

# **CITY OF DOWNEY**

Audit Report

## **INTERAGENCY CHILD ABUSE AND NEGLECT INVESTIGATION REPORTS PROGRAM**

Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9), which were added and/or amended by various legislation

*July 1, 1999, through June 30, 2013*



**BETTY T. YEE**  
California State Controller

December 2017



**BETTY T. YEE**  
California State Controller

December 27, 2017

The Honorable Fernando Vasquez, Mayor  
City of Downey  
11111 Brookshire Avenue  
Downey, CA 90241

Dear Mayor Vasquez

The State Controller's Office (SCO) audited the costs claimed by the City of Downey for the legislatively mandated Interagency Child Abuse and Neglect Investigation Reports Program (Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9), which were added and/or amended by various legislation) for the period of July 1, 1999, through June 30, 2013.

The city claimed \$2,067,353 for the mandated program. Our audit found that \$931,816 is allowable and \$1,135,537 is unallowable. The costs are unallowable because the city overstated the number of Suspected Child Abuse Reports (SCARs) cross-reported, claimed unallowable SCARS, overstated the number of SCARs investigated, overstated the number of SS 8583 report forms submitted to the California Department of Justice, overstated the number of notifications sent to suspected child abusers, claimed unallowable activities, misstated average time increments per activity, misstated productive hourly rates, and overstated its related benefit and indirect costs.

The State made no payments to the city. The SCO's Local Government Programs and Services Division will send the city a separate notification letter to resolve unpaid allowable costs. The letter will be sent within 30 days from the issuance date of this report.

This final audit report contains an adjustment to costs claimed by the city. If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on the State Mandates (Commission). Pursuant to Section 1185, subdivision (c), of the Commission's regulations (*California Code of Regulations*, Title 3), an IRC challenging this adjustment must be filed with the Commission no later than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. You may obtain IRC information on the Commission's website at [www.csm.ca.gov/forms/IRCForm.pdf](http://www.csm.ca.gov/forms/IRCForm.pdf).

If you have any questions, please contact Jim L. Spano, CPA, Assistant Division Chief, by telephone at (916) 323-5849.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/lis

cc: Anil Gandhi, Finance Director  
City of Downey  
James Fructuoso, Assistant Finance Director  
City of Downey  
Brian Baker, Lieutenant of Administration Division  
City of Downey Police Department  
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  
Anita Dagan, Manager  
Local Government Programs and Services Division  
State Controller's Office

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the City of Downey for the legislatively mandated Interagency Child Abuse and Neglect Investigation Reports Program (Penal Code sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9), which were added and/or amended by various legislation) for the period of July 1, 1999, through June 30, 2013.

The city claimed \$2,067,353 for the mandated program. Our audit found that \$931,816 is allowable and \$1,135,537 is unallowable. The costs are unallowable because the city overstated the number of Suspected Child Abuse Reports (SCARs) cross-reported, claimed unallowable SCARs, overstated the number of SCARs investigated, overstated the number of SS 8583 report forms submitted to the California Department of Justice (DOJ), overstated the number of notifications sent to suspected child abusers, claimed unallowable activities, misstated average time increments per activity, misstated productive hourly rates, and overstated its related benefit and indirect costs. The State made no payments to the city. The SCO's Local Government Programs and Services Division (LGPSD) will send the city a separate notification letter to resolve unpaid allowable costs. The letter will be sent within 30 days from the issuance date of this report.

## Background

Various statutory provisions, Title 11, *California Code of Regulations* section 903, and the Child Abuse Investigation Report Form SS 8583 require cities and counties to perform specific duties for reporting child abuse to the State, as well as record-keeping and notification activities that were not required by prior law, thus mandating a new program or higher level of service.

PC sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169, 11170, and 11174.34 (formerly 11166.9) were added and/or amended by:

- Statutes of 1977, Chapter 958
- Statutes of 1980, Chapter 1071
- Statutes of 1981, Chapter 435
- Statutes of 1982, Chapters 162 and 905
- Statutes of 1984, Chapters 1423 and 1613
- Statutes of 1985, Chapter 1598
- Statutes of 1986, Chapters 1289 and 1496
- Statutes of 1987, Chapters 82, 531, and 1459
- Statutes of 1988, Chapters 269, 1497, and 1580
- Statutes of 1989, Chapter 153
- Statutes of 1990, Chapters 650, 1330, 1363, and 1603
- Statutes of 1992, Chapters 163, 459, and 1338
- Statutes of 1993, Chapters 219 and 510
- Statutes of 1996, Chapters 1080 and 1081
- Statutes of 1997, Chapters 842, 843, and 844
- Statutes of 1999, Chapters 475 and 1012
- Statutes of 2000, Chapter 916

The Interagency Child Abuse and Neglect Investigation Reports Program addresses statutory amendments to California's mandatory child abuse reporting laws. A child abuse reporting law was first added to the Penal Code in 1963, and initially required medical professionals to report suspected child abuse to local law enforcement or child welfare authorities. The law was regularly expanded to include more professions required to report suspected child abuse (now termed "mandated reporters"), and in 1980, California reenacted and amended the law, entitling it the "Child Abuse and Neglect Reporting Act." As part of this program, the DOJ maintains a Child Abuse Centralized Index (CACI), which has tracked reports of child abuse statewide since 1965. A number of changes to the law have occurred, particularly with a reenactment in 1980, and substantive amendments in 1997 and 2000.

The Act, as amended, provides for reporting of suspected child abuse or neglect by certain individuals, identified by their professions as having frequent contact with children. The Act provides rules and procedures for local agencies, including law enforcement, that receive such reports. The Act provides for cross-reporting among law enforcement and other child protective agencies, and to licensing agencies and district attorneys' offices. The Act requires reporting to the DOJ when a report of suspected child abuse is "not unfounded." The Act requires an active investigation before a report can be forwarded to the DOJ. As of January 1, 2012, the Act no longer requires law enforcement agencies to report to the DOJ, and now requires reporting only of "substantiated" reports by other agencies. The Act imposes additional cross-reporting and recordkeeping duties in the event of a child's death from abuse or neglect. The Act requires agencies and the DOJ to keep records of investigations for a minimum of 10 years, and to notify suspected child abusers that they have been listed in the CACI. The Act imposes certain due process protections owed to persons listed in the index, and provides certain other situations in which a person would be notified of his or her listing in the index.

On December 19, 2007, the Commission on State Mandates (Commission) adopted a statement of decision finding that the test claim statutes impose a partially reimbursable state-mandated program upon local agencies within the meaning of Article XIII B, Section 6 of the California Constitution and Government Code (GC) section 17514. The Commission approved the test claim for the reimbursable activities described in the program's parameters and guidelines, section IV, that are performed by city and county police or sheriff's departments, county welfare departments, county probation departments designated by the county to receive mandated reports, district attorneys' offices, and county licensing agencies. The Commission outlined reimbursable activities relating to the following categories:

- Distributing the suspected child abuse report form;
- Reporting between local departments;
- Reporting to the DOJ;
- Providing notifications following reports to the CACI;
- Retaining records; and
- Complying with due process procedures offered to persons listed in the CACI.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on December 6, 2013. In compliance with GC section 17558, the SCO issues claiming instructions to assist local agencies in claiming mandated program reimbursable costs.

## **Objective, Scope, and Methodology**

The objective of our audit was to determine whether costs claimed represent increased costs resulting from the Interagency Child Abuse and Neglect Investigation Reports Program. Specifically, we conducted this audit to determine whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

The audit period was from July 1, 1999, through June 30, 2013.

To achieve our audit objective, we:

- Reviewed annual mandated cost claims filed by the city for the audit period to identify the material cost components of each claim, and determine whether there were any errors or any unusual or unexpected variances from year to year. We also reviewed the activities claimed to determine whether they adhered to the SCO's claiming instructions and the program's parameters and guidelines;
- Completed an internal control questionnaire by interviewing key city staff and performed a walk-through of the claim preparation process to determine what information was obtained, who obtained it, and how it was used;
- Interviewed the city's staff to determine the employee classifications that are involved in performing the reimbursable activities;
- Assessed whether average time increments claimed for each activity for all four reimbursable components to perform the reimbursable activities were reasonable per the requirements of the program;
- Traced all productive hourly rate calculations for fiscal year (FY) 2001-02 through FY 2012-13 to supporting information in the city's payroll system. We did not perform any analysis of productive hourly rate calculations for FY 1999-2000 and FY 2000-01 because supporting documentation was not recoverable. We accepted the productive hourly rates as claimed for FY 1999-2000 and FY 2000-01;
- Reviewed and analyzed the city's listing of SCAR case counts for FY 2007-08 through FY 2012-13 to identify possible exclusions, and verified that claimed counts were supported by appropriate reports in the city's data tracking system. We also randomly selected a sample of 20 out of 454 SCARs investigated in FY 2010-11 to confirm validity of the city's data tracking system. We noted no exceptions;
- Reviewed and analyzed the city's listing of SCARs cross-reported for FY 2009-10 through FY 2012-13. Supporting data for the number of SCARs cross-reported was not available for FY 1999-2000 through

FY 2008-09. However, we confirmed that the activity occurred throughout the entire audit period. We computed an average number of SCARs cross-reported based on actual data for FY 2009-10 through FY 2012-13 and applied the average number of cases to compute costs for FY 1999-2000 through FY 2008-09 (see Finding 1);

- Reviewed and analyzed the city's listing of SCARs investigated for FY 2007-08 through FY 2012-13. Supporting data for the number of SCARs investigated was not available for FY 1999-2000 through FY 2006-07. However, we confirmed that the activity occurred starting FY 2005-06. We computed an average number of SCARs investigated based on actual data for FY 2007-08 through FY 2012-13 and applied the average number of cases to compute costs for FY 2005-06 and FY 2006-07. We also determined that the claimed costs for this activity were not allowable for FY 1999-2000 through FY 2004-05 (see Finding 2);
- Reviewed and analyzed the city's summary of substantiated cases to determine the appropriate number of SS 8583 report forms forwarded to DOJ and CACI notifications for FY 2005-06 through FY 2011-12. We also determined that the claimed costs for this activity were not allowable for FY 1999-2000 through FY 2004-05 (see Findings 3 and 4); and
- Verified whether indirect costs claimed were for common or joint purposes and whether indirect cost rates were properly supported and applied.

The legal authority to conduct this audit is provided by GC sections 12410, 17558.5, and 17561. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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. We did not audit the city's financial statements.

## **Conclusion**

Our audit found instances of noncompliance with the requirements outlined in the Objective section. These instances are described in the accompanying Schedule (Summary of Program Costs) and in the Findings and Recommendations section of this report.

