



JOHN CHIANG
California State Controller

August 9, 2010

Elaine H. Howle, CPA
State Auditor
555 Capitol Mall, Suite 300
Sacramento, CA 95814

Re: Follow Up to Bureau of State Audits' Recommendation Related
to the Peace Officers Procedural Bill of Rights Program

Dear Ms. Howle:

I want to share with you the results of our audit effort to implement one of the recommendations in your audit report concerning mandated cost claims. In your audit report, *State Mandates: The High Level of Questionable Costs Claimed Highlights the Need for Structural Reforms of the Process*, dated October 15, 2003, you recommended that the State Controller's Office audit claims already paid under the Peace Officers Procedural Bill of Rights Program. While conducting these audits, we were to ensure the activities were consistent with the Commission on State Mandates' intent. In addition, we were asked to pay particular attention to the types of problems noted in your report. We took your recommendation seriously, which ultimately resulted in significant State savings.

After the release of your report, we conducted Peace Officers Procedural Bill of Rights Program claims from 39 local agencies. Of the \$225 million in claimed costs audited for this mandated cost program, we identified \$194 million (86%) in unallowable costs.

A significant portion of our audit findings have been under the cost component of Interrogations. Most local agencies and their consultants still assert that all costs related to conducting interrogations of peace officers—including costs to conduct investigations—are reimbursable. In actuality, reimbursement under this cost component is limited to very specific activities. Local agencies apparently have been taking the language within the original statement of decision out of context rather than relying on the specific language within the parameters and guidelines as to what is actually reimbursable. In addition, the language contained in the December 2006 and March 2008 versions of the amended parameters and guidelines provides clarifying information as to what is and what is not reimbursable.

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While disputing our audit findings, none of the local agencies has formally appealed our audits by filing an Incorrect Reduction Claim with the Commission on State Mandates.

In addition, we analyzed the claims filed by the same 39 local agencies audited and found that, except for the City of Los Angeles, the amounts claimed under this mandated program have dropped substantially. We conducted this analysis by calculating the average amount claimed per year by each local agency in each of our audits and then compared this average with the average amount claimed in each of the subsequent years. Accordingly, we determined that the State has realized savings through cost avoidance totaling \$53 million over the past seven years.

Attached is a schedule summarizing the results of our audits of Peace Officers Procedural Bill of Rights Program claims for each of the 39 local agencies. The schedule identifies the dollar amount of audit adjustments taken and the subsequent reduction in claims filed by each local agency previously audited.

The above results clearly demonstrate that audits can be an effective tool to achieve State savings.

If you have any questions or wish to discuss this issue further, please call me at (916) 323-1696.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk:wm

S10MCC913/8688

Attachment

**Analysis of Published Mandated Cost Audits
Related to the Peace Officers Procedural Bill of Rights Program
As of June 21, 2010**

