



BETTY T. YEE
California State Controller

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August 31, 2018
**Commission on
State Mandates**

August 31, 2018

LATE FILING

Heather Halsey, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: Incorrect Reduction Claim (IRC)
Interagency Child Abuse and Neglect (ICAN) Investigation Reports, 17-0022-I-01
Penal Code Sections 11165.9, 11166, 11166.2, 11166.9, 11168 (formerly 11161.7), 11169,
11170, and 11174.34 (formerly 11166.9) as added 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, Chapter 1289 and 1496; Statutes of 1987, Chapter 82, 531,
and 1459; Statutes of 1988, Chapter 269, 1497, and 1580; Statutes of 1989, Chapter 153;
Statutes of 1990, Chapter 650, 1330, 1363, and 1603; Statutes of 1992, Chapter 163, 459,
and 1338; Statutes of 1993, Chapter 219 and 510; Statutes of 1996, Chapter 1080 and 1081;
Statutes of 1997, Chapter 842, 843, and 844; Statutes of 1999, Chapter 475 and 1012; and
Statutes of 2000, Chapter 916; California Code of Regulations, Title 11, Section 903
(Register 98, Number 29); Child Abuse Investigation Report Form SS 8583 (Rev. 3/91)
Fiscal Years: 1999-2000 through 2012-2013.
City of Palmdale, Claimant

Dear Ms. Halsey:

The State Controller's Office is transmitting our comments regarding the claimant's response to the Commission's Draft Proposed Decision for the above-named IRC. The claimant filed its comments on August 24, 2018. The Commission denied the IRC in its Draft Proposed Decision issued on July 23, 2018.

If you have any questions, please contact me by telephone at (916) 327-3138.

Sincerely,

LISA KUROKAWA, Bureau Chief
Division of Audits

LK/as

19272

**COMMENTS BY THE STATE CONTROLLER’S OFFICE
TO THE CLAIMANT’S RESPONSE TO THE COMMISSION’S
DRAFT PROPOSED DECISION
RELATED TO THE INCORRECT REDUCTION CLAIM BY
THE CITY OF PALMDALE**

Interagency Child Abuse and Neglect Investigation Reports Program

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Tab 1

1 **OFFICE OF THE STATE CONTROLLER**

3301 C Street, Suite 725

2 Sacramento, CA 95816

3 Telephone No.: (916) 324-8907

4 BEFORE THE

5 COMMISSION ON STATE MANDATES

6 STATE OF CALIFORNIA

7
8 INCORRECT REDUCTION CLAIM (IRC)
ON:

9 *Interagency Child Abuse and Neglect*
10 *Investigation Reports Program*
11 Penal Code Sections 11165.9, 11166,
12 11166.2, 11166.9 , 11168 (formerly
13 11161.7), 11169, 11170, and 11174.34
14 (formerly 11166.9) as added or amended
15 by Statutes of 1977, Chapter 958; Statutes
16 of 1980, Chapter 1071; Statutes of 1981,
17 Chapter 435; Statutes of 1982,
18 Chapters 162 and 905; Statutes of 1984,
19 Chapters 1423 and 1613; Statutes of 1985,
20 Chapter 1598; Statutes of 1986,
21 Chapter 1289 and 1496; Statutes of 1987,
22 Chapter 82, 531, and 1459; Statutes
23 of 1988, Chapter 269, 1497, and 1580;
24 Statutes of 1989, Chapter 153; Statutes
of 1990, Chapter 650, 1330, 1363, and
1603; Statutes of 1992, Chapter 163, 459,
and 1338; Statutes of 1993, Chapter 219
and 510; Statutes of 1996, Chapter 1080
and 1081; Statutes of 1997, Chapter 842,
843, and 844; Statutes of 1999,
Chapter 475 and 1012; and Statutes of
2000, Chapter 916; California Code of
Regulations, Title 11, Section 903
(Register 98, Number 29); Child Abuse
Investigation Report Form SS 8583
(Rev. 3/91)

No.: IRC 17-0022-I-01

AFFIDAVIT OF BUREAU CHIEF

25 CITY OF PALMDALE, Claimant


I, Lisa Kurokawa, make the following declarations:

- 1) I am an employee of the State Controller's Office (SCO) and am over the age of 18 years.
- 2) I am currently employed as a bureau chief, and have been so since February 15, 2018. Before that, I was employed as an audit manager for six years.
- 3) I reviewed the work performed by the SCO auditor.
- 4) Any attached copies of records are true copies of records, as documented during the audit or retained at our place of business.

I do declare that the above declarations and information contained in Tab 2 are made under penalty of perjury and are true and correct to the best of my knowledge, and that such knowledge is based on personal observation, information, or belief.

Date: August 31, 2018

OFFICE OF THE STATE CONTROLLER

By: 
Lisa Kurokawa, Bureau Chief
Division of Audits
State Controller's Office

Tab 2

**COMMENTS BY THE STATE CONTROLLER'S OFFICE
TO THE CLAIMANT'S RESPONSE TO THE COMMISSION'S
DRAFT PROPOSED DECISION
RELATED TO THE INCORRECT REDUCTION CLAIM BY
THE CITY OF PALMDALE**

**For Fiscal Year (FY) 1999-2000, FY 2000-01, FY 2001-02, FY 2002-03, FY 2003-04,
FY 2004-05, FY 2005-06, FY 2006-07, FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11,
FY 2011-12, and FY 2012-13**

**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) as added 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, Chapter 1289 and 1496; Statutes of 1987, Chapter 82, 531,
and 1459; Statutes of 1988, Chapter 269, 1497, and 1580; Statutes of 1989, Chapter 153;
Statutes of 1990, Chapter 650, 1330, 1363, and 1603; Statutes of 1992, Chapter 163, 459,
and 1338; Statutes of 1993, Chapter 219 and 510; Statutes of 1996, Chapter 1080 and 1081;
Statutes of 1997, Chapter 842, 843, and 844; Statutes of 1999, Chapter 475 and 1012; and
Statutes of 2000, Chapter 916; California Code of Regulations, Title 11, Section 903
(Register 98, Number 29); Child Abuse Investigation Report Form SS 8583 (Rev. 3/91)**

City Filed Response to Draft Proposed Decision

In its Draft Proposed Decision, issued on July 23, 2018, the Commission denied the city's IRC, finding that reductions related to the claimant's time study, and disallowance of indirect costs as claimed for all fiscal years, were correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support. The SCO agreed with the Commission's conclusions in the letter dated August 8, 2018.

On August 24, 2018, the city filed a response to the Draft Proposed Decision requesting that the Commission consider further documentation to support the city's contention that the SCO incorrectly reduced its claims. In addition to providing documentation that had been previously filed within its IRC, the city's response included signed declarations from the following three individuals:

- Detective (formerly Deputy, and referred to as such in previous audit documentation) Vanessa Reddy, Los Angeles County Sheriff's Department (LASD)
- Karen Johnston, Finance Manager/City Treasurer, City of Palmdale
- Annette Chinn, Claimant Consultant, Cost Recovery Systems, Inc.

The SCO would like to provide comments and clarifications regarding these declarations.

SCO's Comments

The SCO maintains the merit of its audit report and its comments in response to the city's filed IRC. However, we believe that it is pertinent to provide clarification regarding inaccurate statements contained within the sworn declarations.

Detective Vanessa Reddy stated the following in her signed declaration:

I also wanted to note that I was never interviewed by anyone from the State Controller's Office about this time log or any other issues pertaining to this Child Abuse program or this audit.

