

SAN JOAQUIN COUNTY

Audit Report

SEXUALLY VIOLENT PREDATORS PROGRAM

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

July 1, 1999, through June 30, 2002



STEVE WESTLY
California State Controller

January 2004



STEVE WESTLY
California State Controller

January 30, 2004

The Honorable Adrian J. Van Houten
Auditor-Controller
San Joaquin County
24 South Hunter Street, Room 103
Stockton, CA 95202

Dear Mr. Van Houten:

The State Controller's Office has completed an audit of the claims filed by San Joaquin County for costs of the legislatively mandated Sexually Violent Predators Program (Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) for the period of July 1, 1999, through June 30, 2002.

The county claimed \$1,016,000 for the mandated program. Our audit disclosed that \$1,011,533 is allowable and \$4,467 is unallowable. The unallowable costs occurred because the county overstated labor and contracted services costs. The county was paid \$804,603. Allowable costs claimed in excess of the amount paid total \$206,930.

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:jj

cc: Robert S. Lee
SB-90 Coordinator
Auditor-Controller's Office
San Joaquin County
Calvin Smith, Program Budget Manager
Corrections and General Government
Department of Finance

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Audit Report

Summary

The State Controller's Office (SCO) has completed an audit of the claims filed by San Joaquin County for costs of the legislatively mandated Sexually Violent Predators Program (Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) for the period of July 1, 1999, through June 30, 2002. The last day of fieldwork was June 18, 2003.

The county claimed \$1,016,000 for the mandated program. The audit disclosed that \$1,011,533 is allowable and \$4,467 is unallowable. The unallowable costs occurred because the county overstated labor and contracted services costs. The county was paid \$804,603. Allowable costs claimed in excess of the amount paid total \$206,930.

Background

Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996, established 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 statutes require 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 determined that Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996, resulted in state mandated costs that are reimbursable pursuant to *Government Code* Section 17561.

Parameters and Guidelines, adopted by the Commission on State Mandates, establishes state mandates and defines criteria for reimbursement. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for each mandate requiring state reimbursement to assist local agencies in claiming reimbursable costs.

Objective, Scope, and Methodology

The audit objective was to determine whether costs claimed are increased costs incurred as a result of the legislatively mandated Sexually Violent Predators Program (Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) for the period of July 1, 1999, through June 30, 2002.

The auditor performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandated program;
- Traced the costs claimed to the supporting documentation to determine whether the costs were properly supported;
- Confirmed that the costs claimed were not funded by another

source; and

- Reviewed the costs claimed to determine that the costs were not unreasonable and/or excessive.

The SCO conducted the audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. The SCO did not audit the county's financial statements. The scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance concerning the allowability of expenditures claimed for reimbursement. Accordingly, transactions were examined, on a test basis, to determine whether the amounts claimed for reimbursement were supported.

Review of the county's management controls was limited to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

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

For the audit period, San Joaquin County claimed \$1,016,000 for costs of the legislatively mandated Sexually Violent Predators Program. The audit disclosed that \$1,011,533 is allowable and \$4,467 is unallowable.

For fiscal year (FY) 1999-2000, the county was paid \$220,464 by the State. The audit disclosed that the entire amount is allowable.

For FY 2000-01, the county was paid \$380,606 by the State. The audit disclosed that \$377,464 is allowable. The amount paid in excess of allowable costs claimed, totaling \$3,142, should be returned to the State.

For FY 2001-02, the county was paid \$203,533 by the State. The audit disclosed that \$413,605 is allowable. Allowable costs claimed in excess of the amount paid, totaling \$210,072, will be paid by the State based on available appropriations.

Views of Responsible Official

The SCO issued a draft audit report on December 31, 2003. Robert Lee, SB-90 Coordinator in the County Auditor-Controller's Office, responded by fax on January 26, 2004, agreeing with the audit results.

