

CITY OF OAKLAND

Audit Report

DOMESTIC VIOLENCE ARREST POLICIES AND STANDARDS PROGRAM

Chapter 246, Statutes of 1995

*July 1, 2001, through June 30, 2002; and
July 1, 2003, through June 30, 2007*



JOHN CHIANG
California State Controller

January 2010



JOHN CHIANG
California State Controller

January 13, 2010

The Honorable Ron Dellums
Mayor of the City of Oakland
One Frank Ogawa Plaza, 3rd Floor
Oakland, CA 94612

Dear Mayor Dellums:

The State Controller's Office audited the costs claimed by the City of Oakland for the legislatively mandated Domestic Violence Arrest Policies and Standards Program (Chapter 246, Statutes of 1995) for the period of July 1, 2001, through June 30, 2002, and July 1, 2003, through June 30, 2007.

The city claimed \$1,158,980 for the mandated program. Our audit disclosed that \$514,956 is allowable and \$644,024 is unallowable. The costs are unallowable because the city claimed unsupported and ineligible domestic violence cases. The State paid the city \$982,375. The amount paid exceeds allowable costs claimed by \$467,419.

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/sk:vb

cc: Osborn Solitei, Acting Controller
City of Oakland
Lieutenant Kevin Wiley
Oakland Police Department
Ginny Brummels, Section Manager
Division of Accounting and Reporting
State Controller's Office
Paula Higashi, Executive Director
Commission on State Mandates
Carla Castañeda, Principal Program Budget Analyst
Department of Finance, Administration

Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	1
Conclusion	2
Views of Responsible Official	2
Restricted Use	3
Schedule 1—Summary of Program Costs.....	4
Findings and Recommendations	6
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 Oakland for the legislatively mandated Domestic Violence Arrest Policies and Standards Program (Chapter 246, Statutes of 1995) for the period of July 1, 2001, through June 30, 2002, and July 1, 2003, through June 30, 2007.

The city claimed \$1,158,980 for the mandated program. Our audit disclosed that \$514,956 is allowable and \$644,024 is unallowable. The costs are unallowable because the city claimed unsupported and ineligible domestic violence cases. The State paid the city \$982,375. The amount paid exceeds allowable costs claimed by \$467,419.

Background

Penal Code section 13701 (added by Chapter 246, Statutes of 1995) requires local law enforcement agencies to develop, adopt, and implement written arrest policies for domestic violence offenders by July 1, 1996. The legislation also requires 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 (CSM) determined that Chapter 246, Statutes of 1995, imposed a state mandate reimbursable under Government Code section 17561.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on August 20, 1998. 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.

Objective, 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, 2001, through June 30, 2002; and July 1, 2003, through June 30, 2007.

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 Oakland claimed \$1,158,980 for costs of the Domestic Violence Arrest Policies and Standards Program. Our audit disclosed that \$514,956 is allowable and \$644,024 is unallowable.

For the fiscal year (FY) 2001-02 claim, the State made no payment to the city. Our audit disclosed that \$69,648 is allowable. The State will pay allowable costs claimed contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the city. Our audit disclosed that \$87,437 is allowable. The State will pay allowable costs claimed contingent upon available appropriations.

For the FY 2004-05 claim, the State paid the city \$171,964. Our audit disclosed that \$112,897 is allowable. The State will offset \$59,067 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

For the FY 2005-06 claim, the State paid the city \$362,853. Our audit disclosed that \$105,501 is allowable. The State will offset \$257,352 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

For the FY 2006-07 claim, the State paid the city \$447,558. Our audit disclosed that \$139,473 is allowable. The State will offset \$308,085 from other mandated program payments due the city. Alternatively, the city may remit this amount to the State.

Views of Responsible Official

We issued a draft audit report on October 9, 2009. Osborn Solitei, Acting Controller, responded by letter dated November 16, 2009 (Attachment). The city's response indicated that it agreed with Findings 3 and 4. The response, however, did not indicate whether it agreed or disagreed with Findings 1 and 5. Regarding Finding 2, the city stated that it "would like to perform a time study to provide documentation." This final audit report includes the city's response.