The city filed a revised declaration by Detective Reddy on August 29, 2018; regardless of other revisions to the Detective's declaration, the above statement remains unchanged.

We disagree with the above statement about never having been interviewed by the SCO, and would like to provide evidence to the contrary.

Detective Reddy attended a meeting with the SCO auditor, Ms. Chinn, and Sergeant Paul Zarris of the LASD during the initial week of fieldwork between April 7, 2015, and April 9, 2015, at the LASD Palmdale Station. Detective Reddy participated in the meeting and answered questions asked of her by the SCO auditor concerning the time study and general SCAR program activities. The SCO auditor summarized the meetings, including the Detective's statements, in the working papers (Tab 3).

Ms. Chinn stated the following in her signed declaration:

It is my belief that the 2013 Time Study was performed contemporaneously, but as shown in the Declaration from Detective Vanessa Reddy (attached to this response), she was the only employee who completed the 2013 time log in question but she was never interviewed by the SCO auditor.

Based on my information and belief, the only employees interviewed by the SCO auditors were Deputy Tara Porter, Deputy Megan Deschamps, and their supervising Sergeant Paul Zarris.

We disagree with Ms. Chinn's statement that Detective Reddy was "never interviewed by the SCO auditor," and would like to provide evidence to the contrary.

As mentioned previously, Ms. Chinn was present at the meeting that included Detective Reddy and Sergeant Zarris during the first week of fieldwork between April 7, 2015, and April 9, 2015, at the LASD Palmdale Station. Ms. Chinn's knowledge of this meeting is detailed in the email correspondence dated June 22, 2015, in which she states "You already talked to the Deputy who did the time studies before" (Tab 4). Detective Reddy is identified by the SCO auditor in a reply to Ms. Chinn's email on June 22, 2015, stating, "The interviews will be more in depth and with more emphasis on the time per activity than our previous conversation with Ms. Reddy." (Tab 4).

Furthermore, the SCO auditor provided the city with three status updates via email between August 17, 2015, and September 9, 2015 (Tab 5); held a Status Meeting with city staff on September 30, 2015 (Tab 6); and conducted the Exit Conference with city staff on March 7, 2016 (Tab 7). In all email correspondence and meetings with the city, the auditor referred to the time study issues discovered during the discussion with Detective Reddy. The city never disputed that the meeting with Detective Reddy had taken place, or that the 2013 time study had been discussed at that meeting. Nor did the city make any such statements in its response to the draft report findings or the subsequent IRC.

We have no comment concerning Ms. Johnston's declaration, as we believe that we have sufficiently detailed the indirect cost adjustments within the final audit report and in the SCO Comment to the IRC filed on February 22, 2018.

We continue to agree with the Commission's Draft Proposed Decision, and stand by our written record.

Tab 3

City of Palmdale
Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
July 1, 1999 through June 30, 2013
S15-MCC-0013
Fieldwork Week #2 – LA County Sheriff's Department

Fieldwork Notes from
auditor's meeting with
LASD personnel.

FIELDWORK WEEK #2

Date: April 7, 2015 through April 9, 2015

Location: Los Angeles County Sheriff's Department – Palmdale Station

SCO Attendees: Douglas Brejnak, Auditor-in-Charge

Palmdale Attendees: Annette Chinn, Consultant

LA County Sheriff Attendees: Paul Zarris, Sergeant and Vanessa Reddy, Detective (former SCAR Deputy)

Purpose of Meeting

The auditor scheduled this meeting to determine the department's policies and procedures concerning SCAR investigations performed during FY 1999-00 through FY 2012-13. Furthermore, the auditor wanted to understand the figures used to compute the city's claim amounts for each of the four claimed activities.

Narrative of Procedures Performed

There are two different general scenarios which will initiate a child abuse investigation within the Los Angeles County Sheriff's Department. SCAR investigations are typically completed by deputies assigned to the SCAR desk. If the deputies are not working or unable to go out on calls, other offices within the Department would then be assigned to conduct the investigation. The two scenarios that initiate an investigation and the investigation steps are described below:

Receiving SCAR from E-SCARS or DCFS (prior to 2009)

- 1) The Department will receive a SCAR from DCFS (prior to 2009) or from the ESCARS.
- 2) The deputy assigned to investigate SCARS will review the SCAR and determine if an investigation is necessary. If an investigation is not necessary, the SCAR is immediately closed out without further follow-up.
- 3) If the deputy determines an investigation is required, the deputy will then begin to perform a check on the history of the involved parties to discover any recent investigations/arrests/SCARS relevant to the case.
- 4) The deputy will then drive out to victim's residence (or school/hospital/etc.) to conduct the preliminary investigation.
- 5) The deputy will conduct preliminary interviews with children, parents, siblings, witnesses, and suspects.
- 6) After the deputy performs its preliminary investigations, the officer enters the findings into the reporting system.
- 7) If the SCAR is unfounded, the investigation is closed out.
- 8) If the preliminary investigation determines the SCAR is not unfounded, the deputy will contact the Special Victim's Unit (SVU).
- 9) The SVU will give the deputy further instructions (report writing, collecting evidence, detain children, etc.).
- 10) The SVU takes over and completes the follow-up investigation and prepares the 8583.

Receiving emergency 911 calls or LEA Generated

- 1) The Department will receive a 911 Call from a citizen.
- 2) A patrol car is assigned to respond to the 911 Call. A SCAR officer is assigned if call is of a known/suspected child abuse.
- 3) Once the officer arrives on scene and the call involved any type of child abuse, the officer will complete interviews with people on scene to assess the situation.
- 4) The officer will call in DCFS and report the situation and a SCAR (8572) will be completed.
- 5) The officer completes interviews with children, parents, siblings, witnesses, and suspects.
- 6) After the preliminary investigations, the officer enters the findings into the reporting system.
- 7) If the SCAR is unfounded, the investigation is closed out.
- 8) If the preliminary investigation determines the SCAR is not unfounded, the deputy will contact the Special Victim's Unit (SVU).
- 9) The SVU will give the deputy further instructions (report writing, evidence collection, detail children, etc.).
- 10) The SVU takes over and complete the follow-up investigation and prepared the 8583.

City of Palmdale
Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
July 1, 1999 through June 30, 2013
S15-MCC-0013
Fieldwork Week #2 – LA County Sheriff's Department

Time Reporting

For the purpose of filing a mandated cost claim, the city's consultant instructed the Sheriff's Department to conduct a time study for the activities that are reimbursable under the mandated program. The Department completed two different time studies but only used the information from the first time study performed.

1st Time Study

The first time study was completed by a sheriff deputy and the sergeant in charge of child abuse investigations. The time study was performed after the investigations were completed; no time sheets/records were made at the time of the investigations. The cases selected consist of only substantiated cases (Sgt. Paul Zarris/Annette Chinn – not verified by auditor) from FY 2010-11. The staff members responsible for the time study are no longer working with the unit at the Palmdale Station.

The time was divided into three separate activities; preliminary investigation, report writing, and sergeant review/approval. The times were estimated based on the deputy's memory of the case and the 97/98 codes which records the time officers arrive on scene and when they close out the call. The consultant took the results of this time study and used the minutes to compute claimed costs. The consultant removed the two cases with the highest amount time prior to computing the average to be conservative. The time for preliminary investigations was claimed within Section B.3.1 (complete investigation) of the claim. The time for report writing was divided into two and claimed in both B.2.c (cross-reporting) and B.3.2 (prepare/submit report to DOJ). The time for sergeant review was also claimed within the B.2.c and B.3.2 components (the consultant erroneously claimed the total time for sgt. review for both components). Additionally, the consultant added 6 minutes to cross-reporting for sheriff's to call state agencies.

