

CITY OF FRESNO

Audit Report

DOMESTIC VIOLENCE ARREST POLICIES AND STANDARDS PROGRAM

Chapter 246, Statutes of 1995

July 1, 2008, through June 30, 2012



BETTY T. YEE
California State Controller

May 2015



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California State Controller

May 26, 2015

The Honorable Ashley Swearengin, Mayor
City of Fresno
2600 Fresno Street, Room 2075
Fresno, CA 93721

Dear Mayor Swearengin:

The State Controller's Office audited the costs claimed by the City of Fresno for the legislatively mandated Domestic Violence Arrest Policies and Standards Program (Chapter 246, Statutes of 1995) for the period of July 1, 2008, through June 30, 2012.

The city claimed and was paid \$1,132,578 for the mandated program. Our audit found that \$717,846 is allowable and \$414,732 is unallowable. The costs are unallowable primarily because the city claimed non-mandate-related costs. The State will offset \$414,732 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/as

cc: Michael Lima, Controller/Finance Director
City of Fresno
Jerry Dyer, Chief of Police
City of Fresno Police Department
Kim Jackson, Management Analyst III
City of Fresno, Finance Department
Evelyn Sues, Principal Program Budget Analyst
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Fresno for the legislatively mandated Domestic Violence Arrest Policies and Standards Program (Chapter 246, Statutes of 1995) for the period of July 1, 2008, through June 30, 2012.

The city claimed and was paid \$1,132,578 for the mandated program. Our audit found that \$717,846 is allowable and \$414,732 is unallowable. The costs are unallowable primarily because the city claimed non-mandate-related costs. The State will offset \$414,732 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

Background

Penal Code section 13701, subdivision (b) (added by Chapter 246, Statutes of 1995), required local law enforcement agencies to develop, adopt, and implement written arrest policies for domestic violence offenders by July 1, 1996. The legislation also required local law enforcement agencies to obtain input from local domestic violence agencies in developing the arrest policies. Under previous law, local law enforcement agencies were required to develop, adopt, and implement written policies for response to domestic violence calls and were encouraged, but not obligated, to consult with domestic violence experts.

On September 25, 1997, the Commission on State Mandates (Commission) determined that Chapter 246, Statutes of 1995, imposed a state-mandated program reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The Commission adopted the parameters and guidelines on August 20, 1998 and amended them on October 30, 2009. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

Objectives, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2008, through June 30, 2012.

The objectives of our audit were to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

The legal authority to conduct this audit is provided by Government Code sections 12410, 17558.5, and 17561. We did not audit the city's financial statements. We conducted this performance 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. Our audit scope did not assess the efficiency or effectiveness of program operations.

To achieve our audit objectives, we performed the following audit procedures:

- Interviewed employees, completed the internal control questionnaire, and performed a walk-through of the cost components of each claim.
- Traced costs claimed to supporting documentation that showed when the costs were incurred, the validity of such costs, and their relationship to mandated activities.

Conclusion

Our audit found 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 Fresno claimed \$1,132,578 for costs of the Domestic Violence Arrest Policies and Standards Program. Our audit found that \$717,846 is allowable and \$414,732 is unallowable.

For the fiscal year (FY) 2008-09 claim, the State paid the city \$245,600. Our audit found that \$139,574 is allowable. The State will offset \$106,026 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

For the FY 2009-10 claim, the State paid the city \$261,388. Our audit found that \$162,346 is allowable. The State will offset \$99,042 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

For the FY 2010-11 claim, the State paid the city \$319,045. Our audit found that \$194,976 is allowable. The State will offset \$124,069 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

For the FY 2011-12 claim, the State paid the city \$306,545. Our audit found that \$220,950 is allowable. The State will offset \$85,595 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

Views of Responsible Officials

We issued a draft audit report on April 15, 2015. Kim Jackson, Management Analyst III, Finance Department responded by email dated May 5, 2015, stating that the city has no changes to the draft audit report.

