

CITY OF ANAHEIM

Audit Report

CRIME STATISTICS REPORTS FOR THE DEPARTMENT OF JUSTICE PROGRAM

Chapter 1172, Statutes 1989; Chapter 1338, Statutes 1992;
Chapter 1230, Statutes 1993; Chapter 933, Statutes 1998;
Chapter 571, Statutes 1999; Chapter 626, Statutes 2000;
Chapter 700, Statutes 2004

July 1, 2001, through June 30, 2012



BETTY T. YEE
California State Controller

June 2017



BETTY T. YEE
California State Controller

June 30, 2017

The Honorable Tom Tait
Mayor of the City of Anaheim
200 South Anaheim Boulevard, 7th Floor
Anaheim, CA 92805

Dear Mayor Tait:

The State Controller's Office audited the costs claimed by the City of Anaheim for the legislatively mandated Crime Statistics Reports for the Department of Justice Program (Chapter 1172, Statutes 1989; Chapter 1338, Statutes 1992; Chapter 1230, Statutes 1993; Chapter 933, Statutes 1998; Chapter 571, Statutes 1999; Chapter 626, Statutes 2000; Chapter 700, Statutes 2004) for the period of July 1, 2001, through June 30, 2012.

The city claimed \$3,356,657 for the mandated program. Our audit found that \$1,201,938 is allowable (\$1,353,884 less allowable costs that exceed costs claimed totaling \$151,946) and \$2,154,719 is unallowable. The costs are unallowable because the city misstated the number of domestic violence-related calls for assistance incident reports, overstated the time increments per activity, and overstated the related indirect costs. The State made no payments to the city. The State will pay allowable costs claimed, totaling \$1,201,938, 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/lis

cc: Debbie Moreno, Finance Director
City of Anaheim
Jennifer Sorenson, Senior Accountant
City of Anaheim
Chris Hill, Principal Program Budget Analyst
Local Government Unit, California Department of Finance
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Contents

Audit Report

Summary	1
Background	1
Objectives, Scope, and Methodology	2
Conclusion	4
Views of Responsible Officials.....	4
Restricted Use	4
Schedule—Summary of Program Costs	5
Finding and Recommendation	8
Attachment—City’s Response to Draft Audit Report	

Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Anaheim for the legislatively mandated Crime Statistics Reports for the Department of Justice Program (Chapter 1172, Statutes 1989; Chapter 1338, Statutes 1992; Chapter 1230, Statutes 1993; Chapter 933, Statutes 1998; Chapter 571, Statutes 1999; Chapter 626, Statutes 2000; Chapter 700, Statutes 2004) for the period of July 1, 2001, through June 30, 2012.

The city claimed \$3,356,657 for the mandated program. Our audit found that \$1,201,938 is allowable (\$1,353,884 less allowable costs that exceed costs claimed totaling \$151,946) and \$2,154,719 is unallowable. The costs are unallowable because the city misstated the number of domestic violence-related calls for assistance incident reports, overstated the time increments per activity, and overstated the related indirect costs. The State made no payments to the city. The State will pay allowable costs claimed, totaling \$1,201,938, contingent upon available appropriations.

Background

Penal Code section 12025, subdivisions (h)(1) and (h)(3); section 12031, subdivisions (m)(1) and (m)(3); section 13014 and 13023; and section 13730, subdivision (a) require local agencies to report information related to certain specified criminal acts to the California Department of Justice (DOJ). These sections were added and/or amended by Chapter 1172, Statutes of 1989; Chapter 1338, Statutes of 1992; Chapter 1230, Statutes of 1993; Chapter 933, Statutes of 1998; Chapter 571, Statutes of 1999; Chapter 626, Statutes of 2000; and Chapter 700, Statutes of 2004.

On June 26, 2008, the Commission on State Mandates (Commission) adopted a statement of decision for the Crime Statistics Reports for the Department of Justice Program. The Commission found that the test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program on city and county claimants beginning on July 1, 2001, within the meaning of Article XII B, section 6 of the California Constitution and Government Code section 17514.

