

ORANGE COUNTY

Audit Report

OPEN MEETINGS ACT/BROWN ACT REFORM PROGRAM

Chapter 641, Statutes of 1986; and Chapters 1136
through 1138, Statutes of 1993

July 1, 2005, through June 30, 2012



BETTY T. YEE
California State Controller

May 2017



BETTY T. YEE
California State Controller

May 1, 2017

The Honorable Michelle Steel, Chair
Orange County Board of Supervisors
10 Civic Center Plaza
Santa Ana, CA 92701

Dear Ms. Steel:

The State Controller's Office audited the costs claimed by Orange County for the legislatively mandated Open Meetings Act/Brown Act Reform Program (Chapter 641, Statutes of 1986; and Chapters 1136 through 1138, Statutes of 1993) for the period of July 1, 2005, through June 30, 2012.

The county claimed \$925,816 for the mandated program. Our audit found that the entire amount is allowable. The State made no payments to the county. The State will pay allowable costs claimed, totaling \$925,816, contingent upon available appropriations.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/rg

cc: The Honorable Eric H. Woolery, CPA, Auditor-Controller
Orange County
Jamie Ross, Deputy Clerk
Orange County Clerk of the Board
Chris Hill, Principal Program Budget Analyst
Local Government Unit, California Department of Finance
Steven Pavlov, Finance Budget Analyst
Local Government Unit, California Department of Finance
Keith Nezaam, Staff Finance Budget Analyst
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California Department of Finance
Anita Dagan, Manager
Local Government Programs and Services Division
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Orange County for the legislatively mandated Open Meetings Act/Brown Act Reform Program (Chapter 641, Statutes of 1986; and Chapters 1136 through 1138, Statutes of 1993) for the period of July 1, 2005, through June 30, 2012.

The county claimed \$925,816 for the mandated program. Our audit found that the entire amount is allowable. The State made no payments to the county. The State will pay allowable costs claimed, totaling \$925,816, contingent upon available appropriations.

Background

Open Meetings Act Program

Chapter 641, Statutes of 1986, added Government Code (GC) sections 54954.2 and 54954.3. Section 54954.2 requires the legislative body of a local agency, or its designee, to post an agenda containing a brief general description of each item or business to be transacted or discussed at the regular meeting, subject to exceptions stated therein, specifying the time and location of the regular meeting. It also requires that the agenda be posted at least 72 hours before the meeting in a location freely accessible to the public. Section 54954.3 requires members of the public to be provided an opportunity to address the legislative body on specific agenda items or an item of interest that is within the subject matter jurisdiction of the legislative body. The legislation requires that this opportunity be stated on the posted agenda.

Open Meetings Act/Brown Act Reform Program

Chapters 1136 through 1138, Statutes of 1993, amended GC sections 54952, 54954.2, 54957.1, and 54957.7, expanding the types of legislative bodies that are required to comply with the notice and agenda requirements of sections 54954.2 and 54954.3. These sections also require all legislative bodies to perform additional activities related to the closed session requirements of the Brown Act.

The Commission on State Mandates (Commission) determined that the Open Meetings Act Program (October 22, 1987) and the Open Meetings Act/Brown Act Reform Program (June 28, 2001) resulted in state-mandated costs that are reimbursable under GC section 17561.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted parameters and guidelines on September 22, 1988 (last amended on November 30, 2000) for the Open Meetings Act Program, and on April 25, 2002, for the Open Meetings Act/Brown Act Reform Program. In compliance with GC section 17558, the SCO issues claiming instructions to assist local agencies and school districts in claiming mandated program reimbursable costs.

The Open Meetings Act Program was effective August 29, 1986. Commencing in fiscal year (FY) 1997-98, a local agency may claim costs using the actual-time reimbursement option, the standard-time reimbursement option, or the flat-rate reimbursement option as specified in parameters and guidelines. The Open Meetings Act/Brown Act Reform Program was effective for FY 2001-02.

Based on the passage of Proposition 30 adopted by the voters on November 7, 2012, the Department of Finance filed a request for redetermination of the Open Meetings Act and Brown Act Reform Program. On January 23, 2015, the Commission found that the Open Meetings Act/Brown Act Reform Program no longer constitutes a reimbursable state-mandated program, effective November 7, 2012.

