

# **CITY OF WALNUT CREEK**

Audit Report

## **PEACE OFFICERS PROCEDURAL BILL OF RIGHTS PROGRAM**

Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178, Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980; Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165, Statutes of 1989; and Chapter 675, Statutes of 1990

*July 1, 2003, through June 30, 2006*



**JOHN CHIANG**  
California State Controller

April 2009



**JOHN CHIANG**  
**California State Controller**

April 30, 2009

The Honorable Mary Su  
Mayor of the City of Walnut Creek  
P.O. Box 682  
Walnut Creek, CA 91789

Dear Mayor Su:

The State Controller's Office audited the costs claimed by the City of Walnut Creek for the legislatively mandated Peace Officers Procedural Bill of Rights Program (Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178, Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980; Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165, Statutes of 1989; and Chapter 675, Statutes of 1990) for the period of July 1, 2003, through June 30, 2006.

The city claimed \$381,841 for the mandated program. Our audit disclosed that \$50,031 is allowable and \$331,810 is unallowable. The costs are unallowable because the city claimed ineligible costs, claimed costs for eligible activities that were not supported, and underclaimed allowable costs. The State paid the city \$174,698. The amount paid exceeds allowable costs claimed by \$124,667.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). 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 CSM's Web site link at [www.csm.ca.gov/docs/IRCForm.pdf](http://www.csm.ca.gov/docs/IRCForm.pdf).

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/vb

cc: Fred Marsh, Finance Manager  
City of Walnut Creek  
Lorie Tinfow, Assistant City Manager  
City of Walnut Creek  
Craig Zamolo, Captain  
Walnut Creek Police Department  
Todd Jerue, Program Budget Manager  
Corrections and General Government  
Department of Finance  
Carla Castaneda  
Principal Program Budget Analyst  
Department of Finance  
Paula Higashi, Executive Director  
Commission on State Mandates

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Walnut Creek for the legislatively mandated Peace Officers Procedural Bill of Rights Program (Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178, Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980; Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165, Statutes of 1989; and Chapter 675, Statutes of 1990) for the period of July 1, 2003, through June 30, 2006.

The city claimed \$381,841 for the mandated program. Our audit disclosed that \$50,031 is allowable and \$331,810 is unallowable. The costs are unallowable because the city claimed ineligible costs, claimed costs for eligible activities that were not supported, and underclaimed allowable costs. The State paid the city \$174,698. The amount paid exceeds allowable costs claimed by \$124,667.

## Background

Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178, Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980; Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165, Statutes of 1989; and Chapter 675, Statutes of 1990 added and amended Government Code sections 3300 through 3310. This legislation, known as the Peace Officers Procedural Bill of Rights (POBOR) was enacted to ensure stable employer-employee relations and effective law enforcement services.

This legislation provides procedural protections to peace officers employed by local agencies and school districts when a peace officer is subject to an interrogation by the employer, is facing punitive action, or receives an adverse comment in his or her personnel file. The protections apply to peace officers classified as permanent employees, peace officers who serve at the pleasure of the agency and are terminable without cause ("at will" employees), and peace officers on probation who have not reached permanent status.

On November 30, 1999, the Commission on State Mandates (CSM) determined that this legislation imposed a state mandate reimbursable under Government Code section 17561 and adopted the statement of decision. The CSM determined that the peace officer rights law constitutes a partially reimbursable state mandated program within the meaning of the California Constitution, Article XIII B, Section 6, and Government Code section 17514. The CSM further defined that activities covered by due process are not reimbursable.

The parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on July 27, 2000 and corrected it on August 17, 2000. The parameters and guidelines categorize reimbursable activities into the four following components: Administrative Activities, Administrative Appeal,

Interrogation, and Adverse Comment. 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 Peace Officers Procedural Bill of Rights Program for the period of July 1, 2003, through June 30, 2006.

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 this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the city's financial statements. We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the city'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 of Walnut Creek claimed \$381,841 for costs of the Peace Officers Procedural Bill of Rights Program. Our audit disclosed that \$50,031 is allowable and \$331,810 is unallowable.

For the fiscal year (FY) 2005-06 claim, the State paid the city \$174,698. Our audit disclosed that \$13,721 is allowable. The State will offset \$160,977 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

For the FY 2003-04 claim, the State made no payment to the city. Our audit disclosed that \$19,138 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$19,138, contingent upon available appropriations.