On July 31, 2009, the Commission heard an amended test claim on Penal Code section 13023 (added by Chapter 700, Statutes of 2004), which imposed additional crime reporting requirements. The Commission also found that this test claim legislation constitutes a new program or higher level of service and imposes a reimbursable state-mandated program for city and county claimants beginning on January 1, 2004. On April 10, 2010, the Commission issued a corrected statement of decision to correctly identify the operative and effective date of the reimbursable state-mandated program as January 1, 2005.

The Commission found that the following activities are reimbursable:

- A local government entity responsible for the investigation and prosecution of a homicide case to provide the California Department of Justice (DOJ) with demographic information about the victim and the person or persons charged with the crime, including the victim's

and person's age, gender, race, and ethnic background (Penal Code section 13014).

- Local law enforcement agencies to report, in a manner to be prescribed by the Attorney General, any information that may be required relative to any criminal acts or attempted criminal acts to cause physical injury, emotional suffering, or property damage where there is a reasonable cause to believe that the crime was motivated, in whole or in part, by the victim's race, ethnicity, religion, sexual orientation, or physical or mental disability, or gender or national origin (Penal Code section 13023).
- For district attorneys to report annually on or before June 30, to the Attorney General, on profiles by race, age, gender, and ethnicity any person charged with a felony or misdemeanor under section 12025 (carrying a concealed firearm) or section 12031 of the Penal Code (carrying a loaded firearm in a public place), and any other offense charged in the same complaint, indictment, or information. The Commission found that this activity is a reimbursable mandate from July 1, 2001 (the beginning of the reimbursement period for this test claim) until January 1, 2005. (Penal Code sections 12025, subdivisions (h)(1) and (h)(3), and section 12031 subdivisions (m)(1) and (m)(3)).
- For local law enforcement agencies to support all domestic-violence related calls for assistance with a written incident report (Penal Code section 13730, subdivision (a), Chapter 1230, Statutes of 1993).

The Commission also found that, beginning January 1, 2005, local law enforcement agencies are entitled to reimbursement for reporting the following information in a manner to be prescribed by the Attorney General:

- Any information that may be required relative to hate crimes, as defined in Penal Code section 422.55 as criminal acts committed, in whole or in part, because of one or more of the following perceived characteristics of the victim: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, (6) sexual orientation.
- Any information that may be required relative to hate crimes, defined in Penal Code section 422.55 as criminal acts committed, in whole or in part, because of association with a person or group with one or more of the following actual or perceived characteristics: (1) disability, (2) gender, (3) nationality, (4) race or ethnicity, (5) religion, (6) sexual orientation.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The Commission adopted the parameters and guidelines on September 30, 2010, and amended them on January 24, 2014, to clarify reimbursable costs related to domestic violence-related calls for assistance. 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 this performance audit to determine whether costs claimed represent increased costs resulting from the Crime Statistics Reports for the Department of Justice Program for the period of July 1, 2001, through June 30, 2012.

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 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.

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 claims to identify the material cost components of each claim, any errors, and 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;
- Assessed whether computer-processed data provided by the claimant to support claimed costs was complete and accurate and could be relied upon;
- Interviewed the city staff to determine the employee classifications involved in performing the reimbursable activities during the audit period;
- Reviewed and analyzed the city's detailed listing of incident report counts in selected fiscal years to identify any possible exclusions; and ensured that the counts were sufficiently free of errors;
- Verified incident report counts by tracing a sample of domestic violence calls for assistance to case files to ensure that the calls for assistance were supported by written incident reports;
- Reviewed the city's time study documentation to assess whether average time increments claimed to perform the reimbursable activities were reasonable per the requirements of the program;
- Traced productive hourly rate calculations for city employees for selected fiscal years to supporting information in the city's payroll system;
- Determined whether indirect costs claimed were for common or joint purposes and whether indirect cost rates were properly supported and applied; and
- Recalculated allowable costs claimed using audited data.

Conclusion

Our audit found an instance of noncompliance with the requirements outlined in the Objectives section. This instance is described in the accompanying Schedule (Summary of Program Costs) and in the Finding and Recommendation section of this report.

For the audit period, the City of Anaheim claimed \$3,356,657 for costs of the Crime Statistics Reports for the Department of Justice Program. Our audit found that \$1,201,938 is allowable (\$1,353,884 less allowable costs that exceed costs claimed totaling \$151,946) and \$2,154,719 is unallowable.