2nd Time Study

The second time study was completed by the sheriff's deputy assigned to investigate SCARs (8572). The time study was completely contemporaneously during September 2013. The deputy recorded her time for each case that was opened during the month, regardless if the case was substantiated, unfounded, or inconclusive. The deputy (Vanessa Reddy) is no longer working the SCAR cases but was available to come by the station to discuss her time study.

Unlike the 1st time study, the deputy did not separate the time into different categories. Only a total for each case was recorded within this time study. The time study documented which activities were performed but not the time splits. This time study was not used within the city's claim. During discussions with Vanessa Reddy, she stated the entire time of her work on the case was included within the time study. For substantiated cases, this would include time after the Special Victims Unit was contacted which may include ineligible activities.

of Suspected Child Abuse Reports (SCARs)

As there has been significant turnover in the staff within the Palmdale Station, the department is unsure how the total SCARs investigated and number of substantiated reports was calculated for the claim. The department does record cases by type of case (child abuse, homicide, burglary, etc.) within their system (need name), however, retrieving only eligible cases could prove to be a lengthy process. The department did start using ESCARS in FY 2009-10, however, that system records cases from the entire jurisdiction of the Palmdale Sheriff Station which includes Palmdale and the unincorporated cities around Palmdale. The unincorporated cities are not eligible for reimbursement under Palmdale's claim. ESCARS may also include duplicate SCARs. Duplicates would occur when there are multiple SCARs for the same child/incident investigated or SCARs created for each child in the family investigated.

Auditor requested the department to obtain the total number of SCARs for each fiscal year and the total number of investigations resulting in substantiated cases of child abuse.

Tab 4

RE: ICAN Palmdale Audit

Thursday, November 05, 2015 1:28 PM

Subject	RE: ICAN Palmdale Audit
From	Brejnak, Douglas
To	'AChinnCRS@aol.com'
Cc	kjohnston@cityofpalmdale.org; pazarris@lasd.org
Sent	Monday, June 22, 2015 4:32 PM

Hi Annette,

There are no secrecy to the interviews, I can provide you with the questions that I will ask. People react and respond to questions differently when their supervisor or others are in the room listening. This is standard practice for all audit interviews. I don't understand what objections you might have, but you will have plenty of time to review the audit work and voice any disagreements you may have.

Also, I am not going to interview every deputy, just the ones involved in the SCAR investigations.

We can discuss this over the phone tomorrow if you have any further concerns.

Thanks,

Doug

From: AChinnCRS@aol.com [<mailto:AChinnCRS@aol.com>]
Sent: Monday, June 22, 2015 4:09 PM
To: Brejnak, Douglas
Cc: kjohnston@cityofpalmdale.org; pazarris@lasd.org
Subject: Re: ICAN Palmdale Audit

Hi Doug,

I'm concerned about the "secrecy" of the interviews. Why can't we listen in? We can be quiet in the background. We have every right to hear what you say, what questions you ask, etc. This is the City's claim and their contract employees. They have the right to know what's being discussed and we have a right to voice our objections if necessary.

I have a problem with you talking to EVERY deputy when only 1-2 do 99% of these investigations per the Sergeant.

Thank you,

Annette S. Chinn
Cost Recovery Systems, Inc.
705-2 E. Bidwell Street #294
Folsom, CA 95630

phone (916) 939-7901
fax (916) 939-7801

In a message dated 6/22/2015 4:02:05 P.M. Pacific Daylight Time, DBrejnak@sco.ca.gov writes:
Hi Annette,

I know there are not that many deputies who performed ICAN investigations who are still with the LASD. I would still like to talk to each of them and go over the time per each activity (eligible and ineligible) involved with the ICAN investigations. The interviews will be more in depth and with more emphasis on the time per activity than our previous conversation with Ms. Reddy and the other deputies. Also, the interviews would involve only me and each deputy but I will give you an update after the interviews are completed.

Let me know if you have any further questions or any audit concerns.

Thanks,

Doug

SCO Auditor discussed previous meeting with Detective Reddy.

From: ACHinnCRS@aol.com [<mailto:ACHinnCRS@aol.com>]

Sent: Monday, June 22, 2015 2:42 PM

To: Brejnak, Douglas

Cc: kjohnston@cityofpalmdale.org; pazarris@lasd.org

Subject: Re: ICAN Palmdale Audit

City Consultant confirming that the SCO auditor has already discussed the time logs and audit with Detective Reddy. This e-mail contradicts both the Consultants and Detective Reddy's sworn declarations included in the Claimant's 8/28 response to the Draft Proposed Decision.

Hi Doug,

Thank you for keeping me posted.

I understand that you will be reviewing a sampling of cases to ensure they are indeed child abuse and the Sgt. Zarris and staff and working to collect all the paperwork you requested (with the exception of the oldest years). I believe Sgt. Zarris told you that they were having trouble finding the older year detailed case reports.

At our last meeting, Sgt. Zarris told us that there was only one or two deputies who conducted these types of investigations for the department - so really there is probably only one new person to talk to. You already talked to the Deputy who did the time studies before and she assured us that only the eligible items were tracked.

Also, I'd like to listen in to these interviews via conference call. If the time comes out higher than what we claimed - will you adjust our time upward? I can still amend our claims. If you recall, the time that we claimed was more conservative than what the time studies indicated we could have claimed.

Please let me know when you intend to conduct the interview of the Child Abuse deputy so I can participate.

Thank you,

Annette S. Chinn
Cost Recovery Systems, Inc.
705-2 E. Bidwell Street #294
Folsom, CA 95630

phone (916) 939-7901
fax (916) 939-7801

In a message dated 6/22/2015 11:45:22 A.M. Pacific Daylight Time, DBreinak@sco.ca.gov writes:
Hi Annette,

I just wanted to check in with you and give you an update on the audit status. Currently, Paul is compiling the ICAN investigation reports for me to review and test the reliability of the stat reports you sent back in May. I am scheduled to review the reports at LASD offices from July 7th through July 9th.

In addition to reviewing the ICAN reports, I will hopefully be interviewing deputies individually to discuss the amount of time it takes to perform the investigative activities (review SCAR, review prior history, interviews, evidence collection, house inspection, report writing, coordinate with SVU/DCFS, etc.). We will use the results of the interviews to determine if the results of the time studies would be acceptable or need to be adjusted.

If you have any questions or comments concerning the audit, please feel free to contact me at any time.

Thanks,

Douglas Brejnak

Associate Management Auditor

State Controller's Office

Division of Audits/Mandated Cost Audits Bureau

Office: (916) 322-1595


dbrejnak@sco.ca.gov

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Tab 5

Audit Status Update

Thursday, November 05, 2015 1:44 PM

Subject	Audit Status Update
From	Brejnak, Douglas
To	'kjohnston@cityofpalmdale.org'
Sent	Monday, August 17, 2015 3:00 PM
Attachments	 2015.08.17 - Statu...

8/17/15 Status Update E-Mail
from SCO Auditor to Claimant.

Hi Karen,

I just wanted to contact you and give you an update on the current audit status.

I have completed the staff interviews and the case file testing with the Sheriff's Department. The Sheriff was very accommodating and helpful during the audit, especially Sergeant Zarris. I have included a brief write-up of each of the issues to date in the attached word document. The issues are the same as previously discussed throughout the audit.

