



## Cost Recovery Systems, Inc.

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September 11, 2003

Ms. Shirley Opie  
Assistance Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814

**RECEIVED**

OCT 27 2003

**COMMISSION ON  
STATE MANDATES**

**RE: Incorrect Reduction Claim for the City of Tustin , 02-9635802-I-47: Response to SCO Comments**

Dear Ms. Opie,

This letter is in response to the State Controller's correspondence dated August 11, 2003.

We disagree with the State Controller's assertions: that "the claim was reduced because many of the activities were not reimbursable."

According to the claiming instructions and the parameter's and guidelines at the time, ALL of the activities claimed are reimbursable and were reimbursed to other agencies.

While it is very difficult to tell what the State Controller's Office allowed or disallowed, It appears that the SCO eliminated all time and cost related to the following activity listed in our claim:

1. "... entering data into their investment tracking system and balancing subsidiary ledgers required for preparation of the Quarterly Investment Report and showing all detail as required by the State."
2. "...reviewing and ensuring the information in the subsidiary ledgers and the quarterly reports is accurate for presentation to the City Council. Supervision, audits and internal control procedures.

Other activities were also reduced however it is impossible to determine which activities and how much time was cut from the other components claimed. No explanation was provided, neither was any additional information requested of the City.

There may some confusion as to meaning of "subsidiary ledgers". When CRS filed the Investment Reporting claims on behalf of the city, we assumed that spreadsheets developed in-house to track investments in compliance with the law, were entitled "subsidiary ledgers" due to the terminology used in the claiming instructions. We believe that it is unfair to disallow entry of investment data into an in-house systems (excel spreadsheets) when it is allowed for those city's utilizing proprietary software systems such as SYMPRO.

We disagree that our claims were "excessive or unreasonable" and believe that the State Controller's Office's review and disallowances were arbitrary and inconsistent. If more documentation was desired, they should have stated that in their correspondence so the issue could have been addressed at the time. On page two of the State Controller's letter, they quote and emphasize, "...documentation in support of the claimed costs shall be made available to the State Controller or his/her agency, **as may be requested.**"

Based on the information available to me, the State Controller's Office never made a request to the City asking for additional documentation. All invoices for services were attached to the claims. The State's remittance advise simply states "COSTS NOT MANDATED" leaving the City to believe that the activities related to data entry and maintenance of investment data for production of the quarterly investment report was NOT ELIGIBLE.

According to the Ps and Gs at the time and claiming instructions issued "accumulating and compiling data" WAS a reimbursable activity. That is all that was claimed. Without data entry of the investment transactions into our investment software system, production of a report is not possible. Nowhere in the claim was there a mention of "daily" tracking or other "daily" activities. The State's correspondence unfairly assumes that daily input or reconciliation is taking place when there is NO reference whatsoever in the claim that would indicate that this is the case.

We believe that the claims submitted were reasonable and the activities claimed were allowable. We respectfully request that the State Controller remit the balance due the City as soon as possible.

Thank you for the opportunity to present this case to you. Please feel free to contact me if you have any additional questions or if we can provide you with additional information.

Sincerely,



Annette S. Chinn  
On behalf of the City of Tustin

cc: Mr. Shawn D. Silva, State Controller's Office, Staff Counsel

**PROOF OF SERVICE**

I am employed in the County of Sacramento, State of California. At the time of service, I was at least 18 years of age, a United States citizen employed in the County where the mailing occurred, and not a party to the within actions. My business address is 705-2 East Bidwell Street #294, Folsom, CA 95630.

On September 11, 2003 I served the foregoing document entitled:

**Incorrect Reduction Claim for the City of Tustin, 02-9635802-I-47:  
Response to SCO Comments**

To all interested parties in this action by placing a true and correct copy thereof enclosed in a sealed envelope addressed as follows:

Shirley Opie  
Assistant Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814

Shawn Silva  
Staff Counsel  
State Controller's Office  
300 Capitol Mall, Suite 1850  
Sacramento, CA 95814

**[X] By Mail**

I placed the envelope for collection and processing for mailing following this business's ordinary practice with which I am readily familiar. On the same day correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United State's Postal Service.

**[ ] By Personal Service**

I cased to be delivered by hand to the above-listed address.

**[ ] By Overnight Mail/Courier**

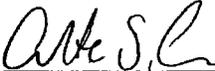
To expedite the delivery of the above-named document said document was sent via overnight courier for next day delivery to the above listed party.

**[ ] By Facsimile Transmission**

In addition to the manner of services indicated above, a copy was sent by facsimile transmission to the above-listed party.

I am familiar with the business practices of Cost Recovery Systems, Inc. for collection and processing of correspondence for mailing with the United States Postal Service. I declare under penalty of perjury under the laws of California that the foregoing is true and correct.

Executed on September 11, 2003 at Folsom, California.

  
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Annette S. Chinn