The State made no payments to the city. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,201,938, contingent upon available appropriations.

**Views of
Responsible
Officials**

We issued a draft audit report on June 6, 2017. Deborah Moreno, Finance Director, responded by letter dated June 15, 2017 (Attachment), agreeing with 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 Anaheim 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

June 30, 2017

Schedule—
Summary of Program Costs
July 1, 2001, through June 30, 2012

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment ¹
<u>July 1, 2001, through June 30, 2002</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 248,954	\$ 67,700	\$ (181,254)
Total direct costs	248,954	67,700	(181,254)
Indirect costs	124,477	33,850	(90,627)
Total program costs	<u>\$ 373,431</u>	101,550	<u>\$ (271,881)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 101,550</u>	
<u>July 1, 2002, through June 30, 2003</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 305,643	\$ 83,173	\$ (222,470)
Total direct costs	305,643	83,173	(222,470)
Indirect costs	156,490	42,585	(113,905)
Total program costs	<u>\$ 462,133</u>	125,758	<u>\$ (336,375)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 125,758</u>	
<u>July 1, 2003, through June 30, 2004</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 212,376	\$ 58,792	\$ (153,584)
Total direct costs	212,376	58,792	(153,584)
Indirect costs	99,817	27,632	(72,185)
Total program costs	<u>\$ 312,193</u>	86,424	<u>\$ (225,769)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 86,424</u>	
<u>July 1, 2004, through June 30, 2005</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 314,666	\$ 85,028	\$ (229,638)
Total direct costs	314,666	85,028	(229,638)
Indirect costs	141,789	38,314	(103,475)
Total program costs	<u>\$ 456,455</u>	123,342	<u>\$ (333,113)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 123,342</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment ¹
<u>July 1, 2005, through June 30, 2006</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 253,331	\$ 76,574	\$ (176,757)
Total direct costs	253,331	76,574	(176,757)
Indirect costs	106,171	32,092	(74,079)
Total program costs	<u>\$ 359,502</u>	108,666	<u>\$ (250,836)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 108,666</u>	
<u>July 1, 2006, through June 30, 2007</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 233,138	\$ 81,039	\$ (152,099)
Total direct costs	233,138	81,039	(152,099)
Indirect costs	104,119	36,192	(67,927)
Total program costs	<u>\$ 337,257</u>	117,231	<u>\$ (220,026)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 117,231</u>	
<u>July 1, 2007, through June 30, 2008</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 239,863	\$ 94,458	\$ (145,405)
Total direct costs	239,863	94,458	(145,405)
Indirect costs	105,324	41,477	(63,847)
Total program costs	<u>\$ 345,187</u>	135,935	<u>\$ (209,252)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 135,935</u>	
<u>July 1, 2008, through June 30, 2009</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 198,762	\$ 97,439	\$ (101,323)
Total direct costs	198,762	97,439	(101,323)
Indirect costs	78,868	38,664	(40,204)
Total program costs	<u>\$ 277,630</u>	136,103	<u>\$ (141,527)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 136,103</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment ¹
<u>July 1, 2009, through June 30, 2010</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 216,852	\$ 98,051	\$ (118,801)
Total direct costs	216,852	98,051	(118,801)
Indirect costs	86,046	38,907	(47,139)
Total program costs	<u>\$ 302,898</u>	136,958	<u>\$ (165,940)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 136,958</u>	
<u>July 1, 2010, through June 30, 2011</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 45,479	\$ 110,559	\$ 65,080
Total direct costs	45,479	110,559	65,080
Indirect costs	4,548	5,766	1,218
Total direct and indirect costs	50,027	116,325	66,298
Less allowable costs that exceed costs claimed ²	-	(66,298)	(66,298)
Total program costs	<u>\$ 50,027</u>	50,027	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 50,027</u>	
<u>July 1, 2011, through June 30, 2012</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 54,858	\$ 113,629	\$ 58,771
Total direct costs	54,858	113,629	58,771
Indirect costs	25,086	51,963	26,877
Total direct and indirect costs	79,944	165,592	85,648
Less allowable costs that exceed costs claimed ²	-	(85,648)	(85,648)
Total program costs	<u>\$ 79,944</u>	79,944	<u>\$ -</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 79,944</u>	
<u>Summary: July 1, 2001, through June 30, 2012</u>			
Direct costs - salaries and benefits:			
Domestic violence related calls for assistance	\$ 2,323,922	\$ 966,442	\$ (1,357,480)
Total direct costs	2,323,922	966,442	(1,357,480)
Indirect costs	1,032,735	387,442	(645,293)
Total direct and indirect costs	3,356,657	1,353,884	(2,002,773)
Less allowable costs that exceed costs claimed ²	-	(151,946)	(151,946)
Total program costs	<u>\$ 3,356,657</u>	1,201,938	<u>\$ (2,154,719)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,201,938</u>	