For the audit period, the City of Downey claimed \$2,067,353 for costs of the Interagency Child Abuse and Neglect Investigation Reports Program. Our audit found that \$931,816 is allowable and \$1,135,537 is unallowable.

The State made no payments to the city. The SCO's LGPSD will send the city a separate notification letter to resolve the unpaid allowable costs. The letter will be sent within 30 days from the issuance date of this report.

**Views of  
Responsible  
Officials**

We issued a draft report on November 3, 2017. James Fructuoso, Assistant Finance Director, responded by email on November 14, 2017, indicating that the city will not be issuing a response to the draft report.

**Restricted Use**

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

December 27, 2017

**Schedule—**  
**Summary of Program Costs**  
**July 1, 1999, through June 30, 2013**

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 1999, through June 30, 2000</u>				
Direct costs – salaries and benefits:				
Prepare policies and procedures	\$ 311	\$ 311	\$ -	
Train staff	544	544	-	
Reporting between local departments				
Referring crime reports when lacking jurisdiction	2,404	2,404	-	
Cross-reporting to county welfare and District Attorney's Office	6,448	1,410	(5,038)	Finding 1
Reporting to DOJ				
Complete an investigation	62,500	-	(62,500)	Finding 2
Prepare and submit reports to DOJ	2,314	-	(2,314)	Finding 3
Providing CACI notifications	1,576	-	(1,576)	Finding 4
Total direct costs	76,097	4,669	(71,428)	
Indirect costs	36,545	2,241	(34,304)	Finding 5
Total program costs	<u>\$ 112,642</u>	6,910	<u>\$ (105,732)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 6,910</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 2,634	\$ 2,634	\$ -	
Cross-reporting to county welfare and District Attorney's Office	6,827	1,467	(5,360)	Finding 1
Reporting to DOJ				
Complete an investigation	68,465	-	(68,465)	Finding 2
Prepare and submit reports to DOJ	2,543	-	(2,543)	Finding 3
Providing CACI notifications	1,707	-	(1,707)	Finding 4
Total direct costs	82,176	4,101	(78,075)	
Indirect costs	43,266	2,160	(41,106)	Finding 5
Total program costs	<u>\$ 125,442</u>	6,261	<u>\$ (119,181)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 6,261</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 2,775	\$ 2,775	\$ -	
Cross-reporting to county welfare and District Attorney’s Office	7,560	1,546	(6,014)	Finding 1
Reporting to DOJ				
Complete an investigation	74,072	-	(74,072)	Finding 2
Prepare and submit reports to DOJ	2,761	-	(2,761)	Finding 3
Providing CACI notifications	1,858	-	(1,858)	Finding 4
Total direct costs	89,026	4,321	(84,705)	
Indirect costs	46,494	2,257	(44,237)	Finding 5
Total program costs	<u>\$ 135,520</u>	6,578	<u>\$ (128,942)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 6,578</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 2,770	\$ 2,770	\$ -	
Cross-reporting to county welfare and District Attorney’s Office	7,763	1,607	(6,156)	Finding 1
Reporting to DOJ				
Complete an investigation	76,058	-	(76,058)	Finding 2
Prepare and submit reports to DOJ	2,836	-	(2,836)	Finding 3
Providing CACI notifications	1,907	-	(1,907)	Finding 4
Total direct costs	91,334	4,377	(86,957)	
Indirect costs	47,545	2,279	(45,266)	Finding 5
Total program costs	<u>\$ 138,879</u>	6,656	<u>\$ (132,223)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 6,656</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 3,122	\$ 3,122	\$ -	
Cross-reporting to county welfare and District Attorney’s Office	8,966	1,759	(7,207)	Finding 1
Reporting to DOJ				
Complete an investigation	88,684	-	(88,684)	Finding 2
Prepare and submit reports to DOJ	3,307	-	(3,307)	Finding 3
Providing CACI notifications	2,217	-	(2,217)	Finding 4
Total direct costs	106,296	4,881	(101,415)	
Indirect costs	55,147	2,533	(52,614)	Finding 5
Total program costs	<u>\$ 161,443</u>	7,414	<u>\$ (154,029)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 7,414</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 3,659	\$ 3,659	\$ -	
Cross-reporting to county welfare and District Attorney’s Office	11,082	2,055	(9,027)	Finding 1
Reporting to DOJ				
Complete an investigation	112,493	-	(112,493)	Finding 2
Prepare and submit reports to DOJ	4,152	-	(4,152)	Finding 3
Providing CACI notifications	2,802	-	(2,802)	Finding 4
Total direct costs	134,188	5,714	(128,474)	
Indirect costs	66,124	2,816	(63,308)	Finding 5
Total program costs	<u>\$ 200,312</u>	8,530	<u>\$ (191,782)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 8,530</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 3,607	\$ 3,607	\$ -	
Cross-reporting to county welfare and District Attorney’s Office	9,213	2,128	(7,085)	Finding 1
Reporting to DOJ				
Complete an investigation	91,922	71,305	(20,617)	Finding 2
Prepare and submit reports to DOJ	3,392	788	(2,604)	Finding 3
Providing CACI notifications	2,299	370	(1,929)	Finding 4
Total direct costs	110,433	78,198	(32,235)	
Indirect costs	51,866	36,726	(15,140)	Finding 5
Total program costs	<u>\$ 162,299</u>	114,924	<u>\$ (47,375)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 114,924</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 3,886	\$ 3,886	\$ -	
Cross-reporting to county welfare and District Attorney’s Office	8,892	2,224	(6,668)	Finding 1
Reporting to DOJ				
Complete an investigation	86,702	73,975	(12,727)	Finding 2
Prepare and submit reports to DOJ	8,047	816	(7,231)	Finding 3
Providing CACI notifications	2,326	384	(1,942)	Finding 4
Total direct costs	109,853	81,285	(28,568)	
Indirect costs	60,053	44,435	(15,618)	Finding 5
Total program costs	<u>\$ 169,906</u>	125,720	<u>\$ (44,186)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 125,720</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2007, through June 30, 2008</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 4,049	\$ 4,049	\$ -	
Cross-reporting to county welfare and District Attorney's Office	9,279	2,342	(6,937)	Finding 1
Reporting to DOJ				
Complete an investigation	91,694	75,117	(16,577)	Finding 2
Prepare and submit reports to DOJ	3,018	647	(2,371)	Finding 3
Providing CACI notifications	2,084	304	(1,780)	Finding 4
Total direct costs	110,124	82,459	(27,665)	
Indirect costs	68,436	51,245	(17,191)	Finding 5
Total program costs	<u>\$ 178,560</u>	133,704	<u>\$ (44,856)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 133,704</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 4,041	\$ 4,041	\$ -	
Cross-reporting to county welfare and District Attorney's Office	9,327	2,508	(6,819)	Finding 1
Reporting to DOJ				
Complete an investigation	92,584	74,830	(17,754)	Finding 2
Prepare and submit reports to DOJ	3,826	830	(2,996)	Finding 3
Providing CACI notifications	2,949	391	(2,558)	Finding 4
Total direct costs	112,727	82,600	(30,127)	
Indirect costs	67,314	49,324	(17,990)	Finding 5
Total program costs	<u>\$ 180,041</u>	131,924	<u>\$ (48,117)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 131,924</u>		
<u>July 1, 2009, through June 30, 2010</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 4,514	\$ 4,514	\$ -	
Cross-reporting to county welfare and District Attorney's Office	11,392	2,331	(9,061)	Finding 1
Reporting to DOJ				
Complete an investigation	113,684	95,058	(18,626)	Finding 2
Prepare and submit reports to DOJ	4,306	946	(3,360)	Finding 3
Providing CACI notifications	2,938	444	(2,494)	Finding 4
Total direct costs	136,834	103,293	(33,541)	
Indirect costs	62,861	47,452	(15,409)	Finding 5
Total program costs	<u>\$ 199,695</u>	150,745	<u>\$ (48,950)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 150,745</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2010, through June 30, 2011</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 4,509	\$ 4,509	\$ -	
Cross-reporting to county welfare and District Attorney's Office	10,356	2,792	(7,564)	Finding 1
Reporting to DOJ				
Complete an investigation	103,346	87,951	(15,395)	Finding 2
Prepare and submit reports to DOJ	2,230	498	(1,732)	Finding 3
Providing CACI notifications	1,521	234	(1,287)	Finding 4
Total direct costs	121,962	95,984	(25,978)	
Indirect costs	60,942	47,962	(12,980)	Finding 5
Total program costs	<u>\$ 182,904</u>	<u>143,946</u>	<u>\$ (38,958)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 143,946</u>		
<u>July 1, 2011, through June 30, 2012</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 4,592	\$ 4,592	\$ -	
Cross-reporting to county welfare and District Attorney's Office	10,242	2,502	(7,740)	Finding 1
Reporting to DOJ				
Complete an investigation	50,380	44,094	(6,286)	Finding 2
Prepare and submit reports to DOJ	3,410	569	(2,841)	Finding 3
Providing CACI notifications	1,666	268	(1,398)	Finding 4
Total direct costs	70,290	52,025	(18,265)	
Indirect costs	31,985	23,674	(8,311)	Finding 5
Total program costs	<u>\$ 102,275</u>	<u>75,699</u>	<u>\$ (26,576)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 75,699</u>		
<u>July 1, 2012, through June 30, 2013</u>				
Direct costs – salaries and benefits:				
Reporting between local departments				
Referring crime reports when lacking jurisdiction	\$ 5,054	\$ 5,054	\$ -	
Cross-reporting to county welfare and District Attorney's Office	6,063	3,111	(2,952)	Finding 1
Total direct costs	11,117	8,165	(2,952)	
Indirect costs	6,318	4,640	(1,678)	Finding 5
Total program costs	<u>\$ 17,435</u>	<u>12,805</u>	<u>\$ (4,630)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 12,805</u>		

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>Summary: July 1, 1999, through June 30, 2013</u>				
Direct costs – salaries and benefits:				
Prepare policies and procedures	\$ 311	\$ 311	\$ -	
Train staff	544	544	-	
Reporting between local departments				
Referring crime reports when lacking jurisdiction	51,616	51,616	-	
Cross-reporting to county welfare and District Attorney's Office	123,410	29,782	(93,628)	Finding 1
Reporting to DOJ				
Complete an investigation	1,112,584	522,330	(590,254)	Finding 2
Prepare and submit reports to DOJ	46,142	5,094	(41,048)	Finding 3
Providing CACI notifications	27,850	2,395	(25,455)	Finding 4
Total direct costs	1,362,457	612,072	(750,385)	
Indirect costs	704,896	319,744	(385,152)	Finding 5
Total program costs	<u>\$ 2,067,353</u>	931,816	<u>\$ (1,135,537)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 931,816</u>		

<sup>1</sup> See the Findings and Recommendations section.

