

ORANGE COUNTY

Audit Report

SEXUALLY VIOLENT PREDATOR PROGRAM

Chapter 762 and 763, Statutes of 1995,
and Chapter 4, Statutes of 1996

July 1, 2000, through June 30, 2003



STEVE WESTLY
California State Controller

September 2005



STEVE WESTLY
California State Controller

September 15, 2005

David E. Sundstrom, CPA
Auditor-Controller
Orange County
12 Civic Center Plaza, Room 202
Santa Ana, CA 92702-0567

Dear Mr. Sundstrom:

The State Controller's Office audited the costs claimed by Orange County for the legislatively mandated Sexually Violent Predator Program (Chapter 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) for the period of July 1, 2000, through June 30, 2003.

The county claimed \$2,976,140 for the mandated program. Our audit disclosed that \$2,518,521 is allowable and \$457,619 is unallowable. The unallowable costs occurred because the county claimed costs that are unallowable and unsupported. The State paid the county \$1,045,960. Allowable costs claimed exceed the amount paid by \$1,472,561.

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

Sincerely,

Original Signed By:

VINCENT P. BROWN
Chief Operating Officer

VPB:JVB/ams

cc: Claire Moynihan, Manager
Auditor-Controller's Office
Orange County
Tony Rackauckas, District Attorney
Orange County
Deborah A. Kwast, Public Defender
Orange County
Michael S. Carona, Sheriff-Coroner
Orange County
Margaret Cady, Revenue/Audit Manager
District Attorney's Office
Orange County
Kenneth Tran, Staff Analyst
District Attorney's Office
Orange County
Becky Juliano, Manager of Administration
Public Defender's Office
Orange County
James Tilton, 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 Orange County for the legislatively mandated Sexually Violent Predator Program (Chapter 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) for the period of July 1, 2000, through June 30, 2003. The last day of fieldwork was January 20, 2005.

The county claimed \$2,976,140 for the mandated program. Our audit disclosed that \$2,518,521 is allowable and \$457,619 is unallowable. The unallowable costs occurred because the county claimed costs that are unallowable and unsupported. The State paid the county \$1,045,960. Allowable costs claimed exceed the amount paid by \$1,472,561.

Background

Welfare and Institutions Code Sections 6250 and 6600 through 6608 (added by Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) establish new civil commitment procedures for the continued detention and treatment of sexually violent offenders following their completion of a prison term for certain sex-related offenses. Before detention and treatment are imposed, the county attorney is required to file a petition for civil commitment. A trial is then conducted to determine if the inmate is a sexually violent predator beyond a reasonable doubt. If the inmate accused of being a sexually violent predator is indigent, the test claim legislation requires counties to provide the indigent with the assistance of counsel and experts necessary to prepare the defense.

On June 25, 1998, the Commission on State Mandates (COSM) determined that Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996, imposed a reimbursable state mandate under *Government Code* Section 17561.

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. COSM adopted *Parameters and Guidelines* on September 24, 1998. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies in claiming reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Sexually Violent Predator Program for the period of July 1, 2000, through June 30, 2003.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, not funded by another source, and 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* Section 17558.5. 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, Orange County claimed \$2,976,140 for costs of the Sexually Violent Predator Program. Our audit disclosed that \$2,518,521 is allowable and \$457,619 is unallowable.

For fiscal year (FY) 2000-01, the State paid the county \$692,898. Our audit disclosed that \$598,815 is allowable. The county should return \$94,083 to the State.

For FY 2001-02, the State paid the county \$353,062. Our audit disclosed that \$786,359 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$433,297, contingent upon available appropriations.

For FY 2002-03, the State made no payment to the county. Our audit disclosed that \$1,133,347 is allowable, which the State will pay contingent upon available appropriations.

Views of Responsible Officials

We issued a draft audit report on June 3, 2005. Shaun Skelly, Chief Assistant Auditor-Controller, responded by letter dated July 26, 2005 (Attachment), agreeing with the audit results except for Finding 1. Under Finding 1, the Public Defender's Office indicated that it did not agree with its part of the finding but would not dispute it. This final audit report includes the county's response.