Restricted Use

This report is solely for the information and use of the City of Fresno, 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, CPA
Chief, Division of Audits

May 26, 2015

**Schedule 1—
Summary of Program Costs
July 1, 2008, through June 30, 2012**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs:				
Salaries and benefits	\$ 152,442	\$ 88,694	\$ (63,748)	Findings 1, 2
Indirect costs	93,158	50,880	(42,278)	Findings 1, 2, 3
Total program costs	<u>\$ 245,600</u>	139,574	<u>\$ (106,026)</u>	
Less amount paid by the state		<u>(245,600)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (106,026)</u>		
<u>July 1, 2009, through June 30, 2010</u>				
Direct costs:				
Salaries and benefits	\$ 159,503	\$ 103,369	\$ (56,134)	Findings 1, 2
Indirect costs	101,885	58,977	(42,908)	Findings 1, 2, 3
Total program costs	<u>\$ 261,388</u>	162,346	<u>\$ (99,042)</u>	
Less amount paid by the state		<u>(261,388)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (99,042)</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Direct costs:				
Salaries and benefits	\$ 170,829	\$ 111,529	\$ (59,300)	Findings 1, 2
Indirect costs	148,216	83,447	(64,769)	Findings 1, 2, 3
Total program costs	<u>\$ 319,045</u>	194,976	<u>\$ (124,069)</u>	
Less amount paid by the state		<u>(319,045)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (124,069)</u>		
<u>July 1, 2011, through June 30, 2012</u>				
Direct costs:				
Salaries and benefits	\$ 180,154	\$ 137,190	\$ (42,964)	Findings 1, 2
Indirect costs	126,391	83,760	(42,631)	Findings 1, 2, 3
Total program costs	<u>\$ 306,545</u>	220,950	<u>\$ (85,595)</u>	
Less amount paid by the state		<u>(306,545)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (85,595)</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2008, through June 30, 2012</u>				
Direct costs:				
Salaries and benefits	\$ 662,928	\$ 440,782	\$ (222,146)	
Indirect costs	<u>469,650</u>	<u>277,064</u>	<u>(192,586)</u>	
Total program costs	<u>\$ 1,132,578</u>	717,846	<u>\$ (414,732)</u>	
Less amount paid by the state		<u>(1,132,578)</u>		
Allowable costs claimed in excess of (less than) amount paid			<u>\$ (414,732)</u>	

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Overstated and understated claimed costs**

The city overstated and understated the number of domestic violence incident reports it claimed during the audit period. This resulted in net understated salaries and benefits costs totaling \$5,753; the related indirect cost is \$9,607.

For each fiscal year, the city provided a summary report to support the claimed number of domestic violence incident reports. The city created the summary reports using its case management system. The case management system’s information did not support the number of domestic violence incident reports that the city claimed. The following table summarizes the audit adjustment for the understated or overstated number of incident reports:

Understated/(overstated) number of reports	(927)	(226)	637	357	
Uniform time allowance (hours)	x 0.48	x 0.48	x 0.48	x 0.48	
Understated/overstated hours	(445)	(108)	306	171	
Claimed productive hourly rate, salaries ¹	x \$37.63	x \$41.09	x \$47.14	x \$48.93	
Understated/(overstated) salaries (A)	\$ (16,745)	\$ (4,438)	\$ 14,425	\$ 8,367	
Benefit rate ¹	x 24.20%	x 29.00%	x 39.00%	x 46.10%	
Understated/(overstated) benefits (B)	(4,052)	(1,287)	5,626	3,857	
Understated/(overstated) salaries and benefits ((C) = (A) + (B))	(20,797)	(5,725)	20,051	12,224	\$ 5,753
Indirect cost rate claimed (D)	x 75.90%	x 82.40%	x 120.60%	x 102.50%	
Related indirect costs (E) = (A) x (D)	(12,709)	(3,657)	17,397	8,576	9,607
Audit adjustment, (F) = (C) + (E)	\$ (33,506)	\$ (9,382)	\$ 37,448	\$ 20,800	\$ 15,360

¹Rate applied to salaries.

The program’s parameters and guidelines state:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

The parameters and guidelines allow a uniform time allowance of 29 minutes (0.48 hours) for responding officers to interview both parties (17 minutes) and consider various specified factors (12 minutes) in a domestic violence incident.

Recommendation

We recommend that the city claim the number of domestic violence incident reports that is supported by the city’s case management system.

City’s Response

The city has no changes to the finding.

**FINDING 2—
Non-reimbursable
costs**

The city claimed non-reimbursable salaries and benefits totaling \$227,899; the related indirect costs total \$166,012.