Annette just provided me with her basis for the amended claim figures. I will review them and provide you with the updated adjustment figures in the upcoming weeks. Once we have finalized our figures, we can discuss a date to schedule the exit conference.

Please let me know if you have any questions or comments concerning the audit. My office phone number has changed, it is now (916) 237-0702.

Thanks,

Douglas Brejnak

Associate Management Auditor
State Controller's Office
Division of Audits/Mandated Cost Audits Bureau
Office: (916) 327-0702
dbrejnak@sco.ca.gov

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Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
City of Palmdale

Status Update – August 17, 2015

Misclassification of Claimed Costs

The hours claimed by the city were determined by the results of a time study performed by the Los Angeles County Sheriff's Department (LASD). The time study recorded time for three activities; complete investigation, reporting writing, and sergeant's review. The three activities recorded would all fall under the complete the investigation component under the program's parameters and guidelines. However, the city claimed the hours throughout three separate components; Cross Reporting from Law Enforcement, Complete an Investigation, and Prepare/Submit Reports to DOJ

reporting writing, and sergeant's review. The time activities recorded would all fall under the complete the investigation component under the program's parameters and guidelines. However, the city claimed the hours throughout three separate components; Cross Reporting from Law Enforcement, Complete an Investigation, and Prepare/Submit Reports to DOJ.

The city was unable to provide any support for the cross-reporting and prepare/submit reports to DOJ cost components. Furthermore, during the audit we found that the activities within the two components are not completed by contracted LASD staff. The cross-reporting activities would have been completed by a secretary and the prepare/submit reports activity is completed by the Special Victim's Unit. The entire amount of allowable hours determined during the audit will be moved to the "Complete an Investigation Component" and the claimed costs within the Cross-Reporting and Prepare/Submit Reports components will be removed from the claim.

It appears the city has continued to claim costs under the cross-reporting and prepare/submit reports components within the amended claim, all costs claimed within these components will be adjusted out.

Auditor discussion of ineligible time studies and removal of one case due to previous discussions with LASD personnel responsible for the time study.

Ineligible Time Study Used

The city originally prepared its claim using the time study completed by LASD staff in October 2011. However, the study did not follow SCO time study guidelines, was not contemporaneous, including only substantiated investigations, and used estimates. Therefore, the results of the October 2011 time study are not valid for our audit purposes.

A second time study was performed in September 2013 by LASD. The time study was performed contemporaneously and included each of the SCAR investigations (substantiated, inconclusive, and unfounded) completed within the selected month. We interviewed staff who prepared the time study and found that one case within the study included time outside of allowable activities. This case was 660 minutes, more than double the next highest case. Once removing the 660 minute case, we calculated an average time of 159 minutes.

To verify the accuracy of the second time study results, we conducted interviews with the two LASD deputies who are primarily responsible for the SCAR investigations. The interviews resulted in a time range of 137-162 minutes per SCAR investigation. As the time study results fell within this range, we accepted the results (159 minutes) of the second time study. The time study and interview questions included the 12 minutes for supervisors review. We will use the 159 minutes to calculate the allowable costs.

It appears that the average time per investigation for the amended claim is over 3.5 hours (210 minutes). This amount will be adjusted down to the 159 minutes explained above.

Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
City of Palmdale

Status Update – August 17, 2015

Unsupported SCAR Investigations

To determine claimed costs, the city received SCAR investigation data from the LASD. The number of SCAR investigations reported by LASD were multiplied by the average time per activity and the contract rates to determine the claimed costs. However, the only support for the LASD report was a summary of the total investigations by fiscal year. We requested LASD re-run the reports and provide the results in a testable format which listed each of the SCAR investigations by report number for each fiscal year. The LASD complied with this request and provided the updated reports. The results of the updated reports showed a decrease in total SCARs than what was claimed.

To verify the accuracy of the updated reports, we selected a sample of investigations to test. After testing, we found that we could rely on the updated reports for the audit. However, the reports included LEA (Law Enforcement Agency) generated SCARs. According to the program's parameters and guidelines, instances where the mandated reported works for the same agency required to submit the form to DOJ are ineligible for reimbursement. The county's E-SCARS database keeps track of all the LEA generated cases per fiscal year. We calculated an average annual LEA percentage of 9.5% based on the E-SCARS summary reports.

To calculate allowable investigations, we took the total number of investigations within the updated reports provided by LASD less the 9.5% of LEA generated cases. It appears that the city elected to use the original claimed investigation figures within the amended claim. The report totals within the amended claim will be adjusted down to the audited amount.

Misstated Contract Rates


The city originally misstated contract rates due to minor input errors and using an incorrect amount of annual productive hours. However, this issue was corrected within the city's amended claim.

Ineligible Indirect Costs

The city claimed the flat 10% indirect cost rate against the total contract service costs claimed. The program's parameters and guidelines and claim instructions state that indirect costs may be computed as 10% of direct labor costs. The city did not claim any direct labor costs, the claimed amount consisted entirely of contract service costs. The city does not perform any of the eligible activities under this program, as a result the indirect costs are ineligible for reimbursement.

ICAN Audit

Thursday, November 05, 2015 1:46 PM

Subject	ICAN Audit
From	Brejnak, Douglas
To	AChinnCRS@aol.com
Cc	'kjohnston@cityofpalmdale.org'
Sent	Wednesday, August 19, 2015 9:59 AM
Attachments	 Time Survey Re...

Audit Status Update E-Mail on 8/19/15 discussing the audit findings including discussion with LASD personnel responsible for time studies.

Hi Annette,

See below for the responses to your questions.

- 1) Cross-Reporting – The city has provided no actual support for any cross-reporting activities performed. The cross-reporting was not time studied nor was the time/activities recorded when they were performed. Furthermore, during our discussions with deputy Cereoli when you came to the Sheriff's Office during fieldwork(July 8th) he said the secretaries would scan and forward the reports out. According to LASD, the secretary positions are not contracted positions. We are allowing the cross-reporting within the Accept and Refer Initial Reports component, but only because its immaterial to the audit.
SCO Auditor discussion of meeting with LASD personnel.
- 2) Allowable Time – The 2nd time study was performed contemporaneously and included a proper sample of investigations, however, it did not follow SCO time study guidelines as well. Therefore, further review and employee interviews were needed to verify the time within the time study. During discussions with LASD staff during the second week of fieldwork, we discussed the 660 minute case with Detective Reddy. It appeared that ineligible activities performed after SVU was contacted were included in the time, which lead to the decision to remove the case from the average time calculation. We then performed interviews with the two SCAR deputies and found the average investigations time to range from 137.5 to 162.5 minutes (see attached). The results included time for eligible activities including **BOTH** report writing (30-35 min) and the supervisors review (15-20 min). Our interview results differ because you are including ineligible activities and assumptions within your calculation. We have allowed the results from the 2nd time study (with case removed = 2.65 hours) even though it didn't follow guidelines because the average time was reasonable based on the results of the interview.

Please give me a call if you have further questions. My new number is (916) 327-0702.