Restricted Use

This report is solely for the information and use of Orange 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, 2000, through June 30, 2003**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2000, through June 30, 2001</u>				
Salaries and benefits	\$ 419,888	\$ 362,528	\$ (57,360)	Finding 1
Services and supplies	172,827	156,662	(16,165)	Finding 2
Training and travel	9,764	1,454	(8,310)	Finding 3
Subtotal	602,479	520,644	(81,835)	
Indirect costs	90,419	78,171	(12,248)	Finding 1
Total claimed costs	<u>\$ 692,898</u>	598,815	<u>\$ (94,083)</u>	
Less amount paid by the State		(692,898)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (94,083)</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Salaries and benefits	\$ 639,309	\$ 502,897	\$ (136,412)	Finding 1
Services and supplies	185,855	173,202	(12,653)	Finding 2
Training and travel	14,420	6,087	(8,333)	Finding 3
Subtotal	839,584	682,186	(157,398)	
Indirect costs	133,108	104,173	(28,935)	Finding 1
Total claimed costs	<u>\$ 972,692</u>	786,359	<u>\$ (186,333)</u>	
Less amount paid by the State		(353,062)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 433,297</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Salaries and benefits	\$ 895,511	\$ 758,484	\$ (137,027)	Finding 1
Services and supplies	228,850	216,668	(12,182)	Finding 2
Training and travel	23,764	19,876	(3,888)	Finding 3
Subtotal	1,148,125	995,028	(153,097)	
Indirect costs	162,425	138,319	(24,106)	Finding 1
Total claimed costs	<u>\$ 1,310,550</u>	1,133,347	<u>\$ (177,203)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,133,347</u>		
<u>Summary: July 1, 2000, through June 30, 2003</u>				
Salaries and benefits	\$ 1,954,708	\$ 1,623,909	\$ (330,799)	Finding 1
Services and supplies	587,532	546,532	(41,000)	Finding 2
Training and travel	47,948	27,417	(20,531)	Finding 3
Subtotal	2,590,188	2,197,858	(392,330)	
Indirect costs	385,952	320,663	(65,289)	Finding 1
Total claimed costs	<u>\$ 2,976,140</u>	2,518,521	<u>\$ (457,619)</u>	
Less amount paid by the State		(1,045,960)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,472,561</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Salaries, benefits, and indirect costs overstated

The county overstated salaries, benefits, and related indirect costs by \$330,799 for the audit period. A summary of the audit adjustments by department follows.

District Attorney's Office

The county claimed \$1,278 in duplicated salaries and benefits for fiscal year (FY) 2000-01.

In addition, the county claimed \$17,600 (\$6,579 for FY 2000-01 and \$11,021 for FY 2001-02) in unallowable salaries and benefits related to training for a deputy district attorney. The training was received subsequent to the attorney's initial training for sexually violent predator cases.

For FY 2002-03, the county claimed \$1,594 of unallowable salaries and benefits based on estimated hours worked by an attorney clerk. The county supported the cost with an annual time log, prepared after the end of the fiscal year, indicating that five hours were spent each month from July 2002 through June 2003 updating the SVP (sexually violent predator) calendar and filing cases in court. The time log stated that the number of hours "is an approximate figure." The county did not provide any source documents to identify the individual SVP cases or to support the estimated hours claimed.

Public Defender's Office

The county claimed \$221,076 (\$29,466 for FY 2000-01, \$95,419 for FY 2001-02, and \$96,191 for FY 2002-03) of unallowable salaries and benefits based on estimated hours worked for employees who worked less than 100% of their time in the SVP program. The county supported the costs with employee time sheets that identified hours for each fiscal year and with an employee mileage sheet that identified the miles traveled for each fiscal year. Both sheets for each fiscal year were signed by the employee and supervisor in July 2004. The hours claimed were based on estimates developed by each employee. The county did not support any of the estimated hours with contemporaneous time records or travel logs.