# Findings and Recommendations

## **FINDING 1— Unallowable salaries and benefits – Cross- reporting from Law Enforcement to the County Welfare and District Attorney’s Office cost component**

The city claimed \$123,410 in salaries and benefits for the Cross-reporting to County Welfare and District Attorney’s Office cost component during the audit period. We found that \$29,782 is allowable and \$93,628 is unallowable. Costs claimed are unallowable because the city overstated the number of SCARs it cross-reported, misstated productive hourly rates (PHRs), and overstated the related benefit costs.

The following table summarizes the claimed costs, allowable costs, and audit adjustments for the ongoing salaries and benefits related to cross-reporting for the audit period:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
1999-2000	\$ 6,448	\$ 1,410	\$ (5,038)
2000-01	6,827	1,467	(5,360)
2001-02	7,560	1,546	(6,014)
2002-03	7,763	1,607	(6,156)
2003-04	8,966	1,759	(7,207)
2004-05	11,082	2,055	(9,027)
2005-06	9,213	2,128	(7,085)
2006-07	8,892	2,224	(6,668)
2007-08	9,279	2,342	(6,937)
2008-09	9,327	2,508	(6,819)
2009-10	11,392	2,331	(9,061)
2010-11	10,356	2,792	(7,564)
2011-12	10,242	2,502	(7,740)
2012-13	6,063	3,111	(2,952)
	<u>\$ 123,410</u>	<u>\$ 29,782</u>	<u>\$ (93,628)</u>

### **Number of SCARs Cross-reported**

#### *Claimed*

For FY 1999-2000 through FY 2006-07, the city claimed an estimated number of SCARs investigated and cross-reported that was based on a population growth rate analysis. For FY 2007-08 through FY 2012-13, the city used a Data Analysis and Mapping (DAM) report from the city’s New World Records Management system, which tracks all child abuse-related calls. The city used the same report and the same number of SCARs to compute claimed costs for the Cross-reporting (Finding 1) and Completing an Investigation (Finding 2) cost components.

*Allowable*

Our audit found that both the population growth analysis used for FY 1999-2000 through FY 2006-07 and the total number of calls involving child abuse provided by the DAM report were inaccurate counts to use for this cost component. The DAM report included SCARs generated by the Department of Children and Family Services (DCFS) and originally cross-reported to the Downey Police Department. DCFS-generated SCARs are not eligible for reimbursement. However, the DAM report did not identify which SCARs or how many were generated by the DCFS versus the Downey Police Department.

The city did not maintain records of the SCARs initiated by the Downey Police Department and cross-reported to the DCFS and to the District Attorney's office. However, the city was able to provide a summary report from the Los Angeles County's E-SCARS database for FY 2009-10 through FY 2012-13. The city began using E-SCARS in FY 2009-10; therefore, only four years of actual data were available. The E-SCARS summary reports identified the SCARs generated by the Downey Police Department as Law Enforcement Generated (LEA-generated). These SCARs are allowable for reimbursement under this cost component. The city provided the following information from its E-SCARS system identifying the number of LEA-generated SCARs that were cross-reported:

- FY 2009-10: 61 SCARs
- FY 2010-11: 72 SCARs
- FY 2011-12: 63 SCARs
- FY 2012-13: 73 SCARs

The city did not provide any documentation to support the number of LEA-generated SCARs cross-reported for FY 1999-2000 through FY 2008-09. However, we computed an average number of SCARs cross-reported based on the actual data shown above. The city confirmed that the average of the actual data from the E-SCARS summaries, 67 SCARs, would be an appropriate average to use to compute costs for FY 1999-2000 through FY 2008-09, years in which no supporting documentation was available.

The following table summarizes the claimed, allowable, and adjusted number of SCARs cross-reported for the audit period:

Fiscal Year	Claimed Number of SCARs	Allowable Number of SCARs	Difference
	Cross-reported	Cross-reported <sup>1</sup>	
1999-2000	525	67 <sup>2</sup>	(458)
2000-01	541	67	(474)
2001-02	558	67	(491)
2002-03	575	67	(508)
2003-04	600	67	(533)
2004-05	633	67	(566)
2005-06	517	67	(450)
2006-07	453	67	(386)
2007-08	434	67	(367)
2008-09	403	67	(336)
2009-10	501	61 <sup>3</sup>	(440)
2010-11	454	72 <sup>3</sup>	(382)
2011-12	437	63 <sup>3</sup>	(374)
2012-13	243	73 <sup>3</sup>	(170)
Total	6,874	939	(5,935)

<sup>1</sup> Allowable number of SCARs in each fiscal year applies to two classifications performing the reimbursable activity: Police Records Assistant/Specialist and Police Officer.

<sup>2</sup> The allowable 67 SCARs cross-reported in FY 1999-2000 through FY 2008-09 is the average of the Downey Police Department initiated SCARs (LEA-generated) per the city's E-SCARs database for FY 2009-10 through FY 2012-13.

<sup>3</sup> Actual numbers obtained from the city's E-SCARS summary report for Downey Police Department Initiated SCARs (LEA-generated).

## Time Increments

### *Claimed*

The city did not have actual time records to support the time increments claimed. The city estimated that it took a Police Officer classification, on average, 10 minutes to call DCFS and cross-report each occurrence of suspected child abuse and an additional 12 minutes per case for the Police Records Specialist I/II classification to provide the DCFS any information requested related to the child abuse or related reports.

### *Allowable*

Based on our review of the procedures in place and our interviews conducted during fieldwork, we found that the time increments claimed for the cross-reporting component for both classifications were reasonable. However, during the course of the audit, the city requested to re-evaluate the time increments claimed for the cross-reporting activity. The city requested to increase the 10-minute average time increment claimed for the Police Officer classification to a 21.70-minute average time increment based on the time survey that the city conducted during fieldwork. The city surveyed six Police Officers regarding cross-reporting activity. The survey indicated that it took, on average, 21.70 minutes per SCAR to cross-report each case to DCFS instead of the 10 minute time

increment claimed. We reviewed the time survey and found that the average time increment was allowable.

The following table summarizes the claimed, allowable, and adjusted hours based on the adjusted number of SCARs cross-reported and adjusted average time increments for the audit period:

<u>Fiscal Year</u>	<u>Hours Claimed</u>	<u>Hours Allowable</u>	<u>Difference</u>
1999-2000	192.50	37.52	(154.98)
2000-01	198.37	37.52	(160.85)
2001-02	204.60	37.52	(167.08)
2002-03	210.83	37.52	(173.31)
2003-04	220.00	37.52	(182.48)
2004-05	232.10	37.52	(194.58)
2005-06	189.57	37.52	(152.05)
2006-07	166.10	37.52	(128.58)
2007-08	159.13	37.52	(121.61)
2008-09	147.77	37.52	(110.25)
2009-10	183.70	34.16	(149.54)
2010-11	166.47	40.32	(126.15)
2011-12	160.23	35.28	(124.95)
2012-13	89.10	40.88	(48.22)
Total	<u>2,520.47</u>	<u>525.84</u>	<u>(1,994.63)</u>

### **Productive Hourly Rates**

#### *Claimed*

The city used the Police Records Specialist I/II and the Police Officer/Detective classifications to calculate claimed PHRs. The city used salary reports that were based on budgeted salaries instead of actual salary data, contained inadequate salary information, or did not contain sufficient detail to perform accurate re-computation of the average PHRs. The city also did not identify which specific staff members were included in the average PHRs claimed.

#### *Allowable*

During the course of the audit, we requested that the city provide salary reports and identify the staff members used to compute the average PHRs claimed. The city did not provide the salary reports for FY 1999-2000 and FY 2000-01 because the reports were not recoverable. We determined that the claimed rates would be reasonable to use for these two fiscal years.

The city provided salary reports for FY 2001-02 through FY 2012-13. We recalculated the PHRs for the classifications of Police Records Specialist I/II and the Police Officer/Detective using the salary reports provided during the audit. We found deviations from the claimed rates. The following table summarizes the claimed and allowable PHRs for the

Cross-reporting to the County Welfare and the District Attorney's Office  
cost component for the audit period:

Fiscal Year	Classification	Claimed Average Productive Hourly Rate	Audited Average Productive Hourly Rate	Difference
1999-2000	Police Records Specialist I/II	\$ 15.85	\$ 15.85	\$ -
	Police Officer/Corporal/Detective	30.34	30.34	-
2000-01	Police Records Specialist I/II	16.34	16.34	-
	Police Officer/Detective	33.90	33.90	-
2001-02	Police Records Specialist I/II	18.24	18.59	0.35
	Police Officer/Detective	35.56	35.00	(0.56)
2002-03	Police Records Specialist I/II	18.24	19.30	1.06
	Police Officer/Detective	35.56	36.54	0.98
2003-04	Police Records Specialist I/II	19.55	19.58	0.03
	Police Officer/Detective	38.98	39.92	0.94
2004-05	Police Records Specialist I/II	19.64	20.56	0.92
	Police Officer/Detective	42.37	42.06	(0.31)
2005-06	Police Records Specialist I/II	20.72	21.14	0.42
	Police Officer/Detective	42.72	44.04	1.32
2006-07	Police Records Specialist I/II	23.84	22.61	(1.23)
	Police Officer/Detective	46.17	45.96	(0.21)
2007-08	Police Records Specialist I/II	24.99	23.89	(1.10)
	Police Officer/Detective	50.95	48.00	(2.95)
2008-09	Police Records Specialist I/II	26.02	25.47	(0.55)
	Police Officer/Detective	54.97	50.42	(4.55)
2009-10	Police Records Specialist I/II	26.44	26.06	(0.38)
	Police Officer/Detective	54.84	52.89	(1.95)
2010-11	Police Records Specialist I/II	26.44	25.80	(0.64)
	Police Officer/Detective	54.84	53.80	(1.04)
2011-12	Police Records Specialist I/II	26.94	23.98	(2.96)
	Police Officer/Detective	53.68	54.13	0.45
2012-13	Police Records Specialist I/II	25.83	24.02	(1.81)
	Police Officer/Detective	54.84	54.51	(0.33)

### Benefit Rates

We found that the benefit rates were allowable as claimed. We calculated allowable benefit costs based on the allowable salaries. The adjusted benefit costs are related to the adjusted salaries resulting from the overstated number of SCARs cross-reported, the misstated hours, and the revised PHRs.

### Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of SCARs cross-reported by the allowable average time increment per SCAR cross-reported. We then applied the audited PHRs and the audited benefit rates to the allowable hours. We found that the city overstated costs totaling \$93,628 for the audit period.

The following table summarizes the audit adjustments for salaries and benefits per fiscal year as described previously in the finding:

Fiscal Year	Hours Related Adjustment	Productive Hourly Rate Adjustment	Benefit Cost Adjustment	Audit Adjustment
1999-2000	\$ (3,375)	\$ -	\$ (1,663)	\$ (5,038)
2000-01	(3,788)	-	(1,572)	(5,360)
2001-02	(4,241)	(9)	(1,764)	(6,014)
2002-03	(4,403)	38	(1,791)	(6,156)
2003-04	(5,042)	23	(2,188)	(7,207)
2004-05	(5,671)	5	(3,361)	(9,027)
2005-06	(4,515)	37	(2,607)	(7,085)
2006-07	(4,213)	(21)	(2,434)	(6,668)
2007-08	(4,291)	(86)	(2,560)	(6,937)
2008-09	(4,114)	(118)	(2,587)	(6,819)
2009-10	(5,701)	(48)	(3,312)	(9,061)
2010-11	(4,748)	(36)	(2,780)	(7,564)
2011-12	(4,708)	(26)	(3,006)	(7,740)
2012-13	<u>(1,659)</u>	<u>(34)</u>	<u>(1,259)</u>	<u>(2,952)</u>
Total	<u>\$ (60,469)</u>	<u>\$ (275)</u>	<u>\$ (32,884)</u>	<u>\$ (93,628)</u>

### 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:

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-B.2.c) allow ongoing activities related to costs for reporting between local departments, as follows:

Cross-Reporting of Suspected Child Abuse or Neglect from the Law Enforcement Agency to the County Welfare and Institutions Code Section 300 Agency, County Welfare, and the District Attorney's Office:

City and county police or sheriff's departments shall:

- 1) Report by telephone immediately, or as soon as practically possible, to the agency given responsibility for investigation of cases under Welfare and Institutions Code section 300 and to the district attorney's office every known or suspected instance of child abuse reported to it, except acts or omissions coming within Penal Code section 11165.2(b), which shall be reported only to the county welfare department (Penal Code section 11166(i) (As added by Stats. 1980, ch. 1071; amended by Stats. 1981, ch. 435; Stats. 1982, ch. 905; Stats. 1984, ch. 1423; Stats. 1986, ch. 1289; Stats. 1987,

ch. 1459; Stats. 1988, chs. 269 and 1580; Stats. 1990, ch. 1603; Stats. 1992, ch. 459; Stats. 1993, ch. 510; Stats. 1996, chs. 1080 and 1081; and Stats. 2000, ch. 916 (AB 1241)). Renumbered at subdivision (j) by Statutes 2004, chapter 842 (SB 1313), and renumbered again at subdivision (k) by Statutes 2005, chapter 42 (AB 299)).

- 2) Report to the county welfare department every known or suspected instance of child abuse reported to it which is alleged to have occurred as a result of the action of a person responsible for the child's welfare, or as the result of the failure of a person responsible for the child's welfare to adequately protect the minor from abuse when the person responsible for the child's welfare knew or reasonably should have known that the minor was in danger of abuse.
- 3) Send a written report thereof within 36 hours of receiving the information concerning the incident to any agency to which it is required to make a telephone report under Penal Code section 11166.

As of January 1, 2006, initial reports may be made by fax or electronic transmission, instead of by telephone, and will satisfy the requirement for a written report within 36 hours (Ibid).

The parameters and guidelines (section V.A.1. – Claim Preparation and Submission – Actual Costs Claims, Direct Cost Reporting) state, in part:

1. Salaries and Benefits

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 Interagency Child Abuse and Neglect Investigation Reports program was suspended from FY 2015-16 through FY 2017-18. If the program becomes active again, we recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

### City's Response

The city stated in an email dated November 14, 2017, that it will not be issuing a response to the draft report.

**FINDING 2—  
Unallowable salaries  
and benefits –  
Reporting to the State  
Department of  
Justice: Completing  
an Investigation for  
Purposes of Preparing  
the SS 8583 Report  
Form cost component**

The city claimed \$1,112,584 in salaries and benefits for the Completing an Investigation for Purposes of Preparing the SS 8583 Report Form cost component during the audit period. We found that \$522,330 is allowable and \$590,254 is unallowable. The costs are unallowable because the city claimed unallowable costs, overstated the number of SCARs it investigated, claimed unallowable activities, misstated its average time increments and PHRs, and overstated its related benefit costs.

The following table summarizes the claimed costs, allowable costs, and audit adjustments for the salaries and benefits related to the Completing an Investigation cost component for the audit period:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
1999-2000	\$ 62,500	\$ -	\$ (62,500)
2000-01	68,465	-	(68,465)
2001-02	74,072	-	(74,072)
2002-03	76,058	-	(76,058)
2003-04	88,684	-	(88,684)
2004-05	112,493	-	(112,493)
2005-06	91,922	71,305	(20,617)
2006-07	86,702	73,975	(12,727)
2007-08	91,694	75,117	(16,577)
2008-09	92,584	74,830	(17,754)
2009-10	113,684	95,058	(18,626)
2010-11	103,346	87,951	(15,395)
2011-12	50,380	44,094	(6,286)
2012-13	-	-	-
Total	<u>\$ 1,112,584</u>	<u>\$ 522,330</u>	<u>\$ (590,254)</u>

**Number of SCARs Investigated**

*Claimed*

For FY 1999-2000 through FY 2006-07, the city claimed an estimated number of investigations based on a population growth analysis. For FY 2007-08 through FY 2012-13, the city used a DAM report from the city's New World Records Management system to support the number of investigations claimed. For the Completing an Investigation cost component, the city used the same DAM report that was used to support the number of SCARs cross-reported, as noted in Finding 1.

*Allowable*

This component provides reimbursement for costs associated with completing an initial investigation of SCARs for the purposes of preparing and submitting the SS 8583 report form to the DOJ. Reimbursable activities are limited to reviewing the SCAR, conducting initial interviews, and writing a report of the interviews, which may be reviewed by a supervisor.

The city provided a copy of the DAM report, which captured the number of calls for all suspected child abuse cases and the length of time that the Police Officers were on the scene. The DAM report used to calculate costs for the Completing an Investigation cost component did not track and identify SCARs that should have been excluded from the claimed population of investigations per the program's parameters and guidelines. Calls in which the Downey Police Department initiated the SCARs, SCARs in which no investigation was conducted, SCARs transferred to their proper jurisdiction, and SCARs in which no interviews were conducted because a duplicate SCAR had already been investigated are all excluded SCARs per the program's parameters and guidelines. We asked the city to provide summary reports from its E-SCARS system to validate the reliability of the number of SCARs claimed using the DAM report in the latter years of the audit period and to account for any population exclusions, if any.

As mentioned in Finding 1, the city obtained the E-SCARS system in FY 2009-10 and had only four years of data available for analysis (FY 2009-10 through FY 2012-13). We found that the number of SCARs investigated per the city's DAM report was accurate with immaterial deviations compared to the E-SCARS system in these years. We therefore accepted the claimed number of SCARs investigated for FY 2007-08 through FY 2011-12, in which the city used the DAM report to support claimed SCARs.

Furthermore, the activity of conducting a preliminary investigation is only reimbursable to the extent necessary to complete and submit the SS 8583 report form to the DOJ. However, we found that the city did not prepare and forward the SS 8583 report forms to the DOJ from FY 1999-2000 through FY 2004-05. Therefore, any preliminary investigation costs claimed for those years are unallowable because the city did not perform the reimbursable portion of the activity (i.e. completing an initial investigation and obtaining required information for purposes of submitting the SS 8583 report form). The city started preparing and forwarding the required SS 8583 report forms to the DOJ starting in FY 2005-06, based on the statement of the Detective that was assigned to the Child Abuse Unit during the audit period.

For FY 1999-2000 through FY 2004-05, the number of SCARs investigated are estimated and unallowable for reimbursement. As indicated above, the city did not perform the reimbursable portion of the activity for these fiscal years. The city did not provide any evidence that this activity took place from FY 1999-2000 through FY 2004-05.

For FY 2005-06 and FY 2006-07, the city claimed an estimated number of SCARs based on a population growth analysis, which was not based on the actual number of SCARs investigated. Therefore, we used the city's DAM report, which contained the actual number of SCARs investigated for FY 2007-08 through FY 2012-13, to compute an average number of SCARs investigated, and applied the average for FY 2005-06 and FY 2006-07. We found that the average number of SCARs investigated per the city's DAM report is 449 SCARs per year, based on the actual number of SCARs investigated.

For FY 2007-08 through FY 2011-12, we used the actual number of SCARs investigated as captured in the city's DAM report. The following table summarizes the claimed, allowable, and adjusted number of SCARs investigated for the audit period:

Fiscal Year	Claimed Number of SCARs Investigated	Allowable Number of SCARs Investigated	Difference	
1999-2000	525	-	(525)	
2000-01	541	-	(541)	
2001-02	558	-	(558)	
2002-03	575	-	(575)	
2003-04	600	-	(600)	
2004-05	633	-	(633)	
2005-06	517	449 <sup>1</sup>	(68)	
2006-07	483	449 <sup>1</sup>	(34)	
2007-08	434	434	-	
2008-09	403	403	-	
2009-10	501	501	-	
2010-11	454	454	-	
2011-12	219	219 <sup>2</sup>	-	437 <sup>2</sup>
2012-13	-	-	-	466 <sup>3</sup>
Total	<u>6,443</u>	<u>2,909</u>	<u>(3,534)</u>	

<sup>1</sup> The city claimed estimated number of SCAR investigations for FY 2005-06 and FY 2006-07. No supporting documentation was available for these fiscal years. 449 is the average number of SCAR investigations for FY 2007-08 through FY 2012-13, based on actual data that the city provided from the DAM report.

<sup>2</sup> 437 is the total number of SCAR investigations for FY 2011-12 per the city's DAM report. However, 219 are allowable for this fiscal year because only half of the year is reimbursable up to December 31, 2011, per the parameters and guidelines.

<sup>3</sup> The data from the FY 2012-13 DAM report was used to compute average number of SCARs investigated for unsupported years. This fiscal year data was used for comparative purposes and to compute average actual data using the DAM report.