For the FY 2004-05 claim, the State made no payment to the city. Our audit disclosed that \$17,172 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$17,172, contingent upon available appropriations.

**Views of  
Responsible  
Official**

We issued a draft audit report on March 12, 2009. Fred Marsh, Finance Officer, responded by e-mail dated April 15, 2009 (Attachment), accepting the audit results. This final audit report includes the city's response.

**Restricted Use**

This report is solely for the information and use of the City of Walnut Creek, 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

April 30, 2009

**Schedule 1—  
Summary of Program Costs  
July 1, 2003, through June 30, 2006**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries	\$ 37,870	\$ 8,572	\$ (29,298)	Findings 1, 2
Benefits	<u>15,923</u>	<u>4,175</u>	<u>(11,748)</u>	Findings 1, 2
Total direct costs	53,793	12,747	(41,046)	
Indirect costs	<u>26,971</u>	<u>6,391</u>	<u>(20,580)</u>	Findings 1, 2
Total program costs	<u>\$ 80,764</u>	19,138	<u>\$ (61,626)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 19,138</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Salaries	\$ 26,907	\$ 7,460	\$ (19,447)	Findings 1, 2
Benefits	<u>16,574</u>	<u>4,596</u>	<u>(11,978)</u>	Findings 1, 2
Total direct costs	43,481	12,056	(31,425)	
Indirect costs	<u>18,449</u>	<u>5,116</u>	<u>(13,333)</u>	Findings 1, 2
Total program costs	<u>\$ 61,930</u>	17,172	<u>\$ (44,758)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 17,172</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
Salaries	\$ 97,997	\$ 5,595	\$ (92,402)	Findings 1, 2
Benefits	<u>55,954</u>	<u>3,238</u>	<u>(52,716)</u>	Findings 1, 2
Total direct costs	153,951	8,833	(145,118)	
Indirect costs	<u>85,196</u>	<u>4,888</u>	<u>(80,308)</u>	Findings 1, 2
Total program costs	<u>\$ 239,147</u>	13,721	<u>\$ (225,426)</u>	
Less amount paid by the State		(174,698)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (160,977)</u>		



## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>Summary: July 1, 2003, through June 30, 2006</u>				
Direct costs:				
Salaries	\$ 162,774	\$ 21,627	\$ (141,147)	
Benefits	88,451	12,009	(76,442)	
Total direct costs	251,225	33,636	(217,589)	
Indirect costs	130,616	16,395	(114,221)	
Total program costs	<u>\$ 381,841</u>	50,031	<u>\$ (331,810)</u>	
Less amount paid by the State		(174,698)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (124,667)</u>		
<u>Summary by Cost Component</u>				
Administrative Appeal	\$ 88,501	\$ —	\$ (88,501)	
Interrogation	293,340	6,930	(286,410)	
Adverse Comment	—	43,101	43,101	
Total program costs	<u>\$ 381,841</u>	<u>\$ 50,031</u>	<u>\$ (331,810)</u>	

<sup>1</sup> See the Findings and Recommendations section.

# Findings and Recommendations

**FINDING 1—  
Overstated salaries  
and benefits**

The city claimed unallowable salaries and benefits totaling \$246,628 for the audit period. The unallowable costs occurred because the activities claimed were not identified in the parameters and guidelines as reimbursable costs. Related unallowable indirect costs totaled \$128,283.

The following table summarizes the audit adjustments by fiscal year:

	Fiscal Year			Total
	2003-04	2004-05	2005-06	
Salaries	\$ (36,682)	\$ (26,336)	\$ (96,789)	\$ (159,807)
Benefits	(15,344)	(16,222)	(55,255)	(86,821)
Total salaries and benefits	(52,026)	(42,558)	(152,044)	(246,628)
Related indirect costs	(26,085)	(18,057)	(84,141)	(128,283)
Audit adjustment	\$ (78,111)	\$ (60,615)	\$ (236,185)	\$ (374,911)

For each fiscal year, the city claimed costs for activities that did not exceed due process of law and, therefore, did not impose increased costs as a result of compliance with the mandate and are ineligible for reimbursement.

The following details the audit findings for overstated salaries and benefits by individual cost components.

**Administrative Activities**

The city did not claim any costs under this cost component.

**Administrative Appeal Activities**

The city claimed \$60,011 in salaries and benefits for the audit period under the Administrative Appeals cost component (\$33,857 for FY 2003-04, \$22,929 for FY 2004-05, and \$3,225 for FY 2005-06). Related indirect costs totaled \$28,490. We determined that the costs were unallowable because the activities claimed were not identified in the parameters and guidelines as reimbursable costs.