For FY 2001-02, the county also claimed \$4,053 of unallowable salaries and benefits related to training for two public defenders. The training was received subsequent to their initial training for SVP cases.

For FY 2002-03, the county also claimed \$5,180 of benefit costs using a benefits rate that was incorrectly computed.

Sheriff-Coroner's Office

The county overstated salaries and benefits by \$80,018. The related indirect costs total \$16,118.

The county claimed 130 hours, totaling \$7,697 (\$2,908 for FY 2000-01, \$3,691 for FY 2001-02, and \$1,098 for FY 2001-02), of unallowable salaries and benefits related to transporting non-SVP inmates.

In addition, the county claimed 1,144 hours, totaling \$72,321 (\$17,129 for FY 2000-01, \$22,228 for FY 2001-02, and \$32,964 for FY 2002-03), of salaries and benefits related to transporting SVP and non-SVP inmates from the county jail to a state hospital or to a state prison and back. The county did not support that it incurred any additional increased costs as a result of the mandate. The county claimed one labor hour for every 60 miles, plus one hour for rest. The county did not support the hours with contemporaneous time records or travel logs.

Parameters and Guidelines for the Sexually Violent Predator Program specifies that only actual increased costs incurred in the performance of the mandated activities and supported by appropriate documentation are reimbursable.

Parameters and Guidelines states that training on the county's internal policies and procedures for each employee who normally works on the Sexually Violent Predator Program is limited to initial one-time costs.

Following is a summary of salaries, benefits, and related indirect costs.

	Fiscal Year			Total
	2000-01	2001-02	2002-03	
District Attorney's Office				
Salary and benefit costs:				
Duplicate costs	\$ (1,278)	\$ —	\$ —	\$ (1,278)
Unallowable training costs	(6,579)	(11,021)	—	(17,600)
Estimated costs			(1,594)	(1,594)
Total salary and benefit costs	(7,857)	(11,021)	(1,594)	(20,472)
Indirect costs	(1,572)	(1,863)	(360)	(3,795)
Total, District Attorney's Office	(9,429)	(12,884)	(1,954)	(24,267)
Public Defender's Office				
Salary and benefit costs:				
Estimated costs	(29,466)	(95,419)	(96,191)	(221,109)
Unallowable training costs	—	(4,053)	—	(4,053)
Incorrect benefit rate	—	—	(5,180)	(5,180)
Total salary and benefit costs	(29,466)	(99,472)	(101,371)	(230,342)
Indirect costs	(6,659)	(21,585)	(17,132)	(45,376)
Total, Public Defender's Office	(36,125)	(121,057)	(118,503)	(275,685)
Sheriff-Coroner's Office				
Salary and benefit costs:				
Non-SVP transportation costs	(2,908)	(3,691)	(1,098)	(7,697)
Unsupported SVP transportation costs	(17,129)	(22,228)	(32,964)	(72,321)
Total salary and benefit costs	(20,037)	(25,919)	(34,062)	(80,018)
Indirect costs	(4,017)	(5,487)	(6,614)	(16,118)
Total, Sheriff-Coroner's Office	(24,054)	(31,406)	(40,676)	(96,136)
Audit adjustment	\$ (69,608)	\$ (165,347)	\$ (161,133)	\$ (396,088)

Recommendation

We recommend the county establish procedures to ensure that all costs claimed are supported and eligible.

County's Response

District Attorney's Response

The District Attorney's Office concurs with the finding and has already revised its procedures to detect and eliminate duplicated expenditures and include both costs related to eligible initial training and costs supported by activity-driven documentation.

