

CITY AND COUNTY OF SAN FRANCISCO

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, 2005



JOHN CHIANG
California State Controller

November 2007



JOHN CHIANG
California State Controller

November 15, 2007

Edward M. Harrington, Controller
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place, Room 316
San Francisco, CA 94102-4694

Dear Mr. Harrington:

The State Controller's Office audited the costs claimed by the City and County of San Francisco 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, 2005.

The city and county claimed \$2,434,929 for the mandated program. Our audit disclosed that \$2,340,045 is allowable and \$94,884 is unallowable. The unallowable costs occurred primarily because the city and county claimed ineligible, unsupported, or overstated costs. The State paid the city and county \$961,389. Allowable costs claimed exceed the amount paid by \$1,378,656.

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:wm

cc: Todd Rydstrom, Director of Analysis and Budget
City and County of San Francisco
Linda Yeung, City Projects Director
City and County of San Francisco
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 and County of San Francisco 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, 2005. The last day of fieldwork was October 11, 2007.

The city and county claimed \$2,434,929 for the mandated program. Our audit disclosed that \$2,340,045 is allowable and \$94,884 is unallowable. The unallowable costs occurred primarily because the city and county claimed ineligible, unsupported, or overstated costs. The State paid the city and county \$961,389. Allowable costs claimed exceed the amount paid by \$1,378,656.

Background

Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996 added Welfare and Institution Code sections 6250 and 6600 through 6608. The legislation 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 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 (CSM) 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.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. CSM adopted the parameters and guidelines on September 24, 1998. In compliance with Government Code section 17558, the SCO issues claiming instructions, to assist local agencies in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the legislatively mandated Sexually Violent Predators Program for the period of July 1, 2000, 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 city and 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 city and 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, the City and County of San Francisco claimed \$2,434,929 for costs of the Sexually Violent Predators Program. Our audit disclosed that \$2,340,045 is allowable and \$94,884 is unallowable.

For the fiscal year (FY) 2000-01 claim, the State paid the city and county \$338,819. Our audit disclosed that \$315,812 is allowable. The State will offset \$23,007 from other mandated program payments due the city and county. Alternatively, the city and county may remit this amount to the State.

For the FY 2001-02 claim, the State paid the city and county \$157,099. Our audit disclosed that \$472,676 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$315,577 contingent upon available appropriations.

For the FY 2002-03 claim, the State did not pay the city and county. Our audit disclosed that \$583,869 is allowable. The State will pay allowable costs claimed, totaling \$583,869, contingent upon available appropriations.

For the FY 2003-04 claim, the State did not pay the city and county. Our audit disclosed that \$517,255 is allowable. The State will pay allowable costs claimed, totaling \$517,255, contingent upon available appropriations.

For the FY 2004-05 claim, the State paid the city and county \$465,471. Our audit disclosed that \$450,433 is allowable. The State will offset \$15,038 from other mandated program payments due the city and county. Alternatively, the city and county may remit this amount to the State.

**Views of
Responsible
Officials**

We issued a draft audit report on October 24, 2007. Edward M. Harrington, Controller, responded by letter dated November 5, 2007 (Attachment), agreeing with the audit results. This final audit report includes the city and county's response.