¹ See the Finding and Recommendation section.

² Government Code section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2010-11 and FY 2011-12.

Finding and Recommendation

**FINDING—
Domestic Violence
Related Calls for
Assistance cost
component—
unallowable salary
and benefit and
related indirect costs**

The city claimed \$2,323,922 in salaries and benefits and \$1,032,735 in related indirect costs for the Domestic Violence Related Calls for Assistance cost component during the audit period. We found that \$966,442 is allowable and \$1,357,480 is unallowable for salaries and benefits. The costs claimed are unallowable because the city misstated the number of domestic violence-related calls for assistance incident reports and overstated the time increments per activity. Related unallowable indirect costs total \$645,293.

The following table summarizes the claimed, allowable, and unallowable salaries and benefits for the Domestic Violence Related Calls for Assistance cost component for the audit period:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
2001-02	\$ 248,954	\$ 67,700	\$ (181,254)
2002-03	305,643	83,173	(222,470)
2003-04	212,376	58,792	(153,584)
2004-05	314,666	85,028	(229,638)
2005-06	253,331	76,574	(176,757)
2006-07	233,138	81,039	(152,099)
2007-08	239,863	94,458	(145,405)
2008-09	198,762	97,439	(101,323)
2009-10	216,852	98,051	(118,801)
2010-11	45,479	110,559	65,080
2011-12	54,858	113,629	58,771
Total	\$ 2,323,922	\$ 966,442	\$ (1,357,480)

Related unallowable indirect costs total \$645,293.

Salaries and Benefits Claimed

The city claimed costs based on estimated time increments. The city multiplied the estimated time increments per activity by the total number of domestic violence-related calls for assistance incidents to arrive at the claimed hours. The city used the productive hourly rates and related benefit amounts of the Police Officer and Police Sergeant classifications to calculate the salaries and benefits claimed.

Number of Domestic Violence-Related Calls for Assistance Incidents

Claimed

The city obtained the claimed number of domestic violence-related calls for assistance incidents from the DOJ website (for fiscal year [FY] 2001-02 through FY 2009-10) and the city’s Versadex System (for FY 2010-11 and FY 2011-12). The city used the number of the incidents to compute claimed costs for activity of writing and editing the reports. The city indicated in its claims that only 25% of written reports were edited.

Allowable

During fieldwork, we requested to review documentation supporting the number of domestic violence-related calls for assistance incidents that included a written report. The city provided data reports from Versadex supporting the domestic violence-related calls for assistance incidents for which a report was written for FY 2006-07 through FY 2011-12. We found that the number of incidents claimed was misstated (overstated in some years and understated in other years).

We reviewed a sample of domestic violence-related calls for assistance incidents to verify that they occurred and were properly supported with a written incident report that was also reviewed and edited. For FY 2009-10 and FY 2011-12, we selected a sample of 67 domestic violence-related calls for assistance incidents to review. Our review revealed that only two incident reports did not include anything related to domestic violence. We determined that we would not need to expand our testing, as the discrepancies were immaterial. We concluded that the city sufficiently and appropriately generated the data from Versadex. We also concluded that the query reports provided for our review for FY 2006-07 through FY 2011-12 were reliable.

However, the city was not able to provide data reports or supporting documentation for incidents claimed for FY 2001-02 through FY 2005-06. Because we identified discrepancies with claimed incidents for which reports were written for FY 2006-07 through FY 2011-12, we calculated an average incident count based on the data provided for the supported years. We applied the average incident count to FY 2001-02 through FY 2005-06, the period for which supporting documentation was not available.