Public Defender's Response

The Public Defender's Office does not concur, but will not dispute the finding. Our department provided time records that the auditor did not find acceptable. The Public Defender staff reconstructed the time records for the non-dedicated employees at the request of the auditor. These time records were based upon the actual client files, which fall under the attorney-client privilege. A meeting was held on June 23, 2004, which included the auditor, his supervisor, and Public Defender staff. At that meeting, a discussion was held regarding the type of reconstruction they wanted us to prepare in order to substantiate the time claimed. In addition to that meeting, the auditor also requested this agreed-upon reconstruction of time records in his June 24, 2004. Memorandum #3, Section 2, Paragraph 2. After the Public Defender staff spent a considerable amount of time reconstructing the time records to the auditor's specifications, the auditor refused to accept them. At the January 20, 2005 exit conference, the auditor eventually agreed, at the Public Defender's insistence, to review the reconstructed time records. On January 31, 2005, we received an email from the auditor informing us that the reconstructed time records were "declarations," and not contemporaneous time records, and were therefore unacceptable. In addition, our department provided court records of attorney appearances, which were maintained contemporaneously by the courts, in order to independently substantiate the hours claimed. The auditor refused to accept those records as validation for the hours claimed, even through the Public Defender completed these time records in accordance with the auditor's specifications.

The Public Defender's Office has made the appropriate modifications to its employees' time tracking system to ensure that all costs allowable under the mandate are properly documented.

Sheriff-Coroner Response

The Department concurs with the finding. It has implemented a training and quality assurance program to reduce the risk of future claiming errors and a manual review process of inmate records to verify that only qualifying Sexually Violent Predators are claimed. The Department is also currently investigating the feasibility of implementing an automated system.

SCO’s Comment

The finding as reported for the District Attorney’s Office and Sheriff-Coroner’s Department remains unchanged.

The finding as reported for the Public Defender’s Office also remains unchanged. We did not agree to a “reconstruction” of time records. Throughout the audit, we asked for time records that would validate the actual time worked by activity for each employee claimed as required by the parameters and guidelines. The reconstructed time records were declarations based on estimates made by each employee rather than actual hours worked.

**FINDING 2—
Services and supplies overstated**

The county overstated Sheriff-Coroner’s Office services and supplies by \$41,000 during the audit period.

The county claimed \$58,963 in unallowable services and supplies related to non-SVP inmates (four FY 2000-01 inmates for \$16,165, six FY 2001-02 inmates for \$30,616, and two FY 2002-03 inmates for \$12,182).

The county also underclaimed eligible housing costs for one SVP inmate by \$17,963 for FY 2001-02. The Sheriff-Coroner’s Office staff stated that the error was due to oversight, since the office’s records identified the individual as an SVP inmate.

Parameters and Guidelines for the Sexually Violent Predator Program specifies that only actual increased costs incurred in the performance of the mandated activities and supported by appropriate documentation are reimbursable.

Following is a summary of unallowable services and supplies.

	Fiscal Year			Total
	2000-01	2001-02	2002-03	
Non-SVP inmate costs	\$ (16,165)	\$ (30,616)	\$ (12,182)	\$ (58,963)
Underclaimed housing costs	—	17,963	—	17,963
Audit adjustment	<u>\$ (16,165)</u>	<u>\$ (12,653)</u>	<u>\$ (12,182)</u>	<u>\$ (41,000)</u>

Recommendation

We recommend the county establish procedures to identify all eligible mandated costs and to ensure that only costs allowable under the mandate that are not excessive and unreasonable are claimed.

County’s Response

Sheriff-Coroner Response

The Department concurs with the finding. It has implemented a training and quality assurance program to reduce the risk of future claiming errors and a manual review process of inmate records to verify that only qualifying Sexually Violent Predators are claimed. The Department is also currently investigating the feasibility of implementing an automated system.

SCO's Comment

The finding as reported for the Sheriff-Coroner's Department remains unchanged.

**FINDING 3—
Training and travel
costs overstated**

The county overstated training and travel by \$20,531 for the audit period. A summary of the audit adjustments by department follows.

District Attorney's Office

The county claimed \$4,628 (\$2,860 for FY 2000-01 for a deputy district attorney and a paralegal and \$1,768 for FY 2001-02 for a deputy district attorney) in unallowable training and travel costs. The training was received subsequent to the individuals' initial training for SVP cases.