Thanks,

Douglas Brejnak
Associate Management Auditor
State Controller's Office
Division of Audits/Mandated Cost Audits Bureau
Office: (916) 327-0702
dbrejnak@sco.ca.gov

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City of Palmdale
 Interagency Child Abuse and Neglect (ICAN) Investigation Reports
 S15-MCC-0013
 July 1, 1999 through June 30, 2013
Time Survey Results

Questions	Deputy Interview #1		
	Average Time per Activity	Average # per Investigation	Total Time
<u>Complete an Investigation (B.3.1)</u>			
<u>A. Review Prior to On-Site Interviews</u>			
A.1 - Retrieve/Process SCAR	5.00	1.00	5.00
A.4 - Review SCAR	5.00	1.00	5.00
Sub-Total			10.00
<u>B. Initial Interviews</u>			
B.2 - Interviews with Victims	12.50	3.00	37.50
B.4 - Interview with Parents	12.50	2.00	25.00
B.5 - Interview with Alleged Suspects	17.50	1.00	17.50
B.6 - Interviews with Witnesses	10.00	2.00	20.00
Sub-Total			100.00
<u>C. Additional On-Scene Procedures</u>			
C.2 - Inspect Residence (Unallowable)	7.50	1.00	7.50
Sub-Total			7.50
<u>D. Report Writing</u>			
D.3 - Write-Up Incident / Crime Report	30.00	1.00	30.00
D.5 - Supervisor Review	15.00	1.00	15.00
Sub-Total			45.00
Average Time of Investigation Activities Allowed			162.50
			2.71

Deputy Interview #2

<u>Average Time</u> <u>per Activity</u>	<u>Average # per</u> <u>Investigation</u>	<u>Total Time</u>
--	--	-------------------

5.00	1.00	5.00
5.00	1.00	5.00
		<u>10.00</u>

10.00	3.00	30.00
7.50	2.00	15.00
7.50	1.00	7.50
7.50	2.00	15.00
		<u>67.50</u>


5.00	1.00	5.00
		<u>5.00</u>

35.00	1.00	35.00
20.00	1.00	20.00
		<u>55.00</u>

137.50
2.29

Updated Audit Figures

Thursday, November 05, 2015 1:47 PM

Subject	Updated Audit Figures
From	Brejnak, Douglas
To	AChinnCRS@aol.com
Cc	'kjohnston@cityofpalmdale.org'
Sent	Wednesday, September 09, 2015 11:36 AM
Attachments	 Updated Compone...

9/9/18 Status Update E-Mail to Claimant due to the Claimant filing an amended claim increasing their claim after all audit fieldwork was completed.

Hi Annette,

Attached is the updated component analysis based off the amended claims.

B.2.a – Accept & Refer Initial Child Abuse Claims

All claimed costs were determined to be allowable because the amount of claimed costs were under the audit's materiality threshold for each fiscal year. However, due to the city electing to use the audited contract rates within the amended claims, the allowable costs increased by \$75 from the original claims.

Audit Adjustment = \$0

B.2.c – Cross Reporting from Law Enforcement Agency to County Welfare & District Attorney

No proper supporting documentation has been provided to verify the costs, however, the 10 minutes per deputy/sergeant is within reason and will be allowed for the audit. We adjusted the claimed amount of cases down to the amount of LEA generated investigations estimated during the audit (9.5% of the allowable SCAR investigations). We applied the city's calculation method to FY 2012-13 (not amended) as well. The majority of the adjustment will be from FY 2012-13.

Audit Adjustment = \$(86,531)

B.3.1 – Complete an Investigation for Purposes of Preparing the Report

There has been no change to the allowable costs under this cost component, however, there is now a large negative audit adjustment due to the claim amendments. The time studies used within the city's claims do not follow SCO guidelines and include ineligible activities. The deputy interviews resulted in a range of time from 2.29 hours to 2.71 hours (average of 2.5 hours). Only time from eligible activities was included in the interview analysis. As the second time study results (less the ineligible investigation) fell within the range (2.65 hours) we elected to use those results within our calculation. Also, as discussed prior to the claim amendments, the amount of investigations were overstated and included ineligible LEA generated investigations. We used the audited amount of SCAR investigations previously reported within our calculations. Furthermore, no adjustments to the contract rates were used as the city claimed the audited contract rates within its amended claims.

Audit Adjustment = \$(2,042,165)

B.3.2 – Prepare/Forward Reports to DOJ

The city erroneously claimed \$1,013 under this component in FY 2001-02. We will adjust this amount out of the claim.

Audit Adjustment = \$(1,013)

Indirect Costs

Our position on this issue has not changed. The city elected to claim 10% of direct labor costs under indirect costs (see SCO claim instructions). However, the claimed costs are contract service costs, not direct labor. The entire amount of indirect costs claimed by the city is ineligible for reimbursement.

Audit Adjustment = \$(509,136)

Total Costs Claimed (Amended)	\$ 5,600,497
Total Costs Allowed	<u>\$ 2,961,652</u>
Audit Adjustment	\$(2,638,845)

The current adjustments are not finalized and are subject to change. The next steps in the audit process would be to conduct a status meeting/exit conference with city staff to discuss each of the findings in detail. After the exit conference we will prepare the draft audit report. The city will then be given time to respond to each of the findings. The findings will be incorporated into the final audit report.

Please let me know if you have any questions.

Douglas Brejnak

Associate Management Auditor

State Controller's Office

Division of Audits/Mandated Cost Audits Bureau

Office: (916) 327-0702

dbrejnak@sco.ca.gov

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City of Palmdale
 Interagency Child Abuse and Neglect (ICAN) Investigation Reports
 July 1, 1999 through June 30, 2013
B.2.a Accept & Refer Abuse Report when a Department Lacks Jurisdiction

CLAIMANT DATA (AMENDED)						
FISCAL YEAR	CLASSIFICATION	# OF SCARS CLAIMED	HOURS PER CASE CLAIMED	TOTAL HOURS CLAIMED	HOURLY RATE CLAIMED	CONTRACT COSTS CLAIMED
		(a)	(b)	(c) (a) * (b)	(d)	(e) (c) * (d)
1. FY 1999-2000	Deputy (56-Hour)	11.45	0.40	4.58	\$ 79.30	\$ 363
2. FY 2000-2001	Deputy (56-Hour)	12.05	0.40	4.82	\$ 82.11	\$ 396
3. FY 2001-2002	Deputy (56-Hour)	12.70	0.40	5.08	\$ 84.10	\$ 427
4. FY 2002-2003	Deputy (56-Hour)	13.35	0.40	5.34	\$ 87.10	\$ 465
5. FY 2003-2004	Deputy (56-Hour)	14.08	0.40	5.63	\$ 89.37	\$ 503
6. FY 2004-2005	Deputy (56-Hour)	15.05	0.40	6.02	\$ 90.01	\$ 542
7. FY 2005-2006	Deputy (56-Hour)	15.68	0.40	6.27	\$ 95.25	\$ 597
8. FY 2006-2007	Deputy (56-Hour)	17.10	0.40	6.84	\$ 100.11	\$ 684
9. FY 2007-2008	Deputy (56-Hour)	17.88	0.40	7.15	\$ 107.60	\$ 770
10. FY 2008-2009	Deputy (56-Hour)	15.63	0.40	6.25	\$ 112.78	\$ 705
11. FY 2009-2010	Deputy (56-Hour)	17.45	0.40	6.98	\$ 116.07	\$ 811
12. FY 2010-2011	Deputy (56-Hour)	13.00	0.40	5.20	\$ 115.85	\$ 602
13. FY 2011-2012	Deputy (56-Hour)	12.48	0.40	4.99	\$ 119.41	\$ 596
14. FY 2012-2013	Deputy (56-Hour)	9.60	0.40	3.84	\$ 122.07	\$ 469
Total Contract Service Costs		197.50		79.00		\$ 7,930