The parameters and guidelines (section IV.B.2) allow reimbursement for providing the opportunity for, and the conduct of, an administrative appeal for the following disciplinary actions:

1. Dismissal, demotion, suspension, salary reduction or written reprimand received by the Chief of Police [emphasis added] whose liberty interest is not affected (i.e.; the charges supporting a dismissal do not harm the employee’s reputation or ability to find future employment);
2. Transfer of permanent employees [emphasis added] for purposes of punishment;

3. Denial of promotion for permanent employees [emphasis added] for reasons other than merit; and
4. Other actions against permanent employees or the Chief of Police that result in disadvantage, harm, loss, or hardship and impact the career opportunities of the employee.

Included in the foregoing are the preparation and review of various documents to commence and proceed with the administrative hearing; legal review and assistance with the conduct of the administrative hearing; preparation and service of subpoenas, witness fees, and salaries of employee witnesses, including overtime; the time and labor of the administrative body and its attendant clerical services; the preparation and service of any rulings or orders of the administrative body.

The city incurred costs for providing and conducting administrative appeals under this cost component. However, the administrative appeals resulted from non-reimbursable disciplinary outcomes (suspensions and dismissals), which fall under due process.

In reference to reimbursable circumstances surrounding administrative appeal hearings pursuant to Government Code section 3304, subdivision (b), the CSM statement of decision regarding the adopted parameters and guidelines states:

The Commission found that the administrative appeal would be required in the absence of the test claim legislation when:

- o A permanent employee is dismissed, demoted, suspended, receives a reduction in pay or a written reprimand; or
- o A probationary or at-will employee is dismissed and the employee's reputation and ability to obtain future employment is harmed by the dismissal.

Under these circumstances, the Commission determined that the administrative appeal does not constitute a new program or higher level of service because prior law requires such an appeal under the due process. Moreover, the Commission recognized that pursuant to Government Code section 17556, subdivision (c), the costs incurred in providing the administrative appeal in the above circumstances would not constitute "costs mandated by the state" since the administrative appeal merely implements the requirements of the United States Constitution.

If officers appeal actions such as transfer for purposes of punishment or denial of promotion, then administrative appeal costs can be claimed for reimbursement. However, if officers appeal actions such as dismissal, demotion, suspension, reduction in pay, or written reprimand, then those appeal hearings would fall under due process and could not be claimed for reimbursement.

## Interrogation Activities

The city claimed \$191,214 in salaries and benefits for the audit period under the Interrogations cost component. Related indirect costs totaled \$102,126. We determined that \$4,597 was allowable and \$186,617 was unallowable. The unallowable costs occurred because costs were claimed for activities not identified in the parameters and guidelines as reimbursable costs or were for eligible activities that were not fully supported. Related unallowable indirect costs totaled \$99,793.

The allowable costs were incurred for the activity of the captain's review of complaints, assigning investigations, and preparing notifications of interrogation that were supported by time increments reported within the city's Administrative Investigation Time Logs.

We analyzed the unallowable costs and determined that \$145,625 was claimed for ineligible activities (interrogations that occurred during normal working hours and time for investigators to conduct interrogations). The related indirect costs totaled \$78,468. We also determined that \$28,429 was claimed for the reimbursable activity of the captain's review of complaints, assigning investigations, and preparing the notifications of interrogation that was *not* supported by the time increments recorded within the city's Administrative Investigation Time Logs; \$12,197 was claimed for the reimbursable activity of transcribing interrogations for which no evidence was provided indicating that the interrogated officers requested the information; and \$366 was claimed for the reimbursable activity of copying investigative reports and discipline notices for which no evidence was provided indicating that the interrogated officers requested the information. The related indirect costs for the unsupported costs totaled \$21,325.

The parameters and guidelines identify specific interrogation activities that are reimbursable when a peace officer is under investigation, or becomes a witness to an incident under investigation, and is subjected to an interrogation by the commanding officer, or any other member of the employing public safety department during off-duty time, if the interrogation could lead to dismissal, demotion, suspension, reduction in salary, written reprimand, or transfer for purposes of punishment. Section IV(C), Interrogation, identifies reimbursable activities under compensation and timing of an interrogation, interrogation notice, tape recording of an interrogation, and documents provided to the employee.