Public Defender's Office

The county claimed \$4,625 (\$1,322 for FY 2000-01 for two deputy public defenders and \$3,303 for FY 2001-02 for two deputy public defenders) in unallowable training and travel costs. The training was received subsequent to the individuals' initial training for SVP cases.

Sheriff-Coroner's Office

The county claimed \$1,102 in unallowable travel costs of non-SVP inmates (\$620 and 1,320 miles for a FY 2000-01 inmate, \$362 and 770 miles for six FY 2001-02 inmates, and \$120 and 210 miles for two FY 2002-03 inmates).

The county also overstated travel costs of SVP inmates by \$10,176 (\$3,508 for FY 2000-01, \$2,900 for FY 2000-01, and \$3,768 for FY 2002-03).

- For FY 2000-01, the county claimed 7,462 miles totaling \$3,508 related to transporting SVP and non-SVP inmates from the county jail to a state hospital or to a state prison and back. The county did not perform an analysis supporting the increased costs incurred related to transporting only the SVP inmates to and from a state hospital or a state prison. Furthermore, the county did not keep contemporaneous travel logs to support the actual mileage incurred.
- For FY 2001-02, the county claimed 9,452 miles totaling \$4,080, but was able to support that 2,511 miles totaling \$1,180 related to transporting only SVP inmates.
- For FY 2002-03, the county claimed 12,386 miles totaling \$6,940, but was able to support that 5,564 miles totaling \$3,768 related to transporting only SVP inmates.

Parameters and Guidelines for the Sexually Violent Predator Program specifies that only actual increased costs incurred in the performance of the mandated activities and supported by appropriate documentation are reimbursable.

Parameters and Guidelines states that training on the county's internal policies and procedures for each employee who normally works on the Sexually Violent Predator Program is limited to initial one-time costs.

Following is a summary of unallowable training and travel costs.

	Fiscal Year			Total
	2000-01	2001-02	2002-03	
District Attorney's Office	\$ (2,860)	\$ (1,768)	\$ —	\$ (4,628)
Public Defender's Office	(1,322)	(3,303)	—	(4,625)
Sheriff-Coroner's Office:				
Non-SVP transportation costs	(620)	(362)	(120)	(1,102)
Unsupported SVP transportation costs	(3,508)	(2,900)	(3,768)	(10,176)
Audit adjustment	<u>\$ (8,310)</u>	<u>\$ (8,333)</u>	<u>\$ (3,888)</u>	<u>\$ (20,531)</u>

Recommendation

We recommend the county develop and implement an adequate accounting system to ensure that all claimed costs are eligible.

County's Response

District Attorney's Response

The District Attorney concurs with the finding and has already revised its procedures to claim costs related to eligible initial training.

Public Defender's Response

Although the reconstructed timesheet had mileage information on it, the employees are required to submit and did in fact submit mileage claim forms on a monthly basis for reimbursement. Mileage and reimbursement information was maintained contemporaneously and was used on the original SVP claims for actual costs of travel and expenses. These mileage forms were provided by each employee within the fiscal period and were reimbursed by the County to the employee and all were available to the auditor for review.

The Public Defender's Office has modified the training process in order to ensure that all eligible costs are identified within the mandate guidelines for the initial training of employees.

Sheriff-Coroner Response

The Department concurs with the finding. It has implemented a training and quality assurance program to reduce the risk of future claiming errors and a manual review process of inmate records to verify that only qualifying Sexually Violent Predators are claimed. The Department is also currently investigating the feasibility of implementing an automated system. Prior to the audit, the Department instituted a new transportation log that tracks all inmates per transport vehicle and staff. The Department is currently studying the best methods for tracking mileage, transport stops and service hours.

SCO's Comment

The finding as reported for the District Attorney's Office and Sheriff-Coroner's Department remains unchanged.