## Time Increments

### *Claimed*

The city claimed 2.37 hours (2 hours 22 minutes) per case for a Police Officer classification to perform the initial investigation of every SCAR claimed. Of the 2.37 hours claimed, 1.37 hours (82 minutes) was the average time increment obtained from the city's DAM report, which captured the average time increment for Police Officers to respond to a child abuse call. The 1.37 hours (82 minutes) comprised total average time on the scene of each SCAR. Of the total 2.37 hours claimed per case, the city included one hour (60 minutes) that was unsupported.

In addition, the city clarified that it erroneously claimed 0.50 hours (30 minutes) average time increment for Police Officers to make a written report of the interviews under the Forwarding the SS 8583 Reports to the Department of Justice cost component (as discussed in Finding 3).

The city also claimed an additional 0.20 hours (12 minutes) average time increment for a Sergeant classification to review Police Officers' reports of the interview findings.

#### *Allowable*

We conducted interviews with a Sergeant and a Lieutenant from the Downey Police Department's Administration/Records Bureau. They explained that the average time increment of 1.37 hours (82 minutes) claimed per case for the Police Officer classification was obtained from the DAM report. The DAM report tracked the total time, from when the officers were dispatched to respond to each suspected child abuse call, until the officers concluded with the initial investigation and cleared the call. The city computed the average 1.37 hours (82 minutes) based on the total time on the scene for each SCAR.

The average on-the-scene time increment claimed did not account for any exclusions that are not reimbursable per the parameters and guidelines. We therefore requested that the city provide an additional analysis that would list and exclude time attributed to other investigative activities performed by the Police Officers during on-the-scene time that go beyond the reimbursable activities noted in the parameters and guidelines. The city provided its analysis for our review.

#### *City's Analysis*

The city's analysis indicated that the time increment to conduct an investigation for the purpose of preparing and submitting the SS 8583 report form to the DOJ should be corrected from 2.37 average hours as claimed (142.00 minutes) to a new average of 2.33 hours (139.83 minutes), as noted in the city's proposed analysis.

The following table summarizes the claimed time increments, the city’s analysis of time increments, and the allowable time increments for reimbursable activities noted in the parameters and guidelines:

<b>Completing an Initial Investigation</b>		<b>Time Increments Claimed</b>	<b>City’s Additional Analysis</b>	<b>Time Increments Allowable</b>
1	Officer Review of SCAR	-	-	10.00
2	<b>On-scene interview time per DAM Report (2 hrs. 22 min.)</b>	<b>82.00</b>	<b>82.00</b>	<b>82.00</b>
3	Drive time	-	(4.20)	(4.20)
4	Photos and evidence	-	(1.60)	(1.60)
5	Police Records Specialist I/II logs and read E-SCARS	-	10.00	-
6	Officer makes contact after initial response	-	4.10	-
7	Additional interview minutes beyond time on scene	-	7.70	-
8	Additional expert interviews	-	7.00	-
	Subtotal	82.00	105.00	86.20 <sup>1</sup>
9	Officer writes a report	- <sup>2</sup>	34.83	34.83
10	Unsupported time claimed	60.00	-	-
<b>Officer <u>minutes</u> for review of SCAR, interviews, and report</b>		<b>142.00</b>	<b>139.83</b>	<b>121.03</b>
<b>Officer <u>hours</u> for review of SCAR, interviews, and report</b>		<b>2.37</b>	<b>2.33</b>	<b>2.02</b>
<b>Sergeant review hours (12 minutes)</b>		<b>0.20</b>	<b>-</b>	<b>0.20</b>
<b>Total hours for completing an investigation</b>		<b>2.57</b>	<b>2.33</b>	<b>2.22</b>

<sup>1</sup> 1.44 hours (86.20 minutes) is the allowable time increment for the Police Officers’ review of initial SCAR and initial interviews for the purpose of preparing and submitting the SS 8583 report form based on the analysis of the city’s proposal and our interviews with the city’s staff.

<sup>2</sup> The city did not claim any report writing time in this component. However, the city clarified that it erroneously claimed 0.50 hours (30 minutes) time increment for the Police Officers to make a written report of the interviews under the Forwarding the SS 8583 Reports to the Department of Justice cost component, as discussed in Finding 3.

The city’s time survey indicated that Police Officers spend, on average, approximately 10 minutes to review each SCAR. However, this time increment was not included in the city’s proposal. We found that the activity is allowable for reimbursement based on our interviews with the city’s staff during fieldwork.

As requested during fieldwork, the city proposed to exclude an average 4.20 minutes of driving time and additional 1.60 minutes of evidence collection time from the time increment claimed. These activities are not reimbursable per the program’s parameters and guidelines.

In its analysis, the city also added an average 10-minute time increment for the Police Records Specialist I/II classification to log and read the SCARs. This activity is not listed as reimbursable in the program’s parameters and guidelines and is therefore unallowable.

In addition, the city’s analysis also included a 4.10-minute time increment for the Police Officer classification to make contact with involved parties after the initial response, a 7.70-minute time increment to conduct additional interviews beyond the preliminary investigation captured in the DAM report, and a 7.00-minute time increment to conduct additional expert interviews. All of these activities are unallowable because they are not listed as reimbursable in the parameters and guidelines, or go beyond the requirements of the mandate.

Lastly, the city included in its analysis a proposal to increase the 30-minute time increment claimed in a different component for the Police Officer classification to make a written report of the interviews to a 34.83-minute average time increment based on the time survey the city conducted during fieldwork. We reviewed the time survey and accepted the proposed time increment for the allowable report writing activity.

#### *Hours Adjustment*

The following table summarizes the claimed, allowable, and adjusted hours based on the adjusted number of SCARs investigated and the allowable average time increments per SCAR for the audit period:

<u>Fiscal Year</u>	<u>Hours Claimed</u>	<u>Hours Allowable</u>	<u>Difference</u>
1999-2000	1,349.25	-	(1,349.25)
2000-01	1,390.37	-	(1,390.37)
2001-02	1,434.06	-	(1,434.06)
2002-03	1,477.75	-	(1,477.75)
2003-04	1,542.00	-	(1,542.00)
2004-05	1,626.81	-	(1,626.81)
2005-06	1,328.69	996.78	(331.91)
2006-07	1,164.21	996.78	(167.43)
2007-08	1,115.38	963.48	(151.90)
2008-09	1,035.71	894.66	(141.05)
2009-10	1,287.57	1,112.22	(175.35)
2010-11	1,166.78	1,007.88	(158.90)
2011-12	561.55	486.18	(75.37)
2012-13	-	-	-
Total	<u>16,480.13</u>	<u>6,457.98</u>	<u>(10,022.15)</u>

#### **Productive Hourly Rates**

##### *Claimed*

The city used the Police Officer/Detective and Sergeant classifications to calculate claimed PHRs for this component. The city used salary reports that were based on budgeted salaries instead of actual salary data, contained inadequate salary information, or did not contain sufficient detail to perform accurate re-computation of the average PHRs. The city also did not identify which specific staff members were included in the average PHRs claimed.

##### *Allowable*

During the course of the audit, we requested that the city provide salary reports and identify the staff used to compute of the average PHRs claimed. The city did not provide the salary reports for FY 1999-2000 and FY 2000-01 because the reports were not recoverable. Based on our analysis of the remaining fiscal years' payroll data, we determined that the claimed rates would be reasonable to use for these two fiscal years.

The city provided salary reports for FY 2001-02 through FY 2012-13. We recalculated the Police Officer/Detective and Sergeant classifications' PHRs using the salary reports provided during the audit. We found deviations from the claimed rates.

The following table summarizes the claimed and allowable PHRs for the Completing an Investigation cost component for the audit period:

<u>Fiscal Year</u>	<u>Classification</u>	<u>Claimed Average Productive Hourly Rates</u>	<u>Audited Average Productive Hourly Rates</u>	<u>Difference</u>
1999-2000	Police Officer/Corporal/Detective	30.34	30.34	-
	Sergeant	39.16	39.16	-
2000-01	Police Officer/Detective	33.90	33.90	-
	Sergeant	45.47	45.47	-
2001-02	Police Officer/Detective	35.56	35.00	(0.56)
	Sergeant	47.68	45.11	(2.57)
2002-03	Police Officer/Detective	35.56	36.54	0.98
	Sergeant	47.68	48.08	0.40
2003-04	Police Officer/Detective	38.98	39.92	0.94
	Sergeant	52.73	51.51	(1.22)
2004-05	Police Officer/Detective	42.37	42.06	(0.31)
	Sergeant	55.71	54.50	(1.21)
2005-06	Police Officer/Detective	42.72	44.04	1.32
	Sergeant	55.72	57.12	1.40
2006-07	Police Officer/Detective	46.17	45.96	(0.21)
	Sergeant	60.49	58.83	(1.66)
2007-08	Police Officer/Detective	50.95	48.00	(2.95)
	Sergeant	62.72	61.19	(1.53)
2008-09	Police Officer/Detective	54.97	50.42	(4.55)
	Sergeant	61.63	67.05	5.42
2009-10	Police Officer/Detective	54.84	52.89	(1.95)
	Sergeant	70.05	67.76	(2.29)
2010-11	Police Officer/Detective	54.84	53.80	(1.04)
	Sergeant	70.05	69.28	(0.77)
2011-12	Police Records Specialist I/II	26.94	23.98	(2.96)
	Police Officer/Detective	53.68	54.13	0.45
	Sergeant	69.00	69.01	0.01
2012-13	Police Records Specialist I/II	25.83	24.02	(1.81)
	Police Officer/Detective	54.84	54.51	(0.33)
	Sergeant	71.13	68.04	(3.09)

### **Benefit Rates**

We found that the benefit rates were allowable as claimed. We calculated allowable benefit costs based on the allowable salaries. The adjusted benefit costs are based on the adjusted salaries due to the adjusted number of SCARs investigated, the adjusted average time increment per SCAR, and the adjusted PHRs.

### Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of SCARs investigated by the allowable average time increments per activity per SCAR. We then applied the audited PHRs and audited benefit rates to the allowable hours. We found that the city overstated costs totaling \$590,254 for the audit period.