As noted in Finding 1, the city overstated or understated the total number of domestic violence incident reports for each fiscal year. The following table summarizes the audited population of incident reports and the claimed hours attributable to the audited population:

	Fiscal Year			
	2008-09	2009-10	2010-11	2011-12
Documented number of domestic violence incident reports	5,822	6,000	6,031	5,571
Uniform time allowance (hours)	x 0.48	x 0.48	x 0.48	x 0.48
Claimed hours attributable to documented incident reports ¹	<u>2,814</u>	<u>2,900</u>	<u>2,915</u>	<u>2,693</u>

¹ Calculated using 0.4833

For each fiscal year, we selected a statistical sample from the documented number of domestic violence incident reports (the population) based on a 95% confidence level, a precision rate of +/- 8%, and an expected error rate of 50%. We used statistical samples so that the results could be projected to the population for each fiscal year. We selected a random sample of 146 incident reports for each fiscal year in the audit period. We reviewed the sample incident reports to determine whether the city performed the required mandated program activities. Our review found the following:

- 303 incident reports were fully reimbursable under the mandated program. These reports are reimbursable at 29 minutes (0.48 hours) per report.
- 121 incident reports were partially reimbursable because the officers did not interview both parties involved in the domestic violence incident. These reports are reimbursable at 20.5 minutes (0.34 hours)

per report, based on 8.5 minutes to interview one party and 12 minutes to consider the various factors identified in the parameters and guidelines.

- 160 incident reports were not reimbursable because the incidents did not meet the definition of domestic violence, as defined by Penal Code section 13700. The incidents involved issues such as court order violations, annoying phone calls, and verbal arguments.

The following table summarizes the results of our statistical samples:

	Fiscal Year				Total
	2008-09	2009-10	2010-11	2011-12	
Allowable incident reports	82	79	64	78	303
Partially reimbursable incident reports - only one party interviewed	24	28	31	38	121
Non-mandate-related incident reports	40	39	51	30	160
Total reports sampled	146	146	146	146	584

The following table shows the calculation of unallowable hours based on the results of the statistical samples:

	Fiscal Year				Total
	2008-09	2009-10	2010-11	2011-12	
Allowable incident reports	82	79	64	78	303
Uniform time allowance (hours)	x 0.48	x 0.48	x 0.48	x 0.48	
Subtotal (G)	39.36	37.92	30.72	37.44	
Partially reimbursable incident reports - only one party interviewed	24	28	31	38	121
Allowable uniform time allowance (hours)	x 0.34	x 0.34	x 0.34	x 0.34	
Subtotal (H)	8.16	9.52	10.54	12.92	
Total reimbursable hours for sampled reports ((G) + (H))	47.52	47.44	41.26	50.36	
Statistical sample size	÷ 146	÷ 146	÷ 146	÷ 146	
Reimbursable hours per report	0.3255	0.3249	0.2826	0.3449	
Number of documented incident reports	x 5,822	x 6,000	x 6,031	x 5,571	
Total reimbursable hours	1,895	1,949	1,704	1,921	
Less claimed hours attributable to documented incident reports	(2,814)	(2,900)	(2,915)	(2,693)	
Unallowable hours	(919)	(951)	(1,211)	(772)	

The following table summarizes the unallowable costs based on the unallowable hours identified from the statistical samples:

	Fiscal Year				Total
	2008-09	2009-10	2010-11	2011-12	
Unallowable hours	(919)	(951)	(1,211)	(772)	
Claimed average productive hourly rate (salary)	x \$37.63	x \$41.09	x \$47.14	x \$48.93	
Unallowable salaries (J) ¹	\$ (34,582)	\$ (39,077)	\$ (57,087)	\$ (37,774)	
Benefit rate	x 24.20%	x 29.00%	x 39.00%	x 46.10%	
Unallowable benefits (K) ¹	(8,369)	(11,332)	(22,264)	(17,414)	
Unallowable salary and benefits ((L) = (J) + (K))	(42,951)	(50,409)	(79,351)	(55,188)	\$ (227,899)
Indirect cost rate claimed	x 75.90%	x 82.40%	x 120.60%	x 102.50%	
Related indirect costs (M)	(26,248)	(32,199)	(68,847)	(38,718)	(166,012)
Audit adjustment ((L) + (M))	\$ (69,199)	\$ (82,608)	\$ (148,198)	\$ (93,906)	\$ (393,911)

¹ Applied to salaries

The parameters and guidelines state:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities.

The parameters and guidelines allow a total uniform time allowance of 29 minutes (0.48 hours) for responding officers to interview both parties (17 minutes) and consider various specified factors (12 minutes) in a domestic violence incident.

