June 30, 2005.

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 Findings and Recommendations section of this report.

For the audit period, Riverside County claimed \$730,080 for costs of the Open Meetings Act/Brown Act Reform Program. Our audit disclosed that \$675,139 is allowable and \$54,941 is unallowable.

For the fiscal year (FY) 2002-03 claim, the State made no payment to the county. Our audit disclosed that \$200,401 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$200,401, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the county. Our audit disclosed that \$219,762 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$219,762, contingent upon available appropriations.

For the FY 2004-05 claim, the State paid the county \$266,672. Our audit disclosed that \$254,976 is allowable. The State will offset \$11,696 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

**Views of
Responsible
Official**

We issued a draft audit report on March 26, 2008. Michael G. Alexander, Deputy Auditor-Controller, responded by letter dated April 18, 2008 (Attachment), agreeing with the audit results. This final audit report includes the county's response.

Restricted Use

This report is solely for the information and use of Riverside 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

June 25, 2008

**Schedule 1—
Summary of Program Costs
July 1, 2002, through June 30, 2005**

	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2002, through June 30, 2003</u>				
Standard-time	\$ 161,206	\$ 144,555	\$ (16,651)	Finding 1
Flat-rate	55,846	55,846	—	
Total program costs	<u>\$ 217,052</u>	200,401	<u>\$ (16,651)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 200,401</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Standard-time	\$ 174,788	\$ 149,983	\$ (24,805)	Finding 1
Flat-rate	71,568	69,779	(1,789)	Finding 2
Total program costs	<u>\$ 246,356</u>	219,762	<u>\$ (26,594)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 219,762</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Standard-time	\$ 182,789	\$ 171,093	\$ (11,696)	Finding 1
Flat-rate	83,883	83,883	—	
Total program costs	<u>\$ 266,672</u>	254,976	<u>\$ (11,696)</u>	
Less amount paid by the State		(266,672)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (11,696)</u>		
<u>Summary: July 1, 2002, through June 30, 2005</u>				
Standard-time	\$ 518,783	\$ 465,631	\$ (53,152)	
Flat-rate	211,297	209,508	(1,789)	
Total program costs	<u>\$ 730,080</u>	675,139	<u>\$ (54,941)</u>	
Less amount paid by the State		(266,672)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 408,467</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Standard-time costs
overstated**

The county claimed \$53,152 in unallowable costs under the standard-time reimbursement option for the audit period. The county claimed the majority of its costs under this reimbursement option. The county claimed an inaccurate number of agenda items and applied the incorrect blended productive hourly rates.

Under the standard-time reimbursement option, reimbursement is calculated by multiplying the number of allowable agenda items claimed by 30 minutes for each item and then by a blended productive hourly rate of the involved employees.

The county overstated claimed productive hourly rate for the Clerk of the Board and the County Counsel by \$8.52 for fiscal year (FY) 2002-03, \$12.49 for FY 2003-04, and \$8.73 for FY 2004-05 because it used budgeted rather than actual salary information and did not support some of the costs claimed. The county supported hours worked by the Clerk of the Board and Board Assistants; however, the county did not support hours worked by the County Counsel or the Counsel’s Administrative Assistant.

For FY 2004-05, the county understated the number of reimbursable agenda items by 95 because of a miscount.

The following table summarizes the audit adjustment under the standard-time reimbursement option:

	Fiscal Year			Total
	2002-03	2003-04	2004-05	
Number of allowable agenda items	3,909.0	3,972.0	3,764.0	
Standard-time per agenda item (hours)	× 0.5	× 0.5	× 0.5	
Subtotal	1,954.5	1,986.0	1,882.0	
Allowable blended productive hourly rate	× \$ 73.96	× \$ 75.52	× \$ 90.91	
Total allowable costs	144,555	149,983	171,093	\$ 465,631
Number of claimed agenda items	3,909.0	3,972.0	3,669.0	
Standard-time per agenda item (hours)	× 0.5	× 0.5	× 0.5	
Subtotal	1,954.5	1,986.0	1,834.5	
Claimed blended productive hourly rate	× \$ 82.48	× \$ 88.01	× \$ 99.64	
Total claimed costs	161,206	174,788	182,789	518,783
Audit adjustment	\$ (16,651)	\$ (24,805)	\$ (11,696)	\$ (53,152)

The program’s parameters and guidelines, Section V, state that reimbursement under the standard-time reimbursement option will be calculated based on the number of allowable meeting agenda items. Section VI states that the number of meeting agenda items will be supported by copies of agendas.

In addition, the parameters and guidelines require that all costs claimed be traceable to source documents and/or worksheets that show evidence of and the validity of such costs.

Recommendation

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

County’s Response

The county agreed with the audit finding.

**FINDING 2—
Flat-rate costs
unsupported**

The county claimed \$1,789 in unallowable costs under the flat-rate reimbursement option for FY 2003-04. The county overstated the number of reimbursable meetings by 15 because of a miscount.

The following table summarizes the audit adjustment under the flat-rate reimbursement option:

	Fiscal Year 2004-05
Number of overstated meetings	(15)
Uniform cost allowance	× \$ 119.28
Audit adjustment	<u>\$ (1,789)</u>

The parameters and guidelines, Section V, state that reimbursement under the flat rate option will be calculated by multiplying the uniform cost allowance by the number of open meetings.

In addition, parameters and guidelines require that all costs claimed be traceable to source documents and/or worksheets that show evidence of and the validity of such costs.

Recommendation

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

County’s Response

The county agreed with the audit finding.

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



April 18, 2008

OFFICE OF THE
COUNTY AUDITOR-
CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1328
(951) 955-3800



Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Bruce Kincaid, CPA
ASSISTANT
AUDITOR-CONTROLLER

State Controller's Office
Attn: Jim L. Spano, Chief
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Spano:

We are in receipt of the draft audit report issued by the State Controller's Office on March 26, 2008 regarding audit of Riverside County SB90 claims filed for the legislatively mandated Open Meetings/Brown Act Reform Program (Chapter 64), Statutes of 1986 and Chapter 1136, 1137, 1138 Statutes of 1993 for the period of July 1, 2002 through June 30, 2005.

The County response to the draft audit report findings is contained herein.

Finding 1: The County claimed \$ 53,152 in unallowable costs under the standard-time reimbursement option for the audit period. The County claimed the majority of its costs under this reimbursement option. The County claimed an inaccurate number of agenda items and applied the incorrect blended productive hourly rates.

County response: County concurs with finding and recommendation.

Finding 2: The County claimed \$ 1,789 in unallowable costs under the flat-rate reimbursement option for FY 2003/04. The County overstated the number of reimbursable meetings by 15 because of a miscount.

County response: County concurs with finding and recommendation.

Please note that on the Page 3 Views of Responsible Official section, the job title for Dale Mangram should be Senior Accountant. Also, the third sentence of Page 5 Paragraph 1 should refer to County rather than city.

Should you have any questions regarding the above, please contact Jerry Wood at (951) 955-3574.

Sincerely,

Michael G. Alexander
Deputy Auditor-Controller

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

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