Restricted Use

This report is solely for the information and use of the City and County of San Francisco, 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, 2005**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2000, through June 30, 2001</u>				
District Attorney:				
Salaries and benefits	\$ 88,800	\$ 87,024	\$ (1,776)	Finding 1
Indirect costs	37,939	28,022	(9,917)	Findings 1, 3
Subtotal	<u>126,739</u>	<u>115,046</u>	<u>(11,693)</u>	
Public Defender:				
Services and supplies	25,250	25,250	—	
Sheriff:				
Salaries and benefits	87	87	—	
Services and supplies	186,720	175,406	(11,314)	Finding 2
Indirect costs	23	23	—	
Subtotal	<u>186,830</u>	<u>175,516</u>	<u>(11,314)</u>	
Total program costs	<u>\$ 338,819</u>	315,812	<u>\$ (23,007)</u>	
Less amount paid by the State		<u>(338,819)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (23,007)</u>		
<u>July 1, 2001, through June 30, 2002</u>				
District Attorney:				
Salaries and benefits	\$ 111,939	\$ 118,046	\$ 6,107	Finding 1
Indirect costs	25,575	26,442	867	Findings 1, 3
Subtotal	<u>137,514</u>	<u>144,488</u>	<u>6,974</u>	
Public Defender				
Services and supplies	116,310	116,310	—	
Sheriff:				
Salaries and benefits	185	185	—	
Services and supplies	225,505	211,643	(13,862)	Finding 2
Indirect costs	50	50	—	
Subtotal	<u>225,740</u>	<u>211,878</u>	<u>(13,862)</u>	
Total program costs	<u>\$ 479,564</u>	472,676	<u>\$ (6,888)</u>	
Less amount paid by the State		<u>(157,099)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 315,577</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2002, through June 30, 2003</u>				
District Attorney:				
Salaries and benefits	\$ 117,173	\$ 113,235	\$ (3,938)	Finding 1
Indirect costs	29,962	28,953	(1,009)	Finding 1
Subtotal	<u>147,135</u>	<u>142,188</u>	<u>(4,947)</u>	
Public Defender:				
Services and supplies	<u>140,806</u>	<u>140,806</u>	<u>—</u>	
Sheriff:				
Services and supplies	<u>300,875</u>	<u>300,875</u>	<u>—</u>	
Total program costs	<u>\$ 588,816</u>	<u>583,869</u>	<u>\$ (4,947)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 583,869</u>		
<u>July 1, 2003, through June 30, 2004</u>				
District Attorney:				
Salaries and benefits	\$ 43,863	\$ 42,328	\$ (1,535)	Finding 1
Indirect costs	12,628	12,187	(441)	Findings 1, 3
Subtotal	<u>56,491</u>	<u>54,515</u>	<u>(1,976)</u>	
Public Defender:				
Services and supplies	<u>130,460</u>	<u>120,648</u>	<u>(9,812)</u>	Finding 2
Sheriff:				
Services and supplies	<u>375,308</u>	<u>342,092</u>	<u>(33,216)</u>	Finding 2
Total program costs	<u>\$ 562,259</u>	<u>517,255</u>	<u>\$ (45,004)</u>	
Less amount paid by the State		<u>—</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 517,255</u>		
<u>July 1, 2004, through June 30, 2005</u>				
District Attorney:				
Salaries and benefits	\$ 99,099	\$ 95,193	\$ (3,906)	Finding 1
Indirect costs	15,410	14,803	(607)	Findings 1, 3
Subtotal	<u>114,509</u>	<u>109,996</u>	<u>(4,513)</u>	
Public Defender:				
Services and supplies	<u>129,600</u>	<u>129,600</u>	<u>—</u>	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2004, through June 30, 2005 (continued)</u>				
Sheriff:				
Salaries and benefits	6,484	2,778	(3,706)	Finding 1
Services and supplies	211,182	205,391	(5,791)	Finding 2
Travel and training	1,896	1,896	—	
Indirect costs	1,800	772	(1,028)	Findings 1, 3
Subtotal	<u>221,362</u>	<u>210,837</u>	<u>(10,525)</u>	
Total program costs	<u>\$ 465,471</u>	450,433	<u>\$ (15,038)</u>	
Less amount paid by the State		(465,471)		
Allowable costs claimed in excess of (less than) amount paid			<u>\$ (15,038)</u>	
<u>Summary: July 1, 2000, through June 30, 2005</u>				
Total direct costs	\$ 2,311,542	\$ 2,228,793	\$ (82,749)	
Indirect costs	<u>123,387</u>	<u>111,252</u>	<u>(12,135)</u>	
Total program costs	<u>\$ 2,434,929</u>	\$ 2,340,045	<u>\$ (94,884)</u>	
Less amount paid by the State		(961,389)		
Allowable costs claimed in excess of (less than) amount paid			<u>\$ 1,378,656</u>	

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Overstated salaries,
benefits, and related
indirect costs**

For the audit period, the city and county overstated employee salaries and benefits totaling \$8,754. The related indirect cost, based on the allowable indirect cost rate for each fiscal year, is \$2,290.

The following table summarizes the audit adjustment.

	Fiscal Year					Total
	2001-02	2001-02	2002-03	2003-04	2004-05	
Salaries and benefits:						
Insufficient documentation	\$ (1,776)	\$ —	\$ —	\$ —	\$ —	\$ (1,776)
Non-current payroll data	—	6,107	(3,938)	(794)	—	1,375
Mathematical errors	—	—	—	(741)	(7,612)	(8,353)
Total salaries and benefits adjustment	(1,776)	6,107	(3,938)	(1,535)	(7,612)	(8,754)
Related indirect costs	(572)	1,367	(1,009)	(441)	(1,635)	(2,290)
Audit adjustment	<u>\$ (2,348)</u>	<u>\$ 7,474</u>	<u>\$ (4,947)</u>	<u>\$ (1,976)</u>	<u>\$ (9,247)</u>	<u>\$ (11,044)</u>

Insufficient Supporting Documentation

For FY 2000-01, the city and county overstated employee salaries and benefits totaling \$1,776, due to its failure to provide adequate supporting documentation—specifically attorney timesheets that would readily support the attorney hours on the claim. As a result, we applied an average error rate of 2%, calculated based on the average unallowable costs, for the other four years, FY 2001-02 through FY 2004-05, to determine the total unallowable costs for FY 2000-01.