The following table summarizes the audit adjustments for salaries and benefits per fiscal year as described previously in the finding:

Fiscal Year	Hour Related Adjustment	Productive Hourly Rate Adjustment	Benefit Cost Adjustment	Audit Adjustment
1999-2000	\$ (41,862)	\$ -	\$ (20,638)	\$ (62,500)
2000-01	(48,385)	-	(20,080)	(68,465)
2001-02	(52,348)	-	(21,724)	(74,072)
2002-03	(53,943)	-	(22,115)	(76,058)
2003-04	(61,757)	-	(26,927)	(88,684)
2004-05	(70,617)	-	(41,876)	(112,493)
2005-06	(14,356)	1,323	(7,584)	(20,617)
2006-07	(7,741)	(340)	(4,646)	(12,727)
2007-08	(7,739)	(2,719)	(6,119)	(16,577)
2008-09	(7,754)	(3,267)	(6,733)	(17,754)
2009-10	(9,616)	(2,202)	(6,808)	(18,626)
2010-11	(8,714)	(1,023)	(5,658)	(15,395)
2011-12	(4,044)	200	(2,442)	(6,286)
2012-13	-	-	-	-
	<u>\$ (388,876)</u>	<u>\$ (8,028)</u>	<u>\$ (193,350)</u>	<u>\$ (590,254)</u>

### 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:

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 – B.3.a.1.) allow ongoing activities related to costs for reporting to the State Department of Justice for the following reimbursable activities:

**From July 1, 1999 to December 31, 2011**, city and county police or sheriff's departments, county probation departments if designated by the county to receive mandated reports, and county welfare departments shall: (Pursuant to amendments to Penal Code section 11169(b) enacted

by Statutes 2011, chapter 468 (AB 717), the mandate to report to DOJ for law enforcement agencies only ends on January 1, 2012. In addition, the duty for all other affected agencies is modified to exclude an “inconclusive” report.)

1) Complete an investigation for purposes of preparing the report

Complete an investigation to determine whether a report of suspected child abuse or severe neglect is unfounded, substantiated or inconclusive, as defined in Penal Code section 11165.12, for purposes of preparing and submitting the state “Child Abuse Investigation Report” Form SS 8583[emphasis added], or subsequent designated form, to the Department of Justice. (Penal Code section 11169(a) (Stats. 1997, ch. 842, § 5 (SB 644); Stats. 2000, ch. 916 (AB 1241); Stats. 2011, ch. 468, § 2 (AB 717)); Code of Regulations, Title 11, section 903; “Child Abuse Investigation Report” Form SS 8583.) Except as provided in paragraph below, this activity includes review of the initial Suspected Child Abuse Report (Form 8572), conducting initial interviews with parents, victims, suspects, or witnesses, where applicable, and making a report of the findings of those interviews, which may be reviewed by a supervisor.

***Reimbursement is not required in the following circumstances:***

- i. Investigative activities conducted by a mandated reporter to complete the Suspected Child Abuse Report (Form SS 8572) pursuant to Penal Code section 11166(a).
- ii. In the event that the mandated reporter is employed by the same child protective agency required to investigate and submit the “Child Abuse Investigation Report” Form SS 8583 or subsequent designated form to the Department of Justice, pursuant to Penal Code section 11169(a), reimbursement is not required if the investigation required to complete the Form SS 8572 is also sufficient to make the determination required under section 11169(a), and sufficient to complete the essential information items required on the Form SS 8583, pursuant to Code of Regulations, title 11, section 903 (Register 98, No. 29).
- iii. Investigative activities undertaken subsequent to the determination whether a report of suspected child abuse is substantiated, inconclusive, or unfounded, as defined in Penal Code section 11165.12, for purposes of preparing the Form SS 8583, including the collection of physical evidence, the referral to a child abuse investigator, and the conduct of follow-up interviews.

The parameters and guidelines (section V.A.1. – Claim Preparation and Submission – Actual Costs Claims, Direct Cost Reporting) state, in part:

2. Salaries and Benefits

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 Interagency Child Abuse and Neglect Investigation Reports program was suspended from FY 2015-16 through FY 2017-18. If the program becomes active again, we recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City’s Response

The city stated in an email dated November 14, 2017, that it will not be issuing a response to the draft report.

**FINDING 3—  
Unallowable salaries  
and benefits –  
Reporting to the State  
Department of  
Justice: Forwarding  
the SS 8583 Report  
Forms to the  
Department of Justice  
cost component**

The city claimed \$46,142 in salaries and benefits for the Forwarding the SS 8583 Report Forms to the Department of Justice cost component during the audit period. We found that \$5,094 is allowable and \$41,048 is unallowable. The costs are unallowable because the city overstated the number of SS 8583 report forms that were prepared and forwarded to the DOJ, claimed unallowable costs, misclassified costs, misstated its PHRs, and overstated its related benefit costs.

The following table summarizes the claimed costs, allowable costs, and audit adjustments for the salaries and benefits related to preparing and submitting the SS 8583 report forms to the DOJ for the audit period:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
1999-2000	\$ 2,314	\$ -	\$ (2,314)
2000-01	2,543	-	(2,543)
2001-02	2,761	-	(2,761)
2002-03	2,836	-	(2,836)
2003-04	3,307	-	(3,307)
2004-05	4,152	-	(4,152)
2005-06	3,392	788	(2,604)
2006-07	8,047	816	(7,231)
2007-08	3,018	647	(2,371)
2008-09	3,826	830	(2,996)
2009-10	4,306	946	(3,360)
2010-11	2,230	498	(1,732)
2011-12	3,410	569	(2,841)
2012-13	-	-	-
	<u>\$ 46,142</u>	<u>\$ 5,094</u>	<u>\$ (41,048)</u>

**Number of SS 8583 Report Forms Forwarded to the DOJ**

*Claimed*

For FY 1999-2000 through FY 2003-04, the city estimated the number of substantiated cases for which an SS 8583 report form should have been prepared and forwarded to the DOJ. The city projected that 12% of the estimated total number of SCARs investigated were substantiated. For FY 2004-05 through FY 2011-12, the city claimed the actual number of substantiated SCARs for which an SS 8583 report form should have been prepared and forwarded to the DOJ.

*Allowable*

This component provides reimbursement for costs associated with preparing and submitting the SS 8583 report form to the DOJ for every case in which the police department investigated known or suspected child abuse or severe neglect, and which it determined to be substantiated or inconclusive. However, the city claimed the number of all substantiated cases rather than the number of actual report forms submitted.

We requested that the city provide the actual number of SS 8583 report forms prepared and submitted to the DOJ in each fiscal year of the audit period. In addition, we asked the city to provide internal procedures supporting the preparation and submission of the SS 8583 report forms sent to the DOJ during the audit period.

The staff currently working in the Child Abuse Unit was not familiar with the SS 8583 report form. Therefore, we conducted an interview with a retired Detective from the Child Abuse Unit who prepared the report forms from FY 2005-06 until his retirement in 2011. The Detective stated that the city did not prepare and submit the report forms from FY 1999-2000 through FY 2004-05. He explained that a representative from the DOJ visited the city because the city was not submitting the required report forms from FY 1999-2000 through FY 2004-05.

The Detective further explained that he was responsible for completing and forwarding the SS 8583 report form to the DOJ beginning in FY 2005-06. The form consisted of one original and three carbon copies. Carbon copies were sent to the DOJ, the DA's office, and the DCFS; the original was kept with the case files. The Detective also stated that eventually the DOJ requested the form to be sent via email using an electronic version of the SS 8583 report form. He indicated that the time to complete and forward the SS 8583 report form to the DOJ took on average 10 minutes per report form.

The city did not maintain or provide a count of the actual number of SS 8583 report forms prepared and submitted to the DOJ. The city also did not provide internal procedures supporting the preparation and submission of the SS 8583 forms sent to the DOJ during the audit period.

In the absence of the actual number of SS 8583 report forms filed during the audit period, we examined the claimed number of report forms. We reviewed the city's summary report listing the total number of SCAR investigations and the number of substantiated cases. We found the city's methodology to be reasonable to approximate the number of SS 8583 report forms based on the number of substantiated cases. We traced the claimed number of SS 8583 report forms in FY 2005-06 through FY 2011-12 to the city's summary report used during the claim preparation process. We did not perform any analysis on the SS 8583 report forms claimed for FY 1999-2000 through FY 2004-05 because the city did not perform this activity prior to FY 2005-06. The city did not provide any evidence that this activity took place in FY 1999-2000 through FY 2004-05.

The following table summarizes the claimed, allowable, and adjusted number of SS 8583 report forms forwarded to the DOJ for the audit period:

Fiscal Year	Number of SS 8583 Forms Claimed	Number of SS 8583 Forms Allowable	Difference
1999-2000	63	-	(63)
2000-01	65	-	(65)
2001-02	67	-	(67)
2002-03	69	-	(69)
2003-04	72	-	(72)
2004-05	76	-	(76)
2005-06	62	62	-
2006-07	136	62	(74)
2007-08	47	47	-
2008-09	56	56	-
2009-10	62	62	-
2010-11	32	32	-
2011-12	69	35	(34)
Total	<u>876</u>	<u>356</u>	<u>(520)</u>

### Time Increment

#### *Claimed*

The city claimed 0.10 hours (6 minutes) average time increment for the Police Records Specialist I/II, 0.50 hours (30 minutes) average time increment for the Police Officer, and 0.20 hours (12 minutes) average time increment for the Sergeant classifications to prepare and forward each SS 8583 report form to the DOJ for substantiated SCARs. The city did not provide any source documentation based on actual data to support the estimated average time increments for this component.

#### *Allowable*

Both time increments claimed for the Police Records Specialist I/II and for the Sergeant classifications are incorrectly claimed under this cost component, unsupported, and unallowable as they do not pertain to this cost component.

The city explained that the 0.50 hours (30 minutes) average time increment claimed for the Police Officer classification under the Forwarding the SS 8583 Report Forms cost component had been claimed in the wrong component. This time increment represented the average time for the Police Officer classification to make a written report of the interviews under the Completing an Investigation cost component. We reclassified this time increment under the Completing an Investigation cost component, as noted in Finding 2.

Based on the interview with the retired Detective from the Child Abuse Unit, we found that 0.17 hours (10 minutes) average time increment to prepare and forward each SS 8583 report form to the DOJ for FY 2005-06 through FY 2011-12 is allowable.

*Hours Adjustment*

The following table summarizes the hours claimed and the allowable hours based on the adjustments made to the number of SS 8583 report forms forwarded to the DOJ and the allowable average time increment to prepare and submit each report form for the audit period:

<u>Fiscal Year</u>	<u>Hours Claimed</u>	<u>Hours Allowable</u>	<u>Difference</u>
1999-2000	50.40	-	(50.40)
2000-01	51.93	-	(51.93)
2001-02	53.57	-	(53.57)
2002-03	55.20	-	(55.20)
2003-04	57.60	-	(57.60)
2004-05	60.80	-	(60.80)
2005-06	49.60	10.54	(39.06)
2006-07	108.80	10.54	(98.26)
2007-08	37.60	7.99	(29.61)
2008-09	44.80	9.52	(35.28)
2009-10	49.60	10.54	(39.06)
2010-11	25.60	5.44	(20.16)
2011-12	42.09	5.95	(36.14)
2012-13	-	-	-
Total	<u>687.59</u>	<u>60.52</u>	<u>(627.07)</u>

**Productive Hourly Rate**

The city used the Police Records Specialist I/II, Police Officer/Detective, and Sergeant classifications to calculate costs for this component. However, this reimbursable activity was performed by a specific Detective from the Child Abuse Unit for FY 2005-06 through FY 2011-12. Therefore, we calculated allowable costs based on the Detective's individual PHR rather than using the classification average for the Police Officer/Detective classification. We recalculated the Detective's PHR using the salary reports the city provided during the audit.