The parameters and guidelines (section IV(C)) state that claimants are not eligible for interrogation activities when an interrogation of a peace officer is in the normal course of duty. This section further states:

When required by the seriousness of the investigation, compensating the peace officer for interrogations occurring during off-duty time in accordance with regular department procedures.

In reference to compensation and timing of the interrogation pursuant to Government Code section 3303, subdivision (a), the CSM Final Staff Analysis to the adopted parameters and guidelines states:

It does not require local agencies to investigate an allegation, prepare for the interrogation, conduct the interrogation, and review the responses given by the officers and/or witnesses, as implied by the claimant's proposed language. Certainly, local agencies were performing these investigative activities before POBAR [*sic*] was enacted.

The parameters and guidelines (section IV(c) 2., 3., and 5.) also state that the following activities are reimbursable under the Interrogations cost component:

2. Providing prior notice to the peace officer regarding the nature of the interrogation and identification of the investigating officers.

Included in the foregoing is the review of agency complaints or other documents to prepare the notice of interrogation, determination of the investigating officers; redaction of the agency complaint for names of the complainant or other accused parties or confidential information; preparation of notice or agency complaint; review by counsel; and presentation of the notice or agency complaint to the peace officer.

3. Tape recording the interrogation when the peace officer employee records the interrogation.

Included in the foregoing is the cost of tape and storage and the cost of transcription. . . .

5. Producing transcribed copies of any notes made by a stenographer at an interrogation, and copies of reports or complaints made by investigators or other persons, except those that are deemed confidential, when requested by the officer. . . .

Included in the foregoing is the review of the complaints, notes, or tape recordings for issues of confidentiality by law enforcement, human relations, or counsel, cost of processing, service, and retention of copies.

The city claimed costs for the following activity that is reimbursable:

- Captain's time to review complaints, determine investigating officers, and prepare notices of interrogations.

We noted that the city's Administrative Investigation Time Log included the following activities that would be reimbursable under certain conditions:

- Witness officer(s) participates in interviews—Reimbursable only if the interview occurs during the officer's off-duty time and the city incurs overtime costs.
- Subject officer(s) participates in interrogations—Reimbursable only if the interrogation occurs during the officer's off-duty time and the city incurs overtime costs.

- Confidential employee transcribes recordings of interrogations and interviews—Reimbursable only if the interrogated officer requests this information. The time logs indicated that \$12,197 in salary and benefit costs were incurred for the lieutenant to perform this activity. However, there was no evidence presented indicating that the interrogated officers requested the information.
- Confidential employee copies investigative reports and disciplinary notices—Reimbursable only if the interrogated officer requests this information. The time logs indicated that \$366 in salary and benefit costs were incurred by the captain to perform this activity. However, no evidence was presented indicating that the interrogated officers requested this information.

For the four activities listed above, the city did not provide any evidence indicating that the required conditions were met for them to be reimbursable.

The city also claimed the following activities that are not reimbursable:

- Interrogate accused and witnessing officers during regular hours.
- Investigators’ interrogation time.

The following table summarizes the unallowable costs under the Interrogations cost component:

Cost Category	Fiscal Year			Total
	2003-04	2004-05	2005-06	
Salaries	\$ 12,219	\$ 12,147	\$ 94,747	\$ 119,113
Benefits	5,950	7,482	54,072	67,504
Total	<u>\$ 18,169</u>	<u>\$ 19,629</u>	<u>\$ 148,819</u>	<u>\$ 186,617</u>

**Adverse Comment Activities**

The city did not claim any costs under this cost component.

**Summary**

The following table summarizes the claimed, allowable, and unallowable costs for the audit period by individual cost component:

	Claimed Costs	Allowable Costs	Audit Adjustment
Salaries and benefits:			
Administrative Activities	\$ —	\$ —	\$ —
Administrative Appeals	60,011	—	(60,011)
Interrogations	191,214	4,597	(186,617)
Adverse Comment	—	—	—
Total salaries and benefits	<u>251,225</u>	<u>4,597</u>	<u>(246,628)</u>
Related indirect costs	<u>130,616</u>	<u>2,333</u>	<u>(128,283)</u>
Total	<u>\$ 381,841</u>	<u>\$ 6,930</u>	<u>\$ (374,911)</u>

The parameters and guidelines for POBOR, adopted by CSM on July 27, 2000, and corrected on August 17, 2000, define the procedural protections of the city's peace officers that are eligible for reimbursement under the mandated program.