AUDITOR'S ANALYSIS

CLASSIFICATION	# OF SCARS ALLOWED (f)	HOURS PER CASE ALLOWED (g)	TOTAL HOURS ALLOWED (h) (f) * (g)	HOURLY RATE ALLOWED (i)	CONTRACT COSTS ALLOWED (j) (h) * (i)	AUDIT ADJUSTMENT (k) (j) - (e)
Deputy (56-Hour)	11.45	0.40	4.58	\$ 79.30	\$ 363	\$ -
Deputy (56-Hour)	12.05	0.40	4.82	\$ 82.11	\$ 396	\$ -
Deputy (56-Hour)	12.70	0.40	5.08	\$ 84.10	\$ 427	\$ -
Deputy (56-Hour)	13.35	0.40	5.34	\$ 87.10	\$ 465	\$ -
Deputy (56-Hour)	14.08	0.40	5.63	\$ 89.37	\$ 503	\$ -
Deputy (56-Hour)	15.05	0.40	6.02	\$ 90.01	\$ 542	\$ -
Deputy (56-Hour)	15.68	0.40	6.27	\$ 95.25	\$ 597	\$ -
Deputy (56-Hour)	17.10	0.40	6.84	\$ 100.11	\$ 684	\$ -
Deputy (56-Hour)	17.88	0.40	7.15	\$ 107.60	\$ 770	\$ -
Deputy (56-Hour)	15.63	0.40	6.25	\$ 112.78	\$ 705	\$ -
Deputy (56-Hour)	17.45	0.40	6.98	\$ 116.07	\$ 811	\$ -
Deputy (56-Hour)	13.00	0.40	5.20	\$ 115.85	\$ 602	\$ -
Deputy (56-Hour)	12.48	0.40	4.99	\$ 119.41	\$ 596	\$ -
Deputy (56-Hour)	9.60	0.40	3.84	\$ 122.07	\$ 469	\$ -
	<u>197.50</u>		<u>79.00</u>		<u>\$ 7,930</u>	<u>\$ -</u>

Tab 6

City of Palmdale
 Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
 Audit Status Meeting

Date: Wednesday, September 30, 2015 📅 E.2.1
Time: 11:15 AM
Attendees: Douglas Brejnak, Auditor-in-Charge, SCO
 Masha Vorobyova (tele-conference), Audit Manager, SCO
 Karen Johnston, Finance Manager, City of Palmdale
 Annette Chinn (tele-conference), Consultant, Cost Recovery Services

Agenda for the Status Meeting conducted on September 30, 2015 at City offices.

Discussions Items

1. Original vs Amended claims.
2. Review of Suspected Child Abuse Reports (SCARs)

As support for its claim, the city provided a summary sheet created by the Los Angeles County Sheriff's Department (LASD) which detailed the number of total SCAR investigations and how many of those investigations were substantiated cases of child abuse or unfounded/inconclusive. The city or LASD was unable to provide any further documentation to support the number of SCARs claimed in each of the cost components.

Due to the lack of support, the auditor requested that the LASD re-run reports from its LARCIS system to provide summary and detail reports of the number of SCAR investigations for each fiscal year (FY) claimed. The LASD complied with this request and provided reports for each fiscal year between FY 2003-04 and 2012-13. We reconciled the updated SCAR reports to the claimed number of SCARs and found material differences in each year.

Fiscal Year	# of SCARs Claimed	# of SCARs Supported	Difference
1999-00*	873	767	(106)
2000-01*	919	807	(112)
2001-02*	967	849	(118)
2002-03*	1,018	894	(124)
2003-04	1,072	941	(131)
2004-05	1,147	1,058	(89)
2005-06	1,194	1,121	(73)
2006-07	1,303	1,190	(113)
2007-08	1,363	1,204	(159)
2008-09	1,192	1,044	(148)
2009-10	1,331	1,227	(104)
2010-11	991	932	(59)
2011-12	951	871	(80)
2012-13	732	635	(97)
Total	15,053	13,540	(1,513)

City of Palmdale
 Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
 Audit Status Meeting

*Data was unavailable for these years as the LASD used a different system, a 5% deflator was used to determine totals

To verify the reliability and accuracy of the updated LARCIS reports, we selected a sample to test that all SCARs within the reports were actual cases of potential child abuse which would require a SCAR to be created. After testing, we found that all cases involved an authentic suspected child abuse investigation. However, we did find a high amount of investigations where LASD staff members were the mandated reporters (LEA generated). According to the parameters and guidelines, the time taken to perform investigations of LEA generated SCARs are ineligible for reimbursement.

As the LARCIS database system does not record the number of LEA generated cases, we requested that the LASD staff provide us with summary reports from the Electronic Suspected Child Abuse Report System (E-SCARS). The E-SCARS is a county-wide database which records and tracks information of each SCAR generated including the number of LEA generated SCARs. Using these summary reports, we computed a ratio of LEA generated SCARs to total SCARs of 9.5%.

We determined the total amount of allowable SCARs for each fiscal year by taking the total number of SCARs supported within the updated LARCIS reports less the 9.5% estimated portion of LEA generated SCARs.

Fiscal Year	# of SCARs Claimed	# of SCARs Supported	# of LEA Generated SCARs	# of SCARs Allowed	Audit Adjustment
1999-00*	873	767	73	694	(179)
2000-01*	919	807	77	730	(189)
2001-02*	967	849	81	768	(199)
2002-03*	1,018	894	85	809	(209)
2003-04	1,072	941	89	852	(220)
2004-05	1,147	1,058	101	957	(190)
2005-06	1,194	1,121	106	1,015	(179)
2006-07	1,303	1,190	113	1,077	(226)
2007-08	1,363	1,204	114	1,090	(273)
2008-09	1,192	1,044	99	945	(247)
2009-10	1,331	1,227	117	1,110	(221)
2010-11	991	932	89	843	(148)
2011-12	951	871	83	788	(163)
2012-13	732	635	60	575	(157)
Total	15,053	13,540	1,287	12,253	(2,800)

3. Review of Time Increments

Within its amended claim, the city claimed the following time increments for each component activity:

- Accept & Refer Initial Child Abuse Reports: 0.40 hours
- Cross-Reporting from Law Enforcement: 0.33 hours [0.17 for the sergeant and deputy classifications]
- Complete an Investigation: 3.67 hours [56-hour deputy – 3.5 hours, sergeant – 0.17 hours]

City of Palmdale
 Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
 Audit Status Meeting

Accept & Refer Initial Child Abuse Claims

We accepted the 0.40 hour time increment because the costs claimed under this component activity were immaterial.

Cross-Reporting from Law Enforcement

The city was unable to provide sufficient documentation to support the 0.33 hour time increment claimed. However, the 0.33 hour increment was found to be reasonable and the auditor used it within the recalculation of activity costs.

Time Study discussion detailing prior meeting with LASD personnel responsible for time study.

Complete an Investigation

The city based the 3.67 hour time increment claimed off of the two time studies prepared by the LASD and conversations with LASD staff. We reviewed the first time study and found it did not follow SCO time-study guidelines. Furthermore, the time study was not performed contemporaneously, used estimates, was not completed by staff performing the activities, and included a sample that was not representative of the entire population.

The second time study also did not follow SCO guidelines but was completed contemporaneously by deputies responsible for performing the investigations. However, during discussions with LASD deputies we found that one of investigations included time from activities ineligible for reimbursement. Furthermore, the city added an additional 30 minutes for 11 of the 14 investigations studied. The auditor removed the investigation with ineligible elements and computed an average time of 2.65 hours to complete an investigation.

To verify this time increment, the auditor conducted interviews with the two LASD deputies assigned to SCAR investigations. The two interviews resulted in a range of time from 2.29 to 2.71 hours. As the 2.65 hours from the 2nd time study fell within this range, we accepted the 2.65 hours from the second time study.