The following table summarizes the claimed, allowable, and misstated number of domestic-violence related calls for assistance incidents for the audit period:

Fiscal Year	Claimed Counts	Allowable Counts	Difference
2001-02	1,704	1,034	(670)
2002-03	1,704	1,034	(670)
2003-04	1,675	1,034	(641)
2004-05	1,716	1,034	(682)
2005-06	1,534	1,034	(500)
2006-07	1,334	1,034 *	(300)
2007-08	1,207	1,060	(147)
2008-09	1,018	1,108	90
2009-10	1,018	1,067	49
2010-11	1,114	1,148	34
2011-12	1,138	1,156	18

*For FY 2006-07, the actual case count supported by Versadex was 663. The city indicated that it changed tracking systems during that fiscal year and part of the case statistics was not available. The city proposed and we agreed to use the average of 1,034 cases, computed during the audit, to calculate allowable costs for FY 2006-07. We derived the average 1,034 case count using the actual case statistics of 663 as part of our computations during fieldwork.

Time Increments

Claimed

For FY 2001-02 through FY 2009-10, the city estimated that it took 55 minutes per incident for a Police Officer to support all domestic violence-related calls for assistance incidents with a written incident report, 70 minutes for the Sergeant to review the report, and 35 minutes for the Police Officer to edit the report.

For FY 2010-11 and FY 2011-12, the city estimated that it took 30 minutes for a Police Officer to support all domestic violence-related calls for assistance incidents with a written incident report and five minutes for the Sergeant to review the report.

The city did not provide any source documentation based on actual time records to support the estimated time increments.

Allowable

The city conducted a time study during the month of May 2016. The time study lasted two weeks and documented the time it took Police Officers to support all domestic violence-related calls for assistance incidents with a written and edited incident report, and also the time it took the Sergeant to review the report. The time study also determined that the Sergeant also spent time editing reports, which was not claimed.

Based on the city's time study results, we determined that it takes a Police Officer an average of 0.86 hours (or 51.53 minutes) to support all domestic violence-related calls for assistance incidents with a written incident report and an average of 0.01 hours (or 0.59 minutes) to edit the written report. We also determined that it takes the Sergeant an average of 0.18 hours (or 11.00 minutes) to review and an average of 0.03 hours (or 2.06 minutes) to edit the written report.

We applied the allowable time study increments to the domestic violence-related calls for assistance incident counts to arrive at the total allowable hours.

The following table summarizes the claimed, allowable, and misstated hours for the Police Officer classification for the activity of writing the reports:

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Difference</u>
Allowable Hours - Report Writing (Police Officer)			
2001-02	1,562.00	889.24	(672.76)
2002-03	1,562.00	889.24	(672.76)
2003-04	1,535.42	889.24	(646.18)
2004-05	1,573.00	889.24	(683.76)
2005-06	1,406.17	889.24	(516.93)
2006-07	1,222.83	889.24	(333.59)
2007-08	1,106.42	911.60	(194.82)
2008-09	933.17	952.88	19.71
2009-10	933.17	917.62	(15.55)
2010-11	557.00	987.28	430.28
2011-12	569.00	994.16	425.16
Total	<u>12,960.18</u>	<u>10,098.98</u>	<u>(2,861.20)</u>

The following table summarizes the claimed, allowable, and misstated hours for the Police Officer classification for the activity of editing the reports:

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Difference</u>
Allowable Hours - Editing Report (Police Officer)			
2001-02	248.50	2.59	(245.91)
2002-03	248.00	2.59	(245.41)
2003-04	244.27	2.59	(241.68)
2004-05	250.25	2.59	(247.66)
2005-06	223.71	2.59	(221.12)
2006-07	194.54	2.59	(191.95)
2007-08	176.02	2.65	(173.37)
2008-09	148.46	2.77	(145.69)
2009-10	148.46	2.67	(145.79)
2010-11	-	2.87	2.87
2011-12	-	2.89	2.89
Total	<u>1,882.21</u>	<u>29.39</u>	<u>(1,852.82)</u>