Use of Non-Current Payroll Data to Prepare the Claims

The city and county understated \$1,375 in employee salaries and benefits, due to its use of non-current employee payroll information to prepare the claims. The city and county did not use the current employee payroll information to compute the employee salary and benefit rate claimed. This adjustment is attributed mainly to the timing difference of available employee payroll information at the time the claims were filed.

Mathematical Errors

The city and county overstated \$8,353 in employee salaries and benefits due to mathematical errors. The errors occurred because the city and county claimed an incorrect productive hourly rate for an attorney (\$741), overstated the number of trips a sheriff made to transport defendants between prison facilities (\$3,705), and double-claimed attorney timesheet hours (\$3,907).

The program’s parameters and guidelines, Section V.A.1, state that claimed costs must:

Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee, productive hourly rate and related fringe benefits.

The parameters and guidelines, section VI, state:

For audit purposes, all costs claimed shall be traceable to source documents (e.g., employee time records . . .) that show evidence of the validity of such costs and their relationship to the state mandated program.

Recommendation

We recommend that the city and county develop and implement an adequate accounting and reporting system to ensure that all costs claimed are allowable and properly supported.

City and County’s Response

The city and county agrees with the finding.

**FINDING 2—
Overstated services
and supplies costs**

The city and county overstated services and supplies costs totaling \$73,995 for the audit period.

The following table summarizes the audit adjustment.

	Fiscal Year				Total
	2000-01	2001-02	2003-04	2004-05	
Accounting error	\$ —	\$ —	\$ (9,812)	\$ —	\$ (9,812)
Use of incorrect daily jail rate	(11,314)	(13,862)	(33,216)	(5,791)	(64,183)
Audit adjustment	<u>\$ (11,314)</u>	<u>\$ (13,862)</u>	<u>\$ (43,028)</u>	<u>\$ (5,791)</u>	<u>\$ (73,995)</u>

Accounting Error

The city and county claimed overstated services and supplies costs totaling \$9,812, due to its failure to update/reflect on the claim a cancelled SVP-related check payment in the city and county’s accounting system.

Improper Daily Jail Rates for Prisoner-Housing Costs

The city and county overstated prisoner-housing costs totaling \$64,183 because it did not consistently apply the proper daily jail rates to the appropriate fiscal years of the claims.

The parameters and guidelines, section VI, state:

For audit purposes, all costs claimed shall be traceable to source documents (e.g., employee time records . . .) that show evidence of the validity of such costs and their relationship to the state mandated program.

Recommendation

We recommend that the city and county develop and implement an effective control and reporting system to ensure that all claimed costs are properly accounted for, and adequately supported.

City and County’s Response

The city and county agrees with the finding.

**FINDING 3—
Overstated indirect costs**

The city and county overstated indirect costs totaling \$9,845, due to a mathematical error that occurred during the claim preparation process. The city and county erroneously transposed overstated direct salary figures on the claim forms and used them to calculate indirect costs.

The following table summarizes the unallowable indirect costs.

	Fiscal Year		Total
	2000-01	2001-02	
Mathematical error	\$ (9,345)	\$ (500)	\$ (9,845)
Audit adjustment	\$ (9345)	\$ (500)	\$ (9,845)

The parameters and guidelines, section VI, state:

For audit purposes, all costs claimed shall be traceable to source documents (e.g., employee time records . . .) that show evidence of the validity of such costs and their relationship to the state mandated program.

Recommendation

We recommend that the city and county develop an accounting system control that will ensure the accuracy and propriety of the claimed costs.

City and County’s Response

The city and county agrees with the finding.

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



CITY AND COUNTY OF SAN FRANCISCO

OFFICE OF THE CONTROLLER

Edward Harrington
Controller

Monique Zmuda
Deputy Controller

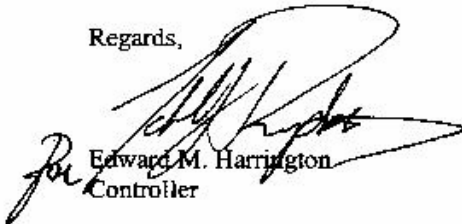
November 5, 2007

Jeffrey V. Brownfield, Chief
Division of Audits
California State Controller's Office
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Brownfield:

Thank you for the opportunity to comment on the Sexually Violent Predator Program draft audit for the period July 1, 2000 through June 30, 2005. We agree with the findings.

Regards,


Edward M. Harrington
Controller

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

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