Restricted Use

This report is solely for the information and use of San Joaquin 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 Adjustments	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
District Attorney:				
Salaries	\$ 18,513	\$ 18,513	\$ —	
Benefits	4,717	4,717	—	
Services and supplies	19,829	19,829	—	
Training and travel	—	—	—	
Indirect costs	4,815	4,815	—	
Total District Attorney	<u>47,874</u>	<u>47,874</u>	<u>—</u>	
Public Defender:				
Salaries	85,950	85,950	—	
Benefits	20,502	20,502	—	
Services and supplies	34,393	34,393	—	
Training and travel	260	260	—	
Indirect costs	13,047	13,047	—	
Total Public Defender	<u>154,152</u>	<u>154,152</u>	<u>—</u>	
Sheriff:				
Salaries	—	—	—	
Benefits	—	—	—	
Services and supplies	18,438	18,438	—	
Training and travel	—	—	—	
Indirect costs	—	—	—	
Total Sheriff	<u>18,438</u>	<u>18,438</u>	<u>—</u>	
Total costs	220,464	220,464	—	
Less offsetting savings/reimbursements	—	—	—	
Total reimbursable costs	<u>\$ 220,464</u>	220,464	<u>\$ —</u>	
Less amount paid by the State		<u>(220,464)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		
<u>July 1, 2000, through June 30, 2001</u>				
District Attorney:				
Salaries	\$ 56,552	\$ 54,471	\$ (2,081)	Finding 1
Benefits	14,518	13,984	(534)	Finding 1
Services and supplies	31,691	31,691	—	
Training and travel	—	—	—	
Indirect costs	14,328	13,801	(527)	Finding 1
Total District Attorney	<u>117,089</u>	<u>113,947</u>	<u>(3,142)</u>	
Public Defender:				
Salaries	84,104	84,104	—	
Benefits	21,179	21,179	—	
Services and supplies	41,362	41,362	—	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>July 1, 2000, through June 30, 2001 (continued)</u>				
Public Defender (continued)				
Training and travel	455	455	—	
Indirect costs	14,391	14,391	—	
Total Public Defender	<u>161,491</u>	<u>161,491</u>	<u>—</u>	
Sheriff:				
Salaries	—	—	—	
Benefits	—	—	—	
Services and supplies	102,026	102,026	—	
Training and travel	—	—	—	
Indirect costs	—	—	—	
Total Sheriff	<u>102,026</u>	<u>102,026</u>	<u>—</u>	
Total costs	380,606	377,464	(3,142)	
Less offsetting savings/reimbursements	—	—	—	
Total reimbursable costs	<u>\$ 380,606</u>	377,464	<u>\$ (3,142)</u>	
Less amount paid by the State		<u>(380,606)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (3,142)</u>		
<u>July 1, 2001, through June 30, 2002</u>				
District Attorney:				
Salaries	\$ 52,817	\$ 52,817	\$ —	
Benefits	14,311	14,311	—	
Services and supplies	7,091	5,766	(1,325)	Finding 2
Training and travel	—	—	—	
Indirect costs	13,349	13,349	—	
Total District Attorney	<u>87,568</u>	<u>86,243</u>	<u>(1,325)</u>	
Public Defender:				
Salaries	81,040	81,040	—	
Benefits	21,668	21,668	—	
Services and supplies	26,393	26,393	—	
Training and travel	931	931	—	
Indirect costs	14,790	14,790	—	
Total Public Defender	<u>144,822</u>	<u>144,822</u>	<u>—</u>	
Sheriff:				
Salaries	1,470	1,470	—	
Benefits	519	519	—	
Services and supplies	179,616	179,616	—	
Training and travel	—	—	—	
Indirect costs	935	935	—	
Total Sheriff	<u>182,540</u>	<u>182,540</u>	<u>—</u>	

Schedule 1 (continued)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>	<u>Reference</u> ¹
<u>July 1, 2001, through June 30, 2002 (continued)</u>				
Total costs	414,930	413,605	(1,325)	
Less offsetting savings/reimbursements	<u>—</u>	<u>—</u>	<u>—</u>	
Total reimbursable costs	<u>\$ 414,930</u>	413,605	<u>\$ (1,325)</u>	
Less amount paid by the State		<u>(203,533)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 210,072</u>		
<u>Summary: July 1, 1999, through June 30, 2002</u>				
District Attorney:				
Salaries	\$ 127,882	\$ 125,801	\$ (2,081)	Finding 1
Benefits	33,546	33,012	(534)	Finding 1
Services and supplies	58,611	57,286	(1,325)	Finding 2
Training and travel	—	—	—	
Indirect costs	<u>32,492</u>	<u>31,965</u>	<u>(527)</u>	Finding 1
Total District Attorney	<u>252,531</u>	<u>248,064</u>	<u>(4,467)</u>	
Public Defender:				
Salaries	251,094	251,094	—	
Benefits	63,349	63,349	—	
Services and supplies	102,148	102,148	—	
Training and travel	1,646	1,646	—	
Indirect costs	<u>42,228</u>	<u>42,228</u>	<u>—</u>	
Total Public Defender	<u>460,465</u>	<u>460,465</u>	<u>—</u>	
Sheriff:				
Salaries	1,470	1,470	—	
Benefits	519	519	—	
Services and supplies	300,080	300,080	—	
Training and travel	—	—	—	
Indirect costs	<u>935</u>	<u>935</u>	<u>—</u>	
Total sheriff	<u>303,004</u>	<u>303,004</u>	<u>—</u>	
Total costs	1,016,000	1,011,533	(4,467)	
Less offsetting savings/reimbursements	<u>—</u>	<u>—</u>	<u>—</u>	
Total reimbursable costs	<u>\$ 1,016,000</u>	1,011,533	<u>\$ (4,467)</u>	
Less amount paid by the State		<u>(804,603)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 206,930</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Labor costs overstated**

In fiscal year (FY) 2000-01, the county claimed salary costs for a legal assistant in the District Attorney’s Office based on an incorrectly computed productive hourly rate. Fringe benefits and indirect costs were also overstated, since they are allocated as a percentage of salary costs.

Parameters and Guidelines for the program specifies that local agencies are entitled to reimbursement only for actual costs incurred in providing the mandated services.

Claimed costs have been adjusted as follows:

	Fiscal Year <u>2000-01</u>
District Attorney:	
Salaries	\$ (2,081)
Benefits	(534)
Indirect costs	<u>(527)</u>
Audit adjustment	<u>\$ (3,142)</u>

Recommendation

The county should ensure that all costs claimed are eligible increased costs incurred as a result of the mandate, and are supported by its accounting records.

**FINDING 2—
Contracted services overstated**

In FY 2001-02, the county claimed costs for contracted services that it had already claimed in FY 2000-01.

Parameters and Guidelines for the program specifies that local agencies are entitled to reimbursement only for actual costs incurred in providing the mandated services.

Claimed costs have been adjusted as follows:

	Fiscal Year <u>2000-01</u>
District Attorney:	
Services and supplies	<u>\$ (1,325)</u>
Audit adjustment	<u>\$ (1,325)</u>

Recommendation

The county should ensure that all costs claimed are eligible increased costs incurred as a result of the mandate, and are supported by its accounting records.

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

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