The following table summarizes the claimed, allowable, and misstated hours for the Police Sergeant classification for the activity of reviewing the reports:

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Difference</u>
Allowable Hours - Reviewing (Sergeant)			
2001-02	1,988.00	186.12	(1,801.88)
2002-03	1,988.00	186.12	(1,801.88)
2003-04	1,954.17	186.12	(1,768.05)
2004-05	2,002.00	186.12	(1,815.88)
2005-06	1,789.67	186.12	(1,603.55)
2006-07	1,556.33	186.12	(1,370.21)
2007-08	1,408.17	190.80	(1,217.37)
2008-09	1,187.67	199.44	(988.23)
2009-10	1,187.67	192.06	(995.61)
2010-11	95.00	206.64	111.64
2011-12	94.83	208.08	113.25
Total	<u>15,251.51</u>	<u>2,113.74</u>	<u>(13,137.77)</u>

The following table summarizes the claimed, allowable, and misstated hours for the Police Sergeant classification for the activity of editing the reports:

<u>Fiscal Year</u>	<u>Claimed Hours</u>	<u>Allowable Hours</u>	<u>Difference</u>
Allowable Hours - Editing (Sergeant)			
2001-02	-	7.76	7.76
2002-03	-	7.76	7.76
2003-04	-	7.76	7.76
2004-05	-	7.76	7.76
2005-06	-	7.76	7.76
2006-07	-	7.76	7.76
2007-08	-	7.95	7.95
2008-09	-	8.31	8.31
2009-10	-	8.00	8.00
2010-11	-	8.61	8.61
2011-12	-	8.67	8.67
Total	<u>-</u>	<u>88.10</u>	<u>88.10</u>

Productive Hourly Rates and Benefit Rates

Claimed

The city used the Police Officer classification to calculate costs for the time it takes to write and edit an incident report for all domestic violence-related calls for assistance incidents and the Sergeant classification to calculate costs for the time it takes to review the report. The city calculated

the claimed benefit costs by applying an average benefit rate for each classification to the claimed salaries.

Allowable

In order to verify the accuracy of the productive hourly and benefit rates claimed, we obtained the salary and fringe benefit information for the two classifications for FY 2010-11 and FY 2011-12. We focused on the last two years of the audit period as the claimed rates appeared lower than the claimed rates for the earlier years. We calculated a productive hourly rate for each employee within each classification using the salary and benefit reports provided during the audit and the standard 1,800 annual productive hours. We then calculated an average productive hourly rate for each classification. We determined that claimed productive hourly rates for FY 2010-11 and FY 2011-12 were understated. We computed a higher average rate for the years reviewed. The audited rates appeared consistent with the claimed rates for the earlier years of the audit period. We used the audited productive hourly rates to calculate allowable costs for the FY 2010-11 and FY 2011-12 and accepted the rates as claimed for the earlier years of the audit period (FY 2001-02 through FY 2009-10).

We performed an analytical review of the claimed benefit rates and they appeared reasonable. We accepted the benefit rates as claimed.

The following tables summarizes the claimed, allowable, and understated productive hourly rates for the Police Officer classification for the audit period:

<u>Fiscal Year</u>	<u>Claimed PHR</u>	<u>Allowable PHR</u>	<u>Difference</u>	<u>Claimed Benefit Rate</u>	<u>Allowable Benefit Rate</u>	<u>Difference</u>
	Productive Hourly Rates (Police Officer)			Benefit Rates (Police Officer)		
2001-02	41.68	41.68	-	45.80%	45.80%	0.00%
2002-03	41.68	41.68	-	79.00%	79.00%	0.00%
2003-04	35.61	35.61	-	48.10%	48.10%	0.00%
2004-05	44.98	44.98	-	69.57%	69.57%	0.00%
2005-06	39.14	39.14	-	75.50%	75.50%	0.00%
2006-07	43.50	43.50	-	67.11%	67.11%	0.00%
2007-08	43.95	43.95	-	88.06%	88.06%	0.00%
2008-09	47.50	47.50	-	70.42%	70.42%	0.00%
2009-10	44.70	44.70	-	86.47%	86.47%	0.00%
2010-11	33.91	45.73	11.82	90.91%	90.91%	0.00%
2011-12	40.14	46.17	6.03	94.44%	94.44%	0.00%