Restricted Use

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

January 13, 2010

**Schedule 1—
Summary of Program Costs
July 1, 2001, through June 30, 2002, and
July 1, 2003, through June 30, 2007**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Salaries and benefits	\$ 61,109	\$ 67,546	\$ 6,437	Findings 2,3
Indirect costs	8,539	9,438	899	Findings 2,3
Subtotal	69,648	76,984	7,336	
Less allowable costs that exceed costs claimed ²	—	(7,336)	(7,336)	
Total program costs	<u>\$ 69,648</u>	69,648	<u>\$ —</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 69,648</u>		
<u>July 1, 2002, through June 30, 2003³</u>				
<u>July 1, 2003, through June 30, 2004</u>				
Salaries and benefits	\$ 90,950	\$ 66,908	\$ (24,042)	Findings 2,3,4
Indirect costs	16,007	20,529	4,522	Findings 2,3,5
Total program costs	<u>\$ 106,957</u>	87,437	<u>\$ (19,520)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 87,437</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Salaries and benefits	\$ 137,319	\$ 83,288	\$ (54,031)	Findings 2,3
Indirect costs	34,645	29,609	(5,036)	Findings 2,3,5
Total program costs	<u>\$ 171,964</u>	112,897	<u>\$ (59,067)</u>	
Less amount paid by the State		(171,964)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (59,067)</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Salaries and benefits	\$ 253,018	\$ 80,411	\$ (172,607)	Findings 1,2,3
Indirect costs	109,835	25,090	(84,745)	Findings 1,2,3,5
Total program costs	<u>\$ 362,853</u>	105,501	<u>\$ (257,352)</u>	
Less amount paid by the State		(362,853)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (257,352)</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2006, through June 30, 2007</u>				
Salaries and benefits	\$ 263,922	\$ 93,079	\$ (170,843)	Findings 1,2,3
Indirect costs	183,636	46,394	(137,242)	Findings 1,2,3,5
Total program costs	<u>\$ 447,558</u>	139,473	<u>\$ (308,085)</u>	
Less amount paid by the State		<u>(447,558)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (308,085)</u>		
<u>Summary: July 1, 2001, through June 30, 2007</u>				
Total program costs	\$ 1,158,980	\$ 522,292	\$ (636,688)	
Less allowable costs that exceed costs claimed ²	<u>—</u>	<u>(7,336)</u>	<u>(7,336)</u>	
Total program cost	<u>\$ 1,158,980</u>	514,956	<u>\$ (644,024)</u>	
Less amount paid by the State		<u>(982,375)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (467,419)</u>		

¹ See the Findings and Recommendations section.

² Government Code section 17561 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 2001-02.

³ Government Code section 17558.5 identifies the statutory period that claims are subject to audit. At the time this audit was initiated, the statutory period to audit the FY 2002-03 claims had expired.

Findings and Recommendations

**FINDING 1—
Unsupported number
of initial domestic
violence cases**

The city claimed costs of \$278,474 in unsupported domestic violence cases related to the implementation of written arrest policies for the audit period.

The city did not provide documentation supporting the number of domestic violence cases claimed each year. During the audit, the city provided a query of cases by fiscal year from its Legal Records Management System (LRMS) database that it believed were reimbursable domestic violence cases. The LRMS contains a database of all responses investigated by officers.

For fiscal year (FY) 2005-06 and FY 2006-07, the LRMS database did not support the number of domestic violence cases that the city reported on its mandated claims. For FY 2005-06, the city claimed 8,960 cases, yet the LRMS database only supported 6,203 cases. For FY 2006-07, the city claimed 9,053 cases, yet the LRMS database only supported 5,678 cases.

The following table summarizes the audit adjustment:

	Fiscal Year		Total
	2005-06	2006-07	
Number of domestic violence cases supported by city's records	6,203	5,678	
Less domestic violence cases claimed	(8,960)	(9,053)	
Unsupported domestic violence cases	(2,757)	(3,375)	
Multiplied by 29 minutes (in hours) claimed	× 0.48	× 0.48	
Unsupported hours	(1,323)	(1,620)	
Multiplied by per-hour rate claimed	\$ 35.67	\$ 36.26	
Unallowable salaries	\$ (47,191)	\$ (58,741)	
Related benefits	(30,636)	(39,656)	
Unallowable salaries and benefits	(77,827)	(98,397)	
Related indirect costs	(33,785)	(68,465)	
Audit adjustment	<u>\$(111,612)</u>	<u>\$(166,862)</u>	<u>\$(278,474)</u>

Recommendation

We recommend that the city ensure its records support the number of domestic violence cases claimed. In addition, we recommend that the city maintain supporting documentation as required by the program's parameters and guidelines.