The following table summarizes the claimed, allowable, and adjusted PHR for the Preparing and Submitting the SS 8583 Report Forms to the DOJ cost component for FY 2005-06 through FY 2011-12:

<u>Fiscal Year</u>	<u>Classification</u>	<u>Claimed Average PHR</u>	<u>Allowable Individual PHR</u>	<u>Difference</u>
2005-06	Police Officer/Detective	42.72	47.22	4.50
2006-07	Police Officer/Detective	46.17	49.11	2.94
2007-08	Police Officer/Detective	50.95	51.08	0.13
2008-09	Police Officer/Detective	54.97	54.13	(0.84)
2009-10	Police Officer/Detective	54.84	56.95	2.11
2010-11	Police Officer/Detective	54.84	57.85	3.01
2011-12	Police Officer/Detective	53.68	58.51	4.83

## Benefit Rate

We found that the benefit rates were allowable as claimed. We calculated allowable benefit costs based on the allowable salaries. The adjusted benefit costs are based on the adjusted salaries due to the adjusted number of SS 8583 report forms, the allowable average time increment to prepare and submit the SS 8583 report form to the DOJ, the adjusted hours, and the adjusted PHR.

## Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of SCARs in which an SS 8583 report form was prepared and forwarded to the DOJ by the allowable average time increment per report form. We then applied the audited PHR and the audited benefit rate to the allowable hours. We found that the city overstated costs totaling \$41,048 for the audit period.

The following table summarizes the audit adjustments for salaries and benefits per fiscal year as described previously in the finding:

<u>Fiscal Year</u>	<u>Hour Related Adjustment</u>	<u>Productive Hourly Rate Adjustment</u>	<u>Benefit Cost Adjustment</u>	<u>Audit Adjustment</u>
1999-2000	\$ (1,549)	\$ -	\$ (765)	\$ (2,314)
2000-01	(1,797)	-	(746)	(2,543)
2001-02	(1,951)	-	(810)	(2,761)
2002-03	(2,011)	-	(825)	(2,836)
2003-04	(2,303)	-	(1,004)	(3,307)
2004-05	(2,606)	-	(1,546)	(4,152)
2005-06	(1,926)	280	(958)	(2,604)
2006-07	(4,858)	267	(2,640)	(7,231)
2007-08	(1,704)	208	(875)	(2,371)
2008-09	(2,127)	267	(1,136)	(2,996)
2009-10	(2,454)	321	(1,227)	(3,360)
2010-11	(1,266)	171	(637)	(1,732)
2011-12	(1,925)	188	(1,104)	(2,841)
2012-13	-	-	-	-
	<u>\$ (28,477)</u>	<u>\$ 1,702</u>	<u>\$ (14,273)</u>	<u>\$ (41,048)</u>

## 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:

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-B.3.a.2.) allow ongoing activities related to costs for reporting to the State Department of Justice for the following reimbursable activities:

2) Forward [SS 8583] reports to the Department of Justice

Prepare and submit to the Department of Justice a report in writing of every case it investigates of known or suspected child abuse or severe neglect which is determined to be substantiated or inconclusive, as defined in Penal Code section 11165.12. Unfounded reports, as defined in Penal Code section 11165.12, shall not be filed with the Department of Justice. If a report has previously been filed which subsequently proves to be unfounded, the Department of Justice shall be notified in writing of that fact. The reports required by this section shall be in a form approved by the Department of Justice (currently form 8583) and may be sent by fax or electronic transmission. (Penal Code section 11169(a) (Stats. 1997, ch. 842, § 5 (SB 644); Stats. 2000, ch. 916 (AB1241); Stats. 2011, ch. 468, § 2 (AB 717)); Code of Regulations, Title 11, section 903; "Child Abuse Investigation Report" Form SS 8583).

This activity includes costs of preparing and submitting an amended report to DOJ, when the submitting agency changes a prior finding of substantiated or inconclusive to a finding of unfounded or from inconclusive or unfounded to substantiated.

***Reimbursement is not required for the costs of the investigation required to make the determination to file an amended report.***

The parameters and guidelines (section V.A.1. – Claim Preparation and Submission – Actual Costs Claims, Direct Cost Reporting) state:

1. Salaries and Benefits

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 Interagency Child Abuse and Neglect Investigation Reports program was suspended from FY 2015-16 through FY 2017-18. If the program becomes active again, we recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

City's Response

The city stated in an email dated November 14, 2017, that it will not be issuing a response to the draft report.

**FINDING 4—  
Unallowable salaries  
and benefits –  
Notifications to  
Suspected Child  
Abuser cost  
component**

The city claimed \$27,850 in salaries and benefits for the Notifications to Suspected Child Abuser cost component during the audit period. We found that \$2,395 is allowable and \$25,455 is unallowable. The costs are unallowable because the city overstated the number of notifications sent to suspected child abusers, claimed unallowable activities, misstated its PHRs, and overstated its related benefit costs.

The following table summarizes the claimed costs, allowable costs, and audit adjustments for the ongoing costs related to notifications sent to suspected child abusers for the audit period:

<u>Fiscal Year</u>	<u>Amount Claimed</u>	<u>Amount Allowable</u>	<u>Audit Adjustment</u>
1999-2000	\$ 1,576	\$ -	\$ (1,576)
2000-01	1,707	-	(1,707)
2001-02	1,858	-	(1,858)
2002-03	1,907	-	(1,907)
2003-04	2,217	-	(2,217)
2004-05	2,802	-	(2,802)
2005-06	2,299	370	(1,929)
2006-07	2,326	384	(1,942)
2007-08	2,084	304	(1,780)
2008-09	2,949	391	(2,558)
2009-10	2,938	444	(2,494)
2010-11	1,521	234	(1,287)
2011-12	1,666	268	(1,398)
2012-13	-	-	-
	<u>\$ 27,850</u>	<u>\$ 2,395</u>	<u>\$ (25,455)</u>

**Number of CACI Notifications**

*Claimed*

The city used the same methodology to claim the number of CACI notifications as for the number of substantiated cases, for which an SS 8583 report form should have been prepared and forwarded to the DOJ (as described in Finding 3).

For FY 1999-2000 through FY 2003-04, the city estimated the number of substantiated cases based on 12% of the estimated number of SCARs investigated for which a CACI notification should have been sent to the suspected child abuser. For FY 2004-05 through FY 2011-12, the city claimed the number of substantiated SCARs for which a CACI notification should have been sent to the child abuser.

*Allowable*

As discussed in Finding 3, we found that the claimed number of CACI notifications for this cost component was based on an estimated number of substantiated SCARs for FY 1999-2000 through FY 2003-04 and the number of substantiated SCARs for FY 2004-05 through FY 2011-12. However, the reimbursement for this cost component is not for the number of SCARs claimed by the city. Rather, this component provides reimbursement for costs associated with notifying in writing the suspected child abuser that he or she has been reported to CACI.

We requested that the city provide the actual number of CACI notices sent to suspected child abusers in each fiscal year of the audit period. In addition, we asked the city to provide internal procedures supporting the preparation of CACI notices.

The staff currently working in the Child Abuse Unit was not familiar with the CACI form. Therefore, as indicated in Finding 3, we conducted an interview with a retired Detective from the Child Abuse Unit who prepared the CACI notices from FY 2005-06 until his retirement in 2011.

The Detective indicated that he prepared CACI notifications to be sent to child abusers at the conclusion of substantiated cases. He indicated that the average time to complete a CACI notification and send it to a suspected child abuser was approximately five minutes.

The city did not maintain a count of the actual number of CACI notifications sent to suspected child abusers, and did not provide any copies of actual CACI notifications during the audit period. As indicated in Finding 3, in the absence of the actual number of CACI notifications sent to suspected child abusers, we examined the claimed number of CACI notifications (which the city determined based on the number of substantiated cases). We found the city's methodology to be reasonable for approximating the number of CACI notifications sent based on the number of substantiated cases. We traced the claimed number of CACI notifications in FY 2005-06 through FY 2011-12 to the city's summary report used during the claim preparation process. We did not perform any analysis on CACI notifications claimed for FY 1999-2000 through FY 2004-05, because the city did not perform this activity prior to FY 2005-06; nor did the city provide any evidence that this activity took place prior to FY 2005-06.

The following table summarizes the claimed, allowable, and adjusted number of CACI notifications reported for the audit period:

Fiscal Year	Number of CACI Notifications Claimed	Number of CACI Notifications Allowable	Difference
1999-2000	63	-	(63)
2000-01	65	-	(65)
2001-02	67	-	(67)
2002-03	69	-	(69)
2003-04	72	-	(72)
2004-05	76	-	(76)
2005-06	62	62	-
2006-07	58	62	4
2007-08	47	47	-
2008-09	56	56	-
2009-10	62	62	-
2010-11	32	32	-
2011-12	35	35	-
2012-13	-	-	-
Total	<u>764</u>	<u>356</u>	<u>(408)</u>

## Time Increments

### *Claimed*

The city claimed 0.50 hours (30 minutes) average time increment for a Police Officer and 0.10 hours (6 minutes) average time increment for the Police Records Specialist I/II classifications to notify in writing known or suspected child abusers that they have been reported to the CACI. The city did not provide any source documentation based on actual data to support the estimated average time increments for this component.

### *Allowable*

Based on an interview with the retired Detective from the Child Abuse Unit who performed this activity, we found that the 0.08-hour (5 minutes) average time increment to complete the CACI notifications in FY 2005-06 through FY 2011-12 is allowable.