The finding as reported for the Public Defender's Office (DO) also remains unchanged. In its response, the Public Defender's Office indicates that travel records are available to support travel costs. In this finding we did not question the support for the travel costs but the eligibility for reimbursement under this program. Travel costs claimed for two public defenders related to training subsequent to their initial training for SVP cases, which are not reimbursable costs under this program.

**FINDING 4—
Delays in returning
SVP inmates to state
hospital**

During the audit period, 16 inmates were held for more than ten days beyond the court-ordered release date. The county was unable to explain the reason for the delays in returning inmates to Atascadero State Hospital. A hospital representative informed us that the hospital can accommodate an inmate within ten days from the date the county makes a telephone call to return an inmate. Housing costs incurred in excess of the ten days were not significant during the audit period.

Government Code Section 17561(d)(1)(C) states the SCO can reduce any claim that is excessive or unreasonable.

Recommendation

We recommend the county support any delays it incurs in returning SVP inmates to a state hospital.

SCO's Comment

The county did not respond to this finding.

OTHER ISSUE

In its response, the county stated that there is a net receivable due from the State to the county of \$1,472,561, consisting of an overpayment of \$94,083 for FY 2000-01, and underpayments of \$433,297 for FY 2001-02 and \$1,133,347 for FY 2002-03.

SCO's Comment

We concur that the net receivable totals \$1,472,561. The Legislature funds each year through separate appropriations. Therefore, the State will pay FY 2001-02 and FY 2002-03 underpayments upon available appropriations. Our Accounting and Reporting Division will bill the county for the FY 2000-01 overpayment.

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



DAVID E. SUNDSTROM, CPA
AUDITOR-CONTROLLER

**AUDITOR-CONTROLLER
COUNTY OF ORANGE**

HALL OF FINANCE AND RECORDS
12 CIVIC CENTER PLAZA, ROOM 202
POST OFFICE BOX 567
SANTA ANA, CALIFORNIA 92702-0567

(714) 834-2450 FAX: (714) 834-2569

www.ac.ocgov.com

SHAUN M. SKELLY
CHIEF ASSISTANT AUDITOR-CONTROLLER

JAN E. GRIMES
ASSISTANT AUDITOR-CONTROLLER
CENTRAL OPERATIONS

WILLIAM A. CASTRO
ASSISTANT AUDITOR-CONTROLLER
SATELLITE ACCOUNTING OPERATIONS

MAHESH N. PATEL
ASSISTANT AUDITOR-CONTROLLER
INFORMATION TECHNOLOGY

July 26, 2005

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

Subject: Draft Audit Report Response
Sexually Violent Predator Program

We have examined the draft audit report regarding the claim filed by Orange County for the legislatively mandated *Sexually Violent Predator Program* (Chapter 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) for the period of July 1, 2000 through June 30, 2003. Our comments on the findings are as follows:

Finding 1 – Overstated salaries, benefits and indirect costs

Recommendation: The State recommends the County establish procedures to ensure that all costs claimed are supported and eligible.

District Attorney's Response

The District Attorney's Office concurs with the finding and has already revised its procedures to detect and eliminate duplicated expenditures and include both costs related to eligible initial training and costs supported by activity-driven documentation.

Public Defender's Response

The Public Defender's Office does not concur, but will not dispute the finding. Our department provided time records that the auditor did not find acceptable. The Public Defender staff reconstructed the time records for the non-dedicated employees at the request of the auditor. These time records were based upon the actual client files, which fall under the attorney-client privilege. A meeting was held on June 23, 2004, which included the auditor, his supervisor, and Public Defender staff. At that meeting, a discussion was held regarding the type of reconstruction they wanted us to prepare in order to substantiate the time claimed. In addition to that meeting, the auditor also requested this agreed-upon reconstruction of time records in his June 24, 2004

Memorandum #3, Section 2, Paragraph 2. After the Public Defender staff spent a considerable amount of time reconstructing the time records to the auditor’s specifications, the auditor refused to accept them. At the January 20, 2005 exit conference, the auditor eventually agreed, at the Public Defender’s insistence, to review the reconstructed time records. On January 31, 2005, we received an email from the auditor informing us that the reconstructed time records were “declarations,” and not contemporaneous time records, and were therefore unacceptable. In addition, our department provided court records of attorney appearances, which were maintained contemporaneously by the courts, in order to independently substantiate the hours claimed. The auditor refused to accept those records as validation for the hours claimed, even though the Public Defender completed these time records in accordance with the auditor’s specifications.