The parameters and guidelines (section IV, Reimbursable Activities) outline specific tasks that are deemed above the due process clause. The Statement of Decision, on which the parameters and guidelines was based, noted that due process activities were not reimbursable.

The parameters and guidelines (section VA1, Salaries and Benefits) require that the claimants identify the employees and/or show the classification of the employees involved, describe the reimbursable activities performed, and specify the actual time devoted to each reimbursable activity by each employee.

The parameters and guidelines (section VI, Supporting Data) require that all costs be traceable to source documents showing evidence of the validity of such costs and their relationship to the state mandated program.

#### Recommendation

We recommend that the city establish and implement procedures to ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

#### City's Response

The city accepted the audit finding.

#### SCO's Comment

The finding and recommendation remain unchanged.

**FINDING 2—  
Understated salaries  
and benefits**

We noted in Finding 1 that the city did not claim any costs for salaries and benefits for the audit period under the Adverse Comment cost component. However, our review of the city's Administrative Investigation Time Logs revealed that a number of reimbursable activities were performed during the audit period under this cost component. Accordingly, we determined that \$29,039 of salaries and benefits are allowable. Related indirect costs totaled \$14,062.

Depending on the circumstances surrounding an adverse comment, the parameters and guidelines allow some or all of the following four activities upon receipt of an adverse comment:

- Providing notice of the adverse comment;
- Providing an opportunity to review and sign the adverse comment;
- Providing an opportunity to respond to the adverse comment within 30 days; and
- Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.

Included in the foregoing are review of circumstances or documentation leading to adverse comment by supervisor, command staff, human resources staff or counsel, including determination of whether same constitutes an adverse comment, preparation of comment and review for accuracy; notification and presentation of adverse comment to officer and notification concerning rights regarding same; review of response to adverse comment, attaching same to adverse comment and filing.

The city did not claim the following activities that are reimbursable:

- Captain reviews completed investigation and makes recommendation to the Chief of Police;
- Chief reviews final investigation and recommendations;
- Chief provides disposition of not sustained, exonerated, or unfounded;
- Captain completes letter of proposed discipline;
- City attorney reviews administrative investigation reports and notices of intended and final discipline;
- Captain creates notice(s) of intended discipline;
- Chief determines final discipline;
- Captain creates notice(s) of final discipline; and
- Captain administers official reprimand(s) or final discipline.



The unclaimed costs were allowable based on the supporting source documentation provided by the city. The following table summarizes the audit adjustments by fiscal year:

<u>Fiscal Year</u>	<u>Salaries</u>	<u>Benefits</u>	<u>Indirect Costs</u>	<u>Total</u>
2003-04	\$ 7,384	\$ 3,596	\$ 5,505	\$ 16,485
2004-05	6,889	4,244	4,724	15,857
2005-06	4,387	2,539	3,833	10,759
Total	<u>\$ 18,660</u>	<u>\$ 10,379</u>	<u>\$ 14,062</u>	<u>\$ 43,101</u>

The parameters and guidelines (section VA1, Salaries and Benefits) require that claimants identify the employees and/or show the classification of the employees involved, describe the reimbursable activities performed, and specify the actual time devoted to each reimbursable activity by each employee. Reimbursement includes compensation paid for salaries, wages, and employee benefits.

The parameters and guidelines (section VI, Supporting Data) require that all costs be traceable to source documents showing evidence of the validity of such costs and their relationship to the state mandated program.

#### Recommendation

We recommend that the city establish and implement procedures to ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

#### City's Response

The city accepted the audit finding.

#### SCO's Comment

The finding and recommendation remain unchanged.

**Attachment—  
City's Response to  
Draft Audit Report**

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**From:** Fred Marsh [Marsh@walnut-creek.org]  
**Sent:** Wednesday, April 15, 2009 05:33 PM  
**To:** Venneman, Jim  
**Cc:** Spano, Jim; Lorie Tinfow; Craig Zamolo  
**Subject:** RE: Update - Walnut Creek POBOR audit

Hi Jim / Jeffrey,

After reviewing your report and based upon previous discussions held by Jim with our staff, I have decided to accept your findings noted in the report. Please withhold the \$124,667 due (as noted in the report) from other future mandated program payments due to the City.

***Fred Marsh***

Fred Marsh  
Finance Officer  
City of Walnut Creek  
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