Objectives, Scope, and Methodology

We conducted this performance audit to determine whether costs claimed represent increased costs resulting from the Open Meetings Act/Brown Act Reform Program for the period of July 1, 2005, through June 30, 2012.

The legal authority to conduct this audit is provided by GC sections 12410, 17558.5, and 17561. We did not audit the county's financial statements. We conducted this 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 county'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.

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.

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

- Reviewed annual claims filed with the SCO to identify any mathematical errors and performed analytical procedures to determine any unusual or unexpected variances from year-to-year;
- Completed an internal control questionnaire and performed a walk-through of the claim preparation process to determine what information was used, who obtained it, and how it was obtained;
- Judgmentally selected a haphazard sample of agenda preparation and posting costs claimed and traced the costs to documentation to determine whether the costs were supported and related to the mandated program;
- Traced blended productive hourly rate calculations for city employees to supporting documentation in the city's payroll system;

- Inquired whether the city realized any offsetting savings or reimbursements based on the statutes that created the mandated program; and
- Reviewed indirect cost rates claimed to determine whether they were properly computed and applied.

Conclusion

For the audit period, Orange County claimed \$925,816 for costs of the Open Meetings Act/Brown Act Reform Program. Our audit found no material instances of noncompliance with the requirements outlined in the Objectives section. The State made no payments to the county. The State will pay allowable costs claimed, totaling \$925,816, contingent upon available appropriations.

**Views of
Responsible
Officials**

We discussed our audit results with the county's representatives during an exit conference conducted on April 12, 2017. Robin Stieler, Clerk of the Board; Valerie Sanchez, Chief Deputy Clerk of the Board; and Jamie Ross, Deputy Clerk of the Board, agreed with the audit results. Ms. Ross declined a draft audit report and agreed that we could issue the audit report as final.

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, CPA
Chief, Division of Audits

May 1, 2017

**Schedule—
Summary of Program Costs
July 1, 2005, through June 30, 2012**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment
<u>July 1, 2005, through June 30, 2006</u>			
Standard time	\$ 46,722	\$ 46,722	\$ -
Flat-rate	45,982	45,982	-
Indirect cost	19,170	19,170	-
Total program costs	<u>\$ 111,874</u>	<u>111,874</u>	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 111,874</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Standard time	\$ 63,003	\$ 63,003	\$ -
Flat-rate	49,341	49,341	-
Indirect cost	31,495	31,495	-
Total program costs	<u>\$ 143,839</u>	<u>143,839</u>	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 143,839</u>	
<u>July 1, 2007, through June 30, 2008</u>			
Standard time	\$ 64,850	\$ 64,850	\$ -
Flat-rate	53,871	53,871	-
Indirect cost	26,906	26,906	-
Total program costs	<u>\$ 145,627</u>	<u>145,627</u>	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 145,627</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Standard time	\$ 62,615	\$ 62,615	\$ -
Flat-rate	52,195	52,195	-
Indirect cost	18,922	18,922	-
Total program costs	<u>\$ 133,732</u>	<u>133,732</u>	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 133,732</u>	
<u>July 1, 2009, through June 30, 2010</u>			
Standard time	\$ 61,218	\$ 61,218	\$ -
Flat-rate	49,589	49,589	-
Indirect cost	18,234	18,234	-
Total program costs	<u>\$ 129,041</u>	<u>129,041</u>	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 129,041</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment
<u>July 1, 2010, through June 30, 2011</u>			
Standard time	\$ 60,808	\$ 60,808	\$ -
Flat-rate	49,752	49,752	-
Indirect cost	26,379	26,379	-
Total program costs	<u>\$ 136,939</u>	<u>136,939</u>	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 136,939</u>	
<u>July 1, 2011, through June 30, 2012</u>			
Standard time	\$ 51,507	\$ 51,507	\$ -
Flat-rate	50,319	50,319	-
Indirect cost	22,938	22,938	-
Total program costs	<u>\$ 124,764</u>	<u>124,764</u>	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 124,764</u>	
<u>Summary: July 1, 2005, through June 30, 2012</u>			
Standard time	\$ 410,723	\$ 410,723	\$ -
Flat-rate	351,049	351,049	-
Indirect cost	164,044	164,044	-
Total program costs	<u>\$ 925,816</u>	<u>925,816</u>	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 925,816</u>	

**State Controller's Office
Division of Audits
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