| Agency | Beginning Period | Ending Period | Published Date | Claimed Costs | Allowable Costs | Audit Adjustment | Cost Avoidance |
|--|------------------------------|------------------------------|------------------------------|------------------------------|----------------------------|------------------------------|----------------------|
| Alameda County | 07/01/2002 | 06/30/2005 | 11/16/2007 | \$ 388,851 | \$ 79,594 | \$ 309,257 | \$ 293,306 |
| Beverly Hills City | 07/01/2002 | 06/30/2005 | 11/07/2008 | 499,444 | 38,326 | 461,118 | 482,201 |
| Buena Park City | 07/01/2002 | 06/30/2003 | 11/30/2007 | 493,444 | 0 | 493,444 | 1,933,891 |
| Cathedral City | 07/01/2003 | 06/30/2006 | 06/18/2008 | 1,248,990 | 0 | 1,248,990 | 1,246,601 |
| Contra Costa County | 07/01/2001 | 06/30/2004 | 03/30/2007 | 532,160 | 40,636 | 491,524 | 789,699 |
| Covina City | 07/01/2004 | 06/30/2006 | 06/30/2009 | 491,548 | 25,604 | 465,944 | 732,613 |
| El Monte City | 07/01/2003 | 06/30/2006 | 02/18/2009 | 230,030 | 42,137 | 187,893 | 217,000 |
| Fresno City | 07/01/2003 | 06/30/2006 | 06/30/2008 | 1,194,502 | 205,281 | 989,221 | 744,785 |
| Fresno County | 07/01/2001 | 06/30/2005 | 03/21/2008 | 742,995 | 188,729 | 554,266 | 641,911 |
| Glendale City | 07/01/2002 | 06/30/2005 | 03/21/2008 | 459,272 | 0 | 459,272 | 537,606 |
| Huntington Beach City | 07/01/2003 | 06/30/2006 | 06/24/2009 | 209,708 | 4,061 | 205,647 | 125,717 |
| Huntington Park City | 07/01/2002 | 06/30/2004 | 06/18/2008 | 397,364 | 0 | 397,364 | 985,710 |
| Inglewood City | 07/01/2002 | 06/30/2005 | 08/29/2007 | 838,740 | 0 | 838,740 | 968,799 |
| Kern County | 07/01/2004 | 06/30/2006 | 12/31/2008 | 454,768 | 17,566 | 437,202 | 636,679 |
| Long Beach City } Long Beach City } | 07/01/1994 } 07/01/2002 } | 06/30/2002 } 06/30/2003 } | 12/30/2004 } 02/06/2008 } | 13,640,845 } 1,307,923 } | 0 } 0 } | 13,640,845 } 1,307,923 } | 9,822,049 } |
| Los Angeles City } Los Angeles City } | 07/01/1994 } 07/01/2003 } | 06/30/2002 } 06/30/2008 } | 03/30/2007 } 09/29/2009 } | 60,660,765 } 50,281,773 } | 550,345 } 20,131,194 } | 60,110,420 } 30,150,579 } | — } |
| Los Angeles County } Los Angeles County } | 07/01/1994 } 07/01/2003 } | 06/30/2003 } 06/30/2006 } | 02/24/2010 } 01/13/2010 } | 31,152,062 } 3,900,774 } | 2,037,198 } 810,076 } | 29,114,864 } 3,090,698 } | 7,697,952 } |
| Oakland City | 07/01/2001 | 06/30/2004 | 02/13/2009 | 3,497,273 | 432,158 | 3,065,115 | 2,974,064 |
| Oceanside City | 07/01/2002 | 06/30/2005 | 08/24/2007 | 951,689 | 12,551 | 939,138 | 1,217,580 |
| Orange County | 07/01/2001 | 06/30/2004 | 06/29/2007 | 1,676,796 | 95,984 | 1,580,812 | 2,292,626 |
| Palo Alto City | 07/01/2003 | 06/30/2006 | 08/13/2008 | 273,503 | 111,213 | 162,290 | 260,482 |
| Riverside City | 07/01/2001 | 06/30/2005 | 04/23/2008 | 924,052 | 464,118 | 459,934 | 726,806 |
| Riverside County | 07/01/2002 | 06/30/2005 | 04/23/2008 | 2,064,236 | 711,922 | 1,352,314 | 1,251,871 |
| Rocklin City | 07/01/2002 | 06/30/2005 | 12/10/2008 | 321,165 | 4,499 | 316,666 | 421,904 |
| Sacramento City | 07/01/2001 | 06/30/2004 | 07/25/2006 | 1,323,971 | 469,058 | 854,913 | 1,933,846 |
| Sacramento County | 07/01/2001 | 06/30/2004 | 11/21/2007 | 1,186,488 | 380,710 | 805,778 | 1,556,742 |
| San Bernardino County | 07/01/2001 | 06/30/2004 | 06/29/2007 | 1,222,606 | 62,857 | 1,159,749 | 1,109,863 |
| San Diego County | 07/01/2001 | 06/30/2004 | 05/18/2007 | 1,848,251 | 0 | 1,848,251 | 3,080,418 |
| San Francisco City & County } San Francisco City & County } | 07/01/1994 } 07/01/2003 } | 06/30/2003 } 06/30/2007 } | 02/22/2008 } 04/10/2009 } | 24,014,018 } 11,973,575 } | 1,557,587 } 1,338,701 } | 22,456,431 } 10,634,874 } | 5,288,211 } |
| San Jose City | 07/01/2003 | 06/30/2006 | 08/05/2009 | 235,320 | 135,158 | 100,162 | 73,287 |
| Santa Clara County | 07/01/2003 | 06/30/2006 | 05/14/2008 | 748,888 | 222,086 | 526,802 | 347,469 |
| Siskiyou County | 07/01/2001 | 06/30/2005 | 10/17/2008 | 410,541 | 2,196 | 408,345 | 390,263 |
| Stockton City | 07/01/1994 | 06/30/2002 | 03/30/2005 | 2,344,211 | 681,799 | 1,662,412 | 1,550,551 |
| Ventura County | 07/01/2002 | 06/30/2005 | 11/28/2007 | 587,525 | 245,230 | 342,295 | 458,843 |
| Walnut Creek City | 07/01/2003 | 06/30/2006 | 04/30/2009 | 381,841 | 50,031 | 331,810 | 375,616 |
| Total | | | | <u>\$ 225,111,907</u> | <u>\$ 31,148,605</u> | <u>\$ 193,963,302</u> | <u>\$ 53,166,961</u> |