City's Response

Apparently, the LRMS database provided a different number of domestic violence cases than the City claimed during each year of the audit. The City will internally review how the discrepancies occurred and attempt to identify why the database reports are different now than when the data was contemporaneously collected in past years for the SB 90 claims.

SCO's Comment

The finding and recommendation remain unchanged. The city did not provide additional information to refute the audit finding.

**FINDING 2—
Ineligible salaries and
benefits**

The city claimed \$262,107 in ineligible salaries and benefits related to the implementation of written arrest policies for the audit period. The related indirect costs totaled \$124,186. These adjustments are net of claimed costs related to the unsupported number of domestic violence cases identified in Finding 1.

The number of city-identified domestic violence cases in the LRMS database varied significantly from the number of cases claimed. For FY 2001-02, FY 2003-04, and FY 2004-05, the LRMS query identified more domestic violence cases than were claimed by the city. For the three fiscal years, the city claimed 2,324, 2,725, and 5,114 cases, respectively; however, the LRMS database identified 4,350, 4,487, and 6,087 cases, respectively. Conversely, as noted in Finding 1 for FY 2005-06 and FY 2006-07, the LRMS query identified fewer domestic violence cases than were claimed by the city. Furthermore, all cases identified in the LRMS were not fully reimbursable.

We measured the error through statistical sampling. We selected a statistical sample for each fiscal year from the total population of domestic violence cases the city identified through its query, based on a 95% confidence level, a precision rate of +/-8%, and an expected error rate of 50%. We used a statistical sampling so that the results could be projected to the total domestic violence cases population. We selected a random sample of 145 domestic violence cases for FY 2001-02 and FY 2003-04, 146 cases for FY 2004-05 and FY 2006-07, and 147 cases for FY 2005-06.

From the sampled cases, we reviewed the Oakland Police Department's Crime Report incident files; 31% of the cases were not reimbursable (e.g., domestic disputes and court order violations). Also, 34% of the cases did not show that both parties related to the domestic violence incident were interviewed and, therefore, these cases were only partially reimbursable. The remaining thirty-five percent of the cases were fully reimbursable.

The following table summarizes by fiscal year the population of domestic violence cases, the number of cases sampled, the results of the sample, and the projected reimbursable hours based on the sample.

Fiscal Year	Population of Domestic Violence Cases	Cases Sampled	Results of Sampled Cases			Projected Reimbursable Hours
			Reimbursable Cases at 29 Minutes/Case	Reimbursable Cases at 12 Minutes/Case	Cases Not Reimbursable	
2001-02	4,350	145	66	57	22	1,292
2003-04	4,487	145	54	54	37	1,136
2004-05	6,087	146	43	49	54	1,269
2005-06	6,203	147	40	42	65	1,165
2006-07	5,678	146	49	49	48	1,296

The following table summarizes the audit adjustment:

	Fiscal Year				
	2001-02	2003-04	2004-05	2005-06	2006-07
Sampled cases reimbursable at 29 minutes per case	66	54	43	40	49
Multiplied by 29 minutes (in hours)	× 0.48	× 0.48	× 0.48	× 0.48	× 0.48
Subtotal	31.68	25.92	20.64	19.20	23.52
Sampled cases reimbursable at 12 minutes per case	57	54	49	42	49
Multiplied by 12 minutes (in hours)	× 0.20	× 0.20	× 0.20	× 0.20	× 0.20
Subtotal	11.40	10.80	9.80	8.40	9.80
Reimbursable hours per sampled cases	43.08	36.72	30.44	27.60	33.32
Divided by cases sampled	÷ 145	÷ 145	÷ 146	÷ 147	÷ 146
Reimbursable hours per case	0.2971	0.2532	0.2085	0.1878	0.2282
Number of cases in population	× 4,350	× 4,487	× 6,087	× 6,203 ¹	× 5,678 ¹
Reimbursable hours	1,292	1,136	1,269	1,165	1,296
Less claimed hours	(1,116)	(1,308)	(2,455)	(2,978) ¹	(2,725) ¹
Unallowable hours	176	(172)	(1,186)	(1,813)	(1,429)

¹ Net of overstated hours and cases identified in Finding 1.