The following tables summarizes the claimed, allowable, and understated productive hourly rates for the Sergeant classification for the audit period:

Fiscal Year	Claimed PHR	Allowable PHR	Difference	Claimed Benefit Rate	Allowable Benefit Rate	Difference
Productive Hourly Rates (Police Sergeant)			Benefit Rates (Police Sergeant)			
2001-02	47.93	47.93	-	45.80%	45.80%	0.00%
2002-03	47.93	47.93	-	79.00%	79.00%	0.00%
2003-04	40.95	40.95	-	48.10%	48.10%	0.00%
2004-05	51.73	51.73	-	69.57%	69.57%	0.00%
2005-06	45.01	45.01	-	75.50%	75.50%	0.00%
2006-07	50.03	50.03	-	67.11%	67.11%	0.00%
2007-08	50.55	50.55	-	88.06%	88.06%	0.00%
2008-09	56.71	56.71	-	70.42%	70.42%	0.00%
2009-10	57.21	57.21	-	86.47%	86.47%	0.00%
2010-11	50.87	57.50	6.63	94.85%	94.85%	0.00%
2011-12	56.66	57.24	0.58	94.45%	94.45%	0.00%

Summary of Audit Adjustment

We applied the allowable domestic violence-related calls for assistance incident counts to the average time study increments to arrive at the total allowable hours. We then applied the audited productive hourly rates to the allowable hours to calculate total allowable salaries, and applied the benefit rates to total allowable salaries to calculate total allowable benefits. The city overstated salary and benefit costs totaling \$1,357,480 for the audit period. Related unallowable indirect costs totaled \$645,293.

The following table summarizes the salary and benefit audit adjustment per fiscal year as described in this finding:

Fiscal Year	Hour Related Adjustment	Productive Hourly Rate Adjustment	Benefit Adjustment	Audit Adjustment
2001-02	\$ (124,316)	\$ -	\$ (56,938)	\$ (181,254)
2002-03	(124,285)	-	(98,185)	(222,470)
2003-04	(103,702)	-	(49,882)	(153,584)
2004-05	(135,424)	-	(94,214)	(229,638)
2005-06	(100,716)	-	(76,041)	(176,757)
2006-07	(91,017)	-	(61,082)	(152,099)
2007-08	(77,318)	-	(68,087)	(145,405)
2008-09	(59,456)	-	(41,867)	(101,323)
2009-10	(63,710)	-	(55,091)	(118,801)
2010-11	20,803	13,131	31,146	65,080
2011-12	24,088	6,138	28,545	58,771
Total	\$ (835,053)	\$ 19,269	\$ (541,696)	\$ (1,357,480)

Criteria

The parameters and guidelines (section IV-Reimbursable Activities) require claimed costs to be supported by source documents. The parameters and guidelines state, in part, that:

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. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

The parameters and guidelines (section IV-Ongoing Activities D. Domestic Violence Related Calls for Assistance) allow ongoing activities related to costs supporting calls with a written incident report and reviewing the report as follows:

D. Domestic Violence Related Calls for Assistance: (Pen. Code, § 13730(a); Stats.1993, ch. 1230)

The following activity, performed by city, county, and city and county law enforcement agencies, is eligible for reimbursement:

1. Support all domestic-violence related calls for assistance with a written incident report.
2. Review and edit the report.

Reimbursement is *not* required to interview parties, complete a booking sheet or restraining order, transport the victim to the hospital, book the perpetrator, or other related activities to enforce a crime and assist the victim.

In addition, reimbursement is *not* required to include the information in the incident report required by Penal Code section 13730(c)(1)(2), based on the Commission decision denying reimbursement for that activity in *Domestic Violence Training and Incident Reporting* (CSM-96-362-01). Reimbursement for including the information in the incident report required by Penal Code section 13730(c)(3) is not provided in these parameters and guidelines and may not be claimed under this program, but is addressed in *Domestic Violence Incident Reports II* (02-TC-18).