Activity / Classification	Time Increment Claimed	Time In Increment Allowable	Audit Adjustment
Accept & Refer Reports			
56-hour Deputy	0.40	0.40	-
Sergeant	-	-	-
Sub-Total	0.40	0.40	-
Cross-Reporting from LASD			
56-hour Deputy	0.17	0.17	-
Sergeant	0.17	0.17	-
Sub-Total	0.33	0.33	-
Complete an Investigation			
56-hour Deputy	3.50	2.45	(1.05)
Sergeant	0.17	0.20	0.03
Sub-Total	3.67	2.65	(1.02)

City of Palmdale
 Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
 Audit Status Meeting

4. Review of Hourly Contract Rates

The city determined the hourly contract rate by dividing the annual contract amount (including liability surcharge) of each classification claimed by their respective productive hours. During the audit, the auditor found minor differences in the annual rates and productive hours used. However, the city used the allowable hourly contract rates determined by the auditor during fieldwork within its amended claim. As a result, we have accepted the hourly rates used within the amended claim.

5. Accept and Refer Initial Child Abuse Reports when Lacking Jurisdiction

Claimed

Based off discussions with LASD staff, the city estimated the number of SCARs accepted and referred when the city lacked jurisdiction along with the time needed (0.40 hours) to refer each SCAR. To determine total claimed hours, the city multiplied the estimated amount of SCARs by the estimated time increment for each fiscal year. The city then applied the hourly contract rates of the 56-hour deputy classification to the claimed hours to determine claimed costs for each fiscal year.

Allowable

Due to the costs claimed being below the materiality threshold for each fiscal year claimed, the auditor did not perform testing of this activity and accepted the entire amount of costs claimed under this component activity.

The following table summarizes the claimed, allowable, and unallowable contract service costs within the "Accept and Refer Initial Child Abuse Reports" component activity by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
1999-00	\$ 363	\$ 363	\$ -
2000-01	396	396	-
2001-02	427	427	-
2002-03	465	465	-
2003-04	503	503	-
2004-05	542	542	-
2005-06	597	597	-
2006-07	684	684	-
2007-08	770	770	-
2008-09	705	705	-
2009-10	811	811	-
2010-11	602	602	-
2011-12	596	596	-
2012-13	469	469	-
Total	\$ 7,930	\$ 7,930	\$ -

City of Palmdale
 Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
 Audit Status Meeting

6. Cross-Reporting from Law Enforcement Agency

Claimed

Based off discussions with LASD staff, the city estimated the number of LEA generated SCARs cross-reported by LASD along with the time needed to cross-report each SCAR (0.17 hours for both the 56-hour deputy and sergeant classifications). The city determined the number of LEA generated SCARs cross-reported by taking 10% of the total number of SCAR investigations within the original LASD summary report. The city then multiplied the estimated time increments by the estimated number of LEA generated SCARs to determine claimed hours for each classification. The city then applied the hourly contract rates of the 56-hour deputy and sergeant classifications to their respective claimed hours to determine claimed costs for each fiscal year.

Allowable

The city was unable to provide sufficient documentation to support the estimated time increments claimed under this component activity. However, after discussions with city and LASD staff, the auditor found the time increment to be reasonable and accepted the claimed time increments.

During the audit, we found that the city used unsupported SCAR summary reports and an incorrect ratio of LEA generated cases to determine the claimed amount of SCARs cross-reported. We calculated the allowable number of SCARs cross-reported by applying the 9.5% ratio discussed above to the total number of SCARs supported within the updated LARCIS report summary. To determine allowable hours, we multiplied the allowable number of SCARs cross-reported by the allowable time increments of each classification. We then applied the allowable contract rates of both classifications to determine allowable costs.

The following table summarizes the claimed, allowable, and unallowable contract service costs within the "Cross-Reporting from Law Enforcement Agency" component activity by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
1999-00	\$ 2,126	\$ 1,778	\$ (348)
2000-01	2,303	1,929	(374)
2001-02	2,509	2,101	(408)
2002-03	2,726	2,276	(450)
2003-04	2,963	2,461	(502)
2004-05	3,225	2,840	(385)
2005-06	3,570	3,170	(400)
2006-07	4,136	3,588	(548)
2007-08	4,653	3,893	(760)
2008-09	4,261	3,540	(721)
2009-10	4,880	4,290	(590)
2010-11	3,653	3,281	(372)
2011-12	3,600	3,143	(457)
2012-13	82,530	2,314	(80,216)
Total	\$ 127,135	\$ 40,604	\$ (86,531)

City of Palmdale
 Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
 Audit Status Meeting

7. Complete an Investigation for Purposes of Preparing the Report

Claimed

The city used both time studies and discussions with LASD staff to determine the 3.67 hour time increment claimed. Furthermore, the city claimed the total amount of SCARs within the original LARCIS summary reports. The city determined total hours by multiplying the number of SCARs by the time increments of both the 56-hour deputy and sergeant classifications. The city then applied the hourly contract rate of each classification to determine claimed costs.

Allowable

We used the second time study results (less the ineligible case) of 2.65 hours and the total number of supported SCAR investigations less LEA generated cases to determine the total allowable hours. We then applied the allowable contract rate to determine total allowable costs.

The following table summarizes the claimed, allowable, and unallowable contract service costs within the "Complete an Investigation for Purposes of Preparing the Report" component activity by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
1999-00	\$ 252,063	\$ 144,104	\$ (107,959)
2000-01	274,584	156,811	(117,773)
2001-02	296,302	169,221	(127,081)
2002-03	322,938	184,533	(138,405)
2003-04	348,981	199,583	(149,398)
2004-05	376,392	226,107	(150,285)
2005-06	414,802	253,952	(160,850)
2006-07	476,175	283,619	(192,556)
2007-08	535,393	308,542	(226,851)
2008-09	490,727	280,339	(210,388)
2009-10	563,760	338,718	(225,042)
2010-11	419,220	257,026	(162,194)
2011-12	183,946	110,563	(73,383)
2012-13	-	-	-
Total	\$ 4,955,283	\$ 2,913,118	\$ (2,042,165)

8. Forward Reports to the State Department of Justice

Claimed

The city intended to remove all costs under this activity from its claim because during fieldwork the auditor determined that the activities claimed are not performed by LASD staff under contract with the city. However, the city erroneously claimed \$1,013 in FY 2001-02 due to an input error during claim preparation.

Allowable

City of Palmdale
 Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
 Audit Status Meeting

The auditor removed the \$1,013 amount claimed and allowable no costs under this cost component.

9. Indirect Costs

Claimed

The city applied a flat 10% indirect cost rate to the \$5,091,361 direct costs claimed to determine total indirect costs of \$509,136.

Allowable

The parameters and guidelines allow claimants to use either a flat 10% indirect cost against direct labor or prepare an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate exceeds 10%. However, as the city claimed no direct labor costs, the indirect costs claimed are ineligible for reimbursement. We will remove all the indirect costs from the claim for each fiscal year.