The Public Defender’s Office has made the appropriate modifications to its employees’ time tracking system to ensure that all costs allowable under the mandate are properly documented.

Sheriff-Coroner Response

The Department concurs with the finding. It has implemented a training and quality assurance program to reduce the risk of future claiming errors and a manual review process of inmate records to verify that only qualifying Sexually Violent Predators are claimed. The Department is also currently investigating the feasibility of implementing an automated system.

Finding 2 – Overstated services and supplies

Recommendation: The State recommends the County establish procedures to identify all eligible mandated costs and to ensure that only costs allowable under the mandate that are not excessive and unreasonable are claimed.

Sheriff-Coroner Response

The Department concurs with the finding. It has implemented a training and quality assurance program to reduce the risk of future claiming errors and a manual review process of inmate records to verify that only qualifying Sexually Violent Predators are claimed. The Department is also currently investigating the feasibility of implementing an automated system.

Finding 3 – Overstated travel costs

Recommendation: The State recommends the County develop and implement an adequate accounting system to ensure that all claimed costs are eligible.

District Attorney’s Response

The District Attorney concurs with the finding and has already revised its procedures to claim costs related to eligible initial training.

Public Defender’s Response

Although the reconstructed timesheet had mileage information on it, the employees are required to submit and did in fact submit mileage claim forms on a monthly basis for reimbursement. Mileage and reimbursement information was maintained contemporaneously and was used on the original SVP claims for actual costs of travel and expenses. These mileage forms were provided by each employee within the fiscal period and were reimbursed by the County to the employee and all were available to the auditor for review.

The Public Defender’s Office has modified the training process in order to ensure that all eligible costs are identified within the mandate guidelines for the initial training of employees.

Sheriff-Coroner Response

The Department concurs with the finding. It has implemented a training and quality assurance program to reduce the risk of future claiming errors and a manual review process of inmate records to verify that only qualifying Sexually Violent Predators are claimed. The Department is also currently investigating the feasibility of implementing an automated system. Prior to the audit, the Department instituted a new transportation log that tracks all inmates per transport vehicle and staff. The Department is currently studying the best methods for tracking mileage, transport stops and service hours.

Net Receivable Due From the State

Summary: July 1, 2000 through June 30, 2003

Based upon the draft audit report and reconciliation to claims filed, there is still a net receivable (including CWCAP) due from the State to the County. The breakdown is as follows:

Fiscal Year	Receivable/(Payable) from (to) the State				Total
	Public Defender	District Attorney	Sheriff-Coroner		
FY 2000-01	\$ (37,447)	\$ (12,289)	\$ (44,347)	\$ (94,083)	
FY 2001-02	276,083	78,793	78,421	433,297	
FY 2002-03	720,396	227,397	185,554	1,133,347	
Net Receivable	<u>\$ 959,032</u>	<u>\$ 293,901</u>	<u>\$ 219,628</u>	<u>\$ 1,472,561</u>	

Should you have any questions regarding this response, please contact Denise Steckler, Financial Reporting and Mandated Costs Manager, at (714) 834-5367.


David E. Sundstrom, CPA
Auditor-Controller

Jim Spano – State Controller’s Office
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cc: Kim Dinh, District Attorney
Ken Tran, District Attorney
Becky Juliano, Public Defender
Mario Songco, Public Defender
Jane Reyes, Sheriff-Coroner
Margaret Cady, Sheriff-Coroner
Sharad Gima, Sheriff-Coroner
Denise Steckler, Auditor-Controller
Bang Quan, Auditor-Controller
Ferlyn Junio, Maximus

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

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