The following table summarizes the unallowable costs:

	Fiscal Year					Total
	2001-02	2003-04	2004-05	2005-06	2006-07	
Unallowable hours	176	(172)	(1,186)	(1,813)	(1,429)	
Productive hourly rate claimed	× \$36.45	× \$39.28	× \$33.97	× \$35.67	× \$36.26	
Unallowable salaries	6,415	(6,756)	(40,288)	(64,670)	(51,816)	\$(157,115)
Related benefits	3,226	(5,203)	(26,050)	(41,984)	(34,981)	(104,992)
Total unallowable salaries and benefits	9,641	(11,959)	(66,338)	(106,654)	(86,797)	(262,107)
Related indirect costs	1,347	(2,105)	(16,737)	(46,298)	(60,393)	(124,186)
Audit adjustment	\$ 10,988	\$ (14,064)	\$ (83,075)	\$(152,952)	\$(147,190)	\$(386,293)

The program’s parameters and guidelines allow claimants to be reimbursed based on a unit time allowance of 29 minutes (0.48 of an hour). Each reimbursable domestic violence incident response consists of 17 minutes (.283 of an hour) to interview both parties and 12 minutes (.20 of an hour) to consider the factors listed in the parameters and guidelines.

The parameters and guidelines require claimants to support claimed costs with source documents that include, but are not limited to, time logs and other documents evidencing actual costs claimed to implement the written arrest policies.

Recommendation

We recommend that the city establish and implement policies and procedures to ensure that all claimed costs are eligible domestic violence cases incurred as a result of the mandate and that they are supported by appropriate documentation.

City's Response

In the draft audit report, the SCO based its disallowances in the area of eligibility of cases and associated claimable costs on statistical sampling with a 95% confidence level, a +/-8% precision rate, and an expected error rate of 50%. This statistical sampling method produced a disallowance of \$386,293 from the years audited.

The City relied upon the claiming instructions as a basis for filing these claims, and upon years of successfully filing claims under this program without any feedback from the SCO related to what constitutes an eligible "domestic violence" case, or that police reports had to judiciously state that both parties were interviewed during the initial incident response. In fact, it is often the case that the aggressive party in domestic violence cases isn't at the scene when responding officers arrive. In virtually every case, the aggressive individual will be interviewed or arrested subsequent to the writing of the initial crime report, however, that aspect of the process was omitted from consideration by the SCO. The City is aware that most of the issues related to this finding are related to a lack of documentation and issues stemming from inconsistent officer report writing.

The City would like to conduct a time study to provide documentation that would support the above ascertainment. We would be happy to discuss the specifics of this plan with the SCO's staff at your earlier availability.

SCO's Comment

The finding and recommendation remain unchanged.

In its response, the city states that for years it relied upon the claiming instructions as a basis for filing claims without any feedback from the SCO as to what constitutes an eligible domestic violence case and is, therefore, reimbursable.

Reimbursable costs are limited to allowable costs identified in the program's parameters and guidelines. For the audit period, the parameters and guidelines state that for any domestic violence incident, claimants may claim a uniform cost allowance of 29 minutes—12 minutes to consider specified factors and 17 minutes to interview both parties. The parameters and guidelines, therefore, provide claimants guidance in filing allowable claims.

While we agree with the city that "the aggressive party in domestic violence cases isn't at the scene when responding officers arrive," we did consider follow-up attachments to the written report as support when determining the disposition of an incident and whether to allow full or partial reimbursement. In addition, the activity is not a task that is repetitive in nature. Therefore, the city's request to conduct a time study to provide additional documentation is not appropriate for these activities.

**FINDING 3—
Understated average
productive hourly
rates claimed**

The city understated claimed salaries and benefits by \$32,673. The related indirect costs total \$17,330.

The city misstated the average productive hourly rates that it used to claim costs associated with implementing the written arrest policies. The rates were misstated because the city did not use the actual rates from its payroll records for officers who responded to domestic violence incidents.

The city claimed productive hourly rates of \$36.45 for FY 2001-02, \$39.28 for FY 2003-04, \$33.97 for FY 2004-05, \$35.67 for FY 2005-06, and \$36.26 for FY 2006-07. However, allowable productive hourly rates were \$34.80, \$37.96, \$39.86, \$41.85, and \$42.87 respectively.