The parameters and guidelines (section V-Claim Preparation and Submission-Direct Cost Reporting-Salaries and Benefits) state that, for salaries and benefits, claimants are required to:

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Recommendation

The Crime Statistics Reports for the Department of Justice Program was suspended in the FY 2012-13 through FY 2016-17. If the program becomes active, we recommend the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

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



City of Anaheim
FINANCE DEPARTMENT
Accounting Division

June 15, 2017

Via PDF and Emailed

Mr. Jim L. Spano
Chief, Mandated Cost Audits Bureau
State Controller's Office – Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Subject: City of Anaheim – State Mandate Audit FY 2001-02 through 2011-12
SCO Audit ID #S16-MCC-0026 – Crime Statistics Reports for the
Department of Justice (DOJ) Program

Dear Mr. Spano:

Thank you for providing the City of Anaheim with the draft Audit Report on the Crime Statistics Reports to the DOJ Program for the period of July 1, 2001 through June 30, 2012. The City agrees with and is appreciative of the findings as presented in the Audit report. Please understand that City staff along with consultants who prepared the claims under the current State Controller and Commission on State Mandates process made every effort with the available information obtained and within the limited amount of time given to comply with the audit requirements and provide accurate and reliable data. The City of Anaheim was tasked with filing nine (9) prior years' of claims with sixty (60) days' notice. The data requested via the audit for these 9 years included: (1) the number of reports provided to the DOJ; and (2) the time it took to write and edit those reports. The audit identified discrepancies between both the number of reports submitted and the time to complete and edit the reports versus what the auditors determined were allowable.

In terms of the discrepancy in the number of incidents reported versus the number ultimately found allowable per the audit, for the years in question the City was not yet on an automated reporting system and submitted the claimed number of domestic violence related calls for assistance incidents from the DOJ website for fiscal years 2002 – 2010. The assumption made was these DOJ statistics would be a good representation of eligible reports to be claimed. While the audit found the data submitted by the department accurate and reliable for the years from FY 2006/07 through FY 2011/12, the lack of supporting documentation for incidents from FY 2001/02 through FY 2005/06 due to the transition to a new Records Management System called into question the data provided for those years. As a remedy, the auditors applied an average derived from the years determined to be reliable for FY 2001/02 – FY 2005/06. The substitution of the

information provided by the department with this average resulted in the adjustment and ultimate allowable number indicated in the audit report.

The police department created a Crime Analysis Unit during fiscal year 2006/07 and was able to run a report query for requested information from that period through FY 2011/12 which contained accurate data related to domestic violence reports. Also during the same fiscal year, the department was in the process of replacing its records management system. This transition prevented access to data for audit years' 2001-2006. The City has been using the automated reporting tracking system Versadex since FY 2006/07 and now is able to quickly gather accurate and timely information.

Regarding the reporting of time spent on writing and editing reports, the 60 day audit time frame limited the opportunity to conduct an extensive time study to determine the average length of time required to write and edit domestic violence reports over the nine year audit period. A time study was completed, however, during the period from May 7, 2016 to May 20, 2016 to support the estimated times provided. It is important to note that in May 2016 the police department was using upgraded and newer technology allowing all reports to be written, reviewed and submitted electronically. As contrast, from 2001 through 2006 reports were handwritten by patrol officers in the field, and hard copy documents were submitted for review and submission. The new, automated process reduces the overall time required for reports to be written, reviewed, edited and ultimately approved.

Through improvements in processes, systems, creation of the Crime Analysis Unit and leveraging of technology, the leadership of the Anaheim Police Department and the City of Anaheim are confident the information provided in future claims will be far more accurate and will include the requisite supporting data. As stated, the diligent work of the auditors and their resulting information and recommendations are very much appreciated and will serve to improve our organization. Thank you for this opportunity to submit our comments on your Audit Report and if you have any questions, please do not hesitate to contact my office directly, or Jennifer Sorensen at (714) 765-5195.

Sincerely,



Deborah A. Moreno
Finance Director
City of Anaheim

Cc: Jeffrey V. Brownfield, CPA, Chief, Division of Audits
Masha Vorobyova, Audit Manager
Erica Velasquez, Auditor
Jennifer Sorensen, City of Anaheim Sr. Accountant
Evelyn Lee, City of Anaheim, Police Department
Patrick Dyer, MGT

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