### *Hours Adjustment*

The following table summarizes the hours claimed and the allowable hours based on adjustments made to the number of CACI notifications prepared and the allowable average time increment to complete and send each notification to suspected child abusers for the audit period:

<u>Fiscal Year</u>	<u>Hours Claimed</u>	<u>Hours Allowable</u>	<u>Difference</u>
1999-2000	37.80	-	(37.80)
2000-01	38.95	-	(38.95)
2001-02	40.18	-	(40.18)
2002-03	41.40	-	(41.40)
2003-04	43.20	-	(43.20)
2004-05	45.60	-	(45.60)
2005-06	37.20	4.96	(32.24)
2006-07	34.80	4.96	(29.84)
2007-08	28.20	3.76	(24.44)
2008-09	39.20	4.48	(34.72)
2009-10	37.20	4.96	(32.24)
2010-11	19.20	2.56	(16.64)
2011-12	20.70	2.80	(17.90)
2012-13	-	-	-
Total	<u>463.63</u>	<u>28.48</u>	<u>(435.15)</u>

## Productive Hourly Rate

The city used the Police Records Specialist I/II and the Police Officer/Detective classifications to calculate costs for this component. However, this reimbursable activity was performed by a specific Detective from the Child Abuse Unit for FY 2005-06 to FY 2011-12. Therefore, we calculated allowable costs based on that Detective's individual PHR rather than using the classification average for the Police Officer/Detective classification. We recalculated the Detective's PHR using salary reports that the city provided during the audit.

The following table summarizes the claimed, allowable, and adjusted PHR for the Notifications to Suspected Child Abusers cost component for FY 2005-06 through FY 2011-12:

Fiscal Year	Classification	Claimed	Allowable	Difference
		Average PHR	Individual PHR	
2005-06	Police Officer/Detective	42.72	47.22	4.50
2006-07	Police Officer/Detective	46.17	49.11	2.94
2007-08	Police Officer/Detective	50.95	51.08	0.13
2008-09	Police Officer/Detective	54.97	54.13	(0.84)
2009-10	Police Officer/Detective	54.84	56.95	2.11
2010-11	Police Officer/Detective	54.84	57.85	3.01
2011-12	Police Officer/Detective	53.68	58.51	4.83

### Benefit Rate

We found that the benefit rates were allowable as claimed. We calculated allowable benefit costs based on the allowable salaries. The adjusted benefit costs are based on the adjusted salaries due to the adjusted number of CACI notifications, the allowable average time increment per each notification, the adjusted hours, and the adjusted PHR.

### Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of CACI notifications by the allowable average time increment per notification. We then applied the audited PHR and the audited benefit rate to the allowable hours. We found that the city overstated costs totaling \$25,455 for the audit period.

The following table summarizes the audit adjustments for salaries and benefits per fiscal year as described previously in the finding:

Fiscal Year	Hour Related Adjustment	Productive Hourly Rate Adjustment	Benefit Cost Adjustment	Audit Adjustment
1999-2000	\$ (1,056)	\$ -	\$ (520)	\$ (1,576)
2000-01	(1,206)	-	(501)	(1,707)
2001-02	(1,313)	-	(545)	(1,858)
2002-03	(1,353)	-	(554)	(1,907)
2003-04	(1,544)	-	(673)	(2,217)
2004-05	(1,759)	-	(1,043)	(2,802)
2005-06	(1,241)	22	(710)	(1,929)
2006-07	(1,248)	15	(709)	(1,942)
2007-08	(1,123)	-	(657)	(1,780)
2008-09	(1,585)	(3)	(970)	(2,558)
2009-10	(1,592)	10	(912)	(2,494)
2010-11	(822)	8	(473)	(1,287)
2011-12	(869)	14	(543)	(1,398)
2012-13	-	-	-	-
Total	\$ (16,711)	\$ 66	\$ (8,810)	\$ (25,455)

## 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:

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 – B.4.a) allow ongoing activities related to costs for providing notifications to suspected child abusers for the following activities:

- a. City and county police or sheriff's departments, county probation departments if designated by the county to receive mandated reports, and county welfare departments shall:
  - 1) Notify in writing the known or suspected child abuser that he or she has been reported to the Child Abuse Central Index, in any form approved by the Department of Justice, at the time the "Child Abuse Investigation Report" is filed with the Department of Justice. (Penal Code section 11169(c) (Stats. 1997, ch. 842, § 5 (SB 644); Stats. 2000, ch. 916 (AB1241)))

This activity includes, where applicable, completion of the Notice of Child Abuse Central Index Listing form (SOC 832), or subsequent designated form.

For law enforcement agencies only, this activity is eligible for reimbursement from July 1, 1999 until December 31, 2011, pursuant to Penal Code section 11169(b), as amended by Statutes 2011, chapter 468 (AB 717), which ends the mandate to report to DOJ for law enforcement agencies.

- 2) Make relevant information available, when received from the Department of Justice, to the child custodian, guardian ad litem appointed under section 326, or counsel appointed under section 317 or 318 of the Welfare and Institutions Code, or the appropriate licensing agency, if he or she is treating or investigating a case of known or suspected child abuse or severe neglect. (Penal Code section 11170 (Added by Stats. 1980, ch. 1071 § 4; amended by Stats. 1981, ch. 435, § 5; Stats. 1982, ch. 162, § 3; Stats. 1984, ch. 1613, § 3; Stats. 1985, ch. 1598, § 8.5; Stats. 1986, ch. 1496, § 3; Stats. 1987, ch. 82, § 4; Stats. 1989, ch. 153, § 2; Stats. 1990, ch. 1330 § 2 (SB 2788); Stats. 1990, ch. 1363, § 15.7 (AB 3532); Stats. 1992, ch. 163, § 113 (AB 2641); Stats. 1992, ch. 1338, § 2 (SB 1184); Stats. 1993, ch. 219, § 221.1 (AB 1500); Stats. 1996, ch. 1081, § 5 (AB 3354); Stats. 1997, ch. 842, § 6 (SB 644); Stats. 1997, ch. 843, § 5 (AB 753); Stats. 1997, ch. 844, § 2.5 (AB 1065); Stats. 1999, ch. 475, § 8 (SB 654); Stats. 2000, ch. 916, 28 (AB 1241)))

- 3) Inform the mandated reporter of the results of the investigation and of any action the agency is taking with regard to the child or family, upon completion of the child abuse investigation or after there has been a final disposition in the matter. (Penal Code section 11170(b) (Added by Stats. 1980, ch. 1071 § 4; amended by Stats. 1981, ch. 435, § 5; Stats. 1982, ch. 162, § 3; Stats. 1984, ch. 1613, § 3; Stats. 1985, ch. 1598, § 8.5; Stats. 1986, ch. 1496, § 3; Stats. 1987, ch. 82, § 4; Stats. 1989, ch. 153, § 2; Stats. 1990, ch. 1330 § 2 (SB 2788); Stats. 1990, ch. 1363, § 15.7 (AB 3532); Stats. 1992, ch. 163, § 113 (AB 2641); Stats. 1992, ch. 1338, § 2 (SB 1184); Stats. 1993, ch. 219, § 221.1 (AB 1500); Stats. 1996, ch. 1081, § 5 (AB 3354); Stats. 1997, ch. 842, § 6 (SB 644); Stats. 1997, ch. 843, § 5 (AB 753); Stats. 1997, ch. 844, § 2.5 (AB 1065); Stats. 1999, ch. 475, § 8 (SB 654); Stats. 2000, ch. 916, 28 (AB 1241)))
- 4) Notify, in writing, the person listed in the Child Abuse Central Index that he or she is in the index, upon receipt of relevant information concerning child abuse or neglect investigation reports contained in the index from the Department of Justice when investigating a home for the placement of dependent children. The notification shall include the name of the reporting agency and the date of the report.  
Ibid

The parameters and guidelines (section V.A.1. – Claim Preparation and Submission – Actual Costs Claims, Direct Cost Reporting) state, in part:

### 3. Salaries and Benefits

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 Interagency Child Abuse and Neglect Investigation Reports program was suspended from FY 2015-16 through FY 2017-18. If the program becomes active again, we recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

### City's Response

The city stated in an email dated November 14, 2017, that it will not be issuing a response to the draft report.

## **FINDING 5— Unallowable indirect costs**

The city claimed indirect costs during the audit period totaling \$704,896. We found that \$319,744 is allowable and \$385,152 is unallowable. The costs are unallowable because the city applied its indirect cost rates to unallowable salaries identified in Findings 1 through 4.

The following table summarizes the claimed, allowable, and audit adjustments for the related indirect costs for the audit period:

Fiscal Year	Claimed Indirect Cost	Allowable Indirect Cost	Audit Adjustment
1999-2000	\$ 36,545	\$ 2,241	\$ (34,304)
2000-01	43,266	2,160	(41,106)
2001-02	46,494	2,257	(44,237)
2002-03	47,545	2,279	(45,266)
2003-04	55,147	2,533	(52,614)
2004-05	66,124	2,816	(63,308)
2005-06	51,866	36,726	(15,140)
2006-07	60,053	44,435	(15,618)
2007-08	68,436	51,245	(17,191)
2008-09	67,314	49,324	(17,990)
2009-10	62,861	47,452	(15,409)
2010-11	60,942	47,962	(12,980)
2011-12	31,985	23,674	(8,311)
2012-13	6,318	4,640	(1,678)
Total	<u>\$ 704,896</u>	<u>\$ 319,744</u>	<u>\$ (385,152)</u>

### Indirect Cost Rates Claimed and Allowable

The city claimed indirect cost rates by calculating an Indirect Cost Rate Proposal (ICRP) for each fiscal year of the audit period, based on the expenditures of the city's Police Department. The city applied its indirect cost rates to claimed salaries in each fiscal year of the audit period.

We reviewed the city's ICRPs for each fiscal year and traced the costs to the city's expenditure ledgers. We found that the claimed indirect cost rates are allowable.

### Indirect Cost Adjustment

We calculated the allowable indirect costs by multiplying the claimed indirect cost rates by the allowable salaries determined in Findings 1 through 4. The audit adjustments for indirect costs totaling \$385,152 for the audit period are related to unallowable salaries identified in Findings 1 through 4.

### Criteria

The parameters and guidelines (section V.B. – Claim Preparation and Submission-Indirect Cost Rates) state:

Indirect costs are costs that are incurred for a common or joint purpose...

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in 2 CFR Part 225 (Office of Management and Budget (OMB) Circular A-87). Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in 2 CFR Part 225, Appendix A and B (OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in 2 CFR Part 225, Appendix A and B (OMB Circular A-87 Attachments A and B)). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable. The distribution base may be: (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.); (2) direct salaries and wages; or (3) another base which results in an equitable distribution.

In calculating an ICRP, the claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by: (1) classifying a department's total costs for the base period as either direct or indirect; and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount of allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by: (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect; and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount of allowable indirect costs bears to the base selected.

### Recommendation

The Interagency Child Abuse and Neglect Investigation Reports program was suspended from FY 2015-16 through FY 2017-18. If the program becomes active again, we recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

### City's Response

The city stated in an email dated November 14, 2017, that it will not be issuing a response to the draft report.

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