The following table summarizes the audit adjustment:

	Fiscal Year					Total
	2001-02	2003-04	2004-05	2005-06	2006-07	
Allowable average productive hourly rate	\$ 34.80	\$ 37.96	\$ 39.86	\$ 41.85	\$ 42.87	
Claimed average productive hourly rate	(36.45)	(39.28)	(33.97)	(35.67)	(36.26)	
Difference	(1.65)	(1.32)	5.89	6.18	6.61	
Reimbursable hours	× 1,292	× 1,136	× 1,269	× 1,165	× 1,296	
Allowable salaries	(2,132)	(1,500)	7,474	7,200	8,567	\$19,609
Allowable benefits	(1,072)	(1,155)	4,833	4,674	5,784	13,064
Total allowable salaries and benefits	(3,204)	(2,655)	12,307	11,874	14,351	32,673
Allowable indirect costs	(448)	(467)	3,105	5,155	9,985	17,330
Audit adjustment	\$ (3,652)	\$ (3,122)	\$ 15,412	\$ 17,029	\$ 24,336	\$ 50,003

The parameters and guidelines require claimants to support claimed costs with source documents that include, but are not limited to, time logs and other documents evidencing actual costs claimed to implement the written arrest policies.

Recommendation

We recommend that the city calculate the average productive hourly rates based on the actual productive hourly rate of those officers who respond to domestic violence incidents.

City’s Response

The SCO noted that the productive hourly rates claimed were not the same as response officers from the periods audited. The City agrees with this finding and is working to improve the accuracy and specificity of reporting in this area.

SCO’s Comment

The finding and recommendation remain unchanged.

**FINDING 4—
Overstated benefit
cost rate claimed**

The city overstated its benefit cost rate related to the implementation of written arrest policies by \$9,428 for FY 2003-04. The overstatement occurred because the city erroneously used an hourly fringe benefit rate in FY 2003-04, instead of an annual fringe benefit rate.

We reviewed the benefits cost rate proposal for all years under audit. For FY 2003-04, the city claimed a benefit rate of 77.02%. However, the allowable benefit cost rate was 58.67%.

The following table summarizes the overstated benefit costs:

	Fiscal Year 2003-04
Allowable benefit cost rate	58.67%
Claimed benefit cost rate	<u>(77.02)%</u>
Understated benefit rate	(18.35)%
Total claimed salaries	<u>× \$51,378</u>
Audit adjustment	<u>\$ (9,428)</u>

The parameters and guidelines require claimants to identify the employees, and/or show the job classification of the employees involved and also to describe the mandated functions performed and specify the actual time devoted to each function by each employee, productive hourly rate and related fringe benefits.

Recommendation

We recommend that the city ensure that its benefit cost rates are correctly computed using the annual fringe benefit rate.

City’s Response

The SCO noted that the benefit rate claimed during one of the audited fiscal years was incongruent to the rates claimed in other years. The City agrees with this finding and will ensure that the annual fringe benefit rate is used in future claims.

SCO’s Comment

The finding and recommendation remain unchanged.

**FINDING 5—
Misstated indirect
cost rates claimed**

The city overstated net indirect costs by \$12,496 for the audit period. For FY 2003-04 and FY 2004-05, the city understated indirect costs by \$15,690 and, for FY 2005-06 and FY 2006-07, it overstated indirect costs by \$28,186. The overstatement occurred because the city incorrectly applied the A-87 Cost Allocation Plan to total departmental costs instead of to allowable direct costs.

We reviewed the indirect cost rate proposal for all years under audit. For FY 2003-04, FY 2004-05, FY 2005-06, and FY 2006-07, the city claimed indirect cost rates of 17.60%, 25.23%, 43.41%, and 69.58%, respectively. However, the allowable rates were 25.40%, 31.49%, 39.53% and 62.62%, respectively.

The following table summarizes the understated indirect costs:

	Fiscal Year				Total
	2003-04	2004-05	2005-06	2006-07	
Allowable indirect cost rate	25.40%	31.49%	39.53%	62.62%	
Claimed indirect cost rate	(17.60)%	(25.23)%	(43.41)%	(69.58)%	
Misstated indirect cost rate	7.80%	6.26%	(3.88)%	(6.96)%	
Total claimed salaries and benefits	× \$90,950	× \$137,319	× \$253,018	× \$263,922	
Audit adjustment	\$ 7,094	\$ 8,596	\$ (9,817)	\$ (18,369)	\$ (12,496)

The program’s parameters and guidelines define indirect costs as “costs which are incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved.” The costs could include overhead costs of the unit performing the mandate and the costs of government services distributed through a cost allocation plan.

Recommendation

We recommend that the city establish and implement procedures to ensure that indirect costs rates are correctly calculated.