Recommendation

We recommend that the city claim costs for only those reports that document incidents meeting the definition of domestic violence as provided by Penal Code section 13700. In addition, we recommend that the city claim the portion of the uniform time allowance that is attributable to the mandated activities actually performed.

City’s Response

The city has no changes to the finding.

**FINDING 3—
Overstated indirect costs rates**

The city claimed indirect costs based on indirect cost rate proposals (ICRP) prepared for the city’s police department. The city overstated its indirect cost rate for each fiscal year. As a result, the city overstated indirect costs claimed by \$36,181 for the audit period.

For all fiscal years, the city's ICRP excluded salaries attributable to grant programs (e.g., Cops in School grant, HUD Capitol Program, and Airport Public Safety). Title 2, *Code of Federal Regulations*, Part 225 (Office of Management and Budget (OMB) Circular A-87), Appendix A, Part C, subdivision 3.b. states, "All activities which benefit from the governmental unit's indirect cost . . . will receive an appropriate allocation of indirect costs." We adjusted direct salaries and benefits to include the grant program costs.

The following table summarizes the indirect cost rate audit adjustments:

Cost Component	Costs Reported	Allowable Costs	Audit Adjustment
<u>Fiscal Year (FY) 2008-09</u>			
Direct costs:			
Salaries (A)	\$ 66,814,370	\$ 71,178,258	\$ 4,363,888
Indirect Costs:			
Salaries and benefits	29,469,580	29,469,580	-
Sevices and supplies	21,243,973	21,243,973	-
Total indirect costs (B)	\$ 50,713,553	\$ 50,713,553	\$ -
Allowable indirect cost rate FY 2008-09 (B) ÷ (A))		71.25%	
<u>FY 2009-10</u>			
Direct costs:			
Salaries (C)	\$ 58,436,456	\$ 65,430,050	\$ 6,993,594
Indirect Costs:			
Salaries and benefits	31,421,412	31,421,412	-
Sevices and supplies	16,719,734	16,719,734	-
Total indirect costs (D)	\$ 48,141,146	\$ 48,141,146	\$ -
Allowable indirect cost rate FY 2009-10 ((D) ÷ (C))		73.60%	
<u>FY 2010-11</u>			
Direct costs:			
Salaries (E)	\$ 47,405,439	\$ 54,941,936	\$ 7,536,497
Indirect Costs:			
Salaries and benefits	39,213,267	39,213,267	-
Sevices and supplies	17,944,771	17,944,771	-
Total indirect costs (F)	\$ 57,158,038	\$ 57,158,038	\$ -
Allowable indirect cost rate FY 2009-10 (F ÷ E)		104.00%	
<u>FY 2011-12</u>			
Direct costs:			
Salaries (G)	\$ 51,817,962	\$ 59,537,311	\$ 7,719,349
Indirect Costs:			
Salaries and benefits	36,639,078	36,639,078	-
Sevices and supplies	16,479,079	16,479,079	-
Total indirect costs (H)	\$ 53,118,157	\$ 53,118,157	\$ -
Allowable indirect cost rate FY 2009-10 (H ÷ G)		89.20%	

The following table summarizes the audit adjustments:

	Fiscal Year				Total
	2008-09	2009-10	2010-11	2010-11	
Allowable indirect cost rate	71.25%	73.60%	104.00%	89.20%	
Less claimed indirect cost rate	(75.90)%	(82.40)%	(120.60)%	(102.50)%	
Unallowable indirect cost rate	(4.65)%	(8.80)%	(16.60)%	(13.30)%	
Allowable salaries	x \$ 71,412	x \$ 80,131	x \$ 80,237	x \$ 93,901	
Audit adjustment	\$ (3,321)	\$ (7,052)	\$ (13,319)	\$ (12,489)	\$ (36,181)

The parameters and guidelines state, “Actual costs must be traceable and supported by source documents that show the validity of such costs. . . .” The parameters and guidelines also state that counties may claim indirect costs using the procedures provided in OMB Circular A-87.

Recommendation

We recommend that the city prepare ICRPs that are supported by its expenditure ledgers and inclusive of all departmental costs. We also recommend that the city allocate costs consistently between fiscal years in accordance with OMB Circular A-87.

City’s Response

The city has no changes to the finding.

**State Controller's Office
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