City’s Response

The SCO noted that the basis for the indirect cost rate proposals used were total department costs and not allowable direct costs. This inconsistency has been noted and will be corrected in future claims from the City.

SCO’s Comment

The finding and recommendation remain unchanged.

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

CITY OF OAKLAND



150 FRANK H. OGAWA PLAZA • 6TH FLOOR • OAKLAND, CALIFORNIA 94612

Finance and Management Agency
Grants Accounting Section

(510) 238-3398
FAX (510) 238-3915

November 16, 2009

Jim L. Spano
Chief, Mandated Cost Audits Bureau
State Controller's Office, Division of Audits
Post Office Box 942850, Sacramento, CA 94250-2574

Dear Mr. Spano:

In response to the State Controller's Office draft audit findings dated October 9, 2009 on the City of Oakland Domestic Violence Arrest Policies and Standards Program reimbursement claims for the period July 1, 2001 through June 30, 2007, enclosed herewith are the City's response and comments to the five (5) audit findings as well as the signed management representation letter.

We take this opportunity to express our appreciation to the extended time granted to the City to submit our response and for the patience and professionalism of your audit staff in conducting the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "Osborn Solitei", with a long horizontal flourish extending to the right.

Osborn Solitei, Acting Controller

Cc: Gilbert Garcia, Oakland Police Department
Lt. Kevin Wiley, Oakland Police Department
Brad Burgess, Senior Partner MGT

City of Oakland

Response to State Controller's Draft Audit Findings

Domestic Violence Arrest Policies & Standards Program

Chapter 246, Statutes of 1995

Period of Audit: July 1, 2001 through June 30, 2002, and July 1, 2003 through June 30, 2007

Introduction and General Discussion

In this response, the City of Oakland (City) presents its key disagreements with the State Controller's Office (SCO) findings in its field audit of the Domestic Violence Arrest Policies and Standards (DVAPs) program.

The SCO's draft audit contains five findings.

- Finding #1: Unsupported number of initial domestic violence cases
- Finding #2: Ineligible salaries and benefits
- Finding #3: Understated average productive hourly rates claimed
- Finding #4: Overstated benefit cost rate claimed
- Finding #5: Misstated indirect cost rates claimed

The recommendations for both findings are the same: "We recommend that the city ensure that claimed costs include only eligible costs and that claimed costs are based on actual costs that are properly supported." The City believes that the costs claimed were eligible and properly supported based on documentation approved by the SCO and reasonably available given the lengthy retroactive time period under review. We address the findings as follows:

Response to Finding #1

Apparently, the LRMS database provided a different number of domestic violence cases than the City claimed during each year of the audit. The City will internally review how the discrepancies occurred and attempt to identify why the database reports are different now than when the data was contemporaneously collected in past years for the SB 90 claims.

Response to Finding #2

In the draft audit report, the SCO based its disallowances in the area of eligibility of cases and associated claimable costs on statistical sampling with a 95% confidence level, a +/-8% precision rate, and an expected error rate of 50%. This statistical sampling method produced a disallowance of \$386,293 from the years audited.

The City relied upon the claiming instructions as a basis for filing these claims, and upon years of successfully filing claims under this program without any feedback from the SCO related to what constitutes an eligible "domestic violence" case, or that police reports had to judiciously state that both parties were interviewed during the initial incident response. In fact, it is often the case that the aggressive party in domestic violence cases isn't at the scene when responding

officers arrive. In virtually every case, the aggressive individual will be interviewed or arrested subsequent to the writing of the initial crime report, however, that aspect of the process was omitted from consideration by the SCO. The City is aware that most of the issues related to this finding are related to a lack of documentation and issues stemming from inconsistent officer report writing.

The City would like to conduct a time study to provide documentation that would support the above ascertations. We would be happy to discuss the specifics of this plan with the SCO's staff at your earliest availability.

Response to Finding #3

The SCO noted that the productive hourly rates claimed were not the same as response officers from the periods audited. The City agrees with this finding and is working to improve the accuracy and specificity of reporting in this area.

Response to Finding #4

The SCO noted that the benefit rate claimed during one of the audited fiscal years was incongruent to the rates claimed in other years. The City agrees with this finding and will ensure that the annual fringe benefit rate is used in future claims.

Response to Finding #5

The SCO noted that the basis for the indirect cost rate proposals used were total department costs and not allowable direct costs. This inconsistency has been noted and will be corrected in future claims from the City.

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>