The following table summarizes the claimed, allowable, and unallowable indirect costs by fiscal year:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
1999-00	\$ 25,455	\$ -	\$ (25,455)
2000-01	27,728	-	(27,728)
2001-02	30,025	-	(30,025)
2002-03	32,614	-	(32,614)
2003-04	35,244	-	(35,244)
2004-05	38,016	-	(38,016)
2005-06	41,897	-	(41,897)
2006-07	48,100	-	(48,100)
2007-08	54,081	-	(54,081)
2008-09	49,570	-	(49,570)
2009-10	56,945	-	(56,945)
2010-11	42,347	-	(42,347)
2011-12	18,814	-	(18,814)
2012-13	8,300	-	(8,300)
Total	\$ 509,136	\$ -	\$ (509,136)



10. Upcoming Audit Schedule

- Formal Exit Conference
- Draft Audit Report
- City's Response to Report (the city will have 10 calendar days to respond to the draft audit report)
- Final Draft Report

Tab 7

Exit Conference Agenda Handout

Tuesday, March 22, 2016 11:33 AM

Subject	Exit Conference Agenda Handout
From	Brejnak, Douglas
To	'kjohnston@cityofpalmdale.org'
Cc	ACHinnCRS@aol.com; Vorobyova, Mariya
Sent	Friday, February 26, 2016 2:52 PM
Attachments	 Exit Conferen...  Schedule 1

Agenda with Draft Audit Findings for the Exit Conference conducted on March 7, 2016 at City offices.

Hi Karen,

Attached is the agenda for the exit conference on March 7th. I have also attached a schedule of allowable costs which summarizes each of the audit finding amounts. The findings have not been changed since the last status meeting.

I have reviewed all the city's indirect cost support and our position has not changed. The program's parameters and guidelines allows a 10% indirect cost rate against direct salaries claimed. However, the city's claim contains no direct salaries. The claim is made up entirely of contracted service costs. The ICRP also has a number of issues which we can discuss further at the exit conference if you would like.

Please let me know if you have any questions about the agenda or schedule 1. See you on the 7th.

Thanks,

Douglas Brejnak

Staff Management Auditor (Specialist)

State Controller's Office

Division of Audits/Mandated Cost Audits Bureau

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City of Palmdale
Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
Exit Conference Information
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S15-MCC-0013

Monday, March 7, 2016

1:00 p.m.

SCO Staff:

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Audit Authority:

- Government Code sections 12410, 17558.5, and 17561

Audit Criteria:

- ICAN Investigation Reports Program's parameters and guidelines.
- SCO's claiming instructions
- Title 2, Code of Federal Regulations, Part 225 (Office of Management and Budget Circular A-87)

Audit Process:

- On February 26, 2016 the SCO provided the city with the draft audit report findings, and a summary of program costs.
- Findings presented today reflect what will be presented in the draft audit report. The SCO will notify the city of any substantive changes made subsequent to the exit conference.
- The audit report will disclose that the SCO conducted the audit in accordance with generally accepted government auditing standards.
- Draft audit report.
 - The city will receive the draft audit report in approximately 6-8 weeks from the exit conference date.
 - The draft audit report will be addressed to Karen Johnston.
 - The city will have 10 calendar days from report receipt to submit a response to the draft audit report. Once the SCO has confirmed the report receipt date, the auditor will email Karen Johnston to confirm the due date for the response to the draft audit report.
- The SCO will incorporate the city's response into the final audit report.

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- The city will receive the final audit report approximately 6-8 weeks after the SCO receives the city's response. The final report will be addressed to James C. Ledford Jr., Mayor, City of Palmdale, and a copy will be sent to Karen Johnston.
- The SCO posts final audit reports to its Web site at http://www.sco.ca.gov/ard_mancost.html
- Questions regarding SCO mandated program payments and collections may be directed to Eduardo Antonio, Accounting Administrator I (Specialist), Division of Accounting and Reporting, (916) 323-0755.

Audit Resolution:

- The city may file an incorrect reduction claim (IRC) with the Commission on State Mandates (CSM).
- Information regarding the IRC process is available on the CSM Web site at <http://www.csm.ca.gov/docs/IRCFom.pdf>

Engagement Customer Service Survey:

- Upon issuance of the final audit report, our Bureau of Quality Control within the Division of Audits may send the audit liaison an electronic Engagement Customer Service Survey, using Survey Monkey®, which consists of 15 brief questions about the audit, customer service, and reporting.

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FINDING 1 – Reporting between Local Departments – Unallowable Contract Service Costs

The city claimed \$135,065 for contract services for the Reporting between Local Departments cost component during the audit period. Of the total amount claimed within this cost component, \$127,135 was claimed within the Cross-Reporting from Law Enforcement Agency component activity and \$7,930 was claimed within the Accept and Refer Initial Child Abuse Reports component activity.

Of the \$135,065 claimed, we found that \$48,534 is allowable and \$86,531 is unallowable. Costs claimed are unallowable because the city overstated the number of Suspected Child Abuse Reports (SCARs) it cross-reported from the law enforcement agency for each fiscal year and misstated the time increment per SCAR cross-reported in fiscal year (FY) 2012-13. All costs within the Accept and Refer Initial Child Abuse Reports component activity were determined to be allowable.

The following table summarizes the claimed, allowable, and audit adjustment for the ongoing costs related to the Reporting between Local Departments cost component:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
1999-00	\$ 2,489	\$ 2,141	\$ (348)
2000-01	2,699	2,325	(374)
2001-02	2,936	2,528	(408)
2002-03	3,191	2,741	(450)
2003-04	3,466	2,964	(502)
2004-05	3,767	3,382	(385)
2005-06	4,167	3,767	(400)
2006-07	4,820	4,272	(548)
2007-08	5,423	4,663	(760)
2008-09	4,966	4,245	(721)
2009-10	5,691	5,101	(590)
2010-11	4,255	3,883	(372)
2011-12	4,196	3,739	(457)
2012-13	82,999	2,783	(80,216)
Total	\$ 135,065	\$ 48,534	\$ (86,531)

Contract Service Costs

The city contracts with the Los Angeles County Sheriff's Department (LASD) to perform all law enforcement duties for the city. These duties include ICAN investigation and cross-reporting activities which are allowable under this program. The city purchases various LASD staff positions (i.e. Deputy and Sergeant) each FY and pays the LASD annual contract rates for the purchased positions. No city staff members performed any of the reimbursable activities under this program.

The city determined claimed hours by multiplying the number of SCARs cross-reported by the LASD by the estimated time taken to perform the activity. The total hours claimed were then multiplied by the respective LASD contract rates to determine total costs claimed.

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Number of SCARs Cross-Reported from LASD

Claimed

We found that the city estimated the number of SCARs cross-reported for each FY claimed. The city estimated the number of SCARs cross-reported for FY 1999-00 through FY 2011-12 by multiplying the number of total SCARs found within the child abuse investigation summary reports provided by the LASD by a flat 10% rate. The 10% rate was applied to the estimate the total number of LEA generated SCARs. For FY 2012-13, the city used the entire amount of SCAR investigations found within the LASD summary reports within the claim.

Allowable

Based on the procedures in place during the audit period, we found that the LASD did not cross-report every SCAR received during the audit period. Furthermore, we found that the only cross-reporting activities eligible for reimbursement were the cross-reporting of LEA generated SCARs to County Welfare and the District Attorney's Office. We reviewed the LASD summary reports and the city's estimated LEA generated rate of 10% to determine the accuracy of the claimed amount of SCARs cross-reported.

Our audit found that the city was unable to provide sufficient documentation to support the LASD summary reports. As a result, we requested that the city have the LASD re-run the report and provide sufficient detail in a testable format. The LASD complied with this request and provided updated summary reports from its LARCIS system. We reconciled the updated summary reports to the reports used within the claim and found that the city overstated the number of total SCARs for each FY. Furthermore, we determined that the city overstated the rate of LEA generated SCARs. Using the county's Electronic Suspected Child Abuse Report System (E-SCARS), we determine the annual rate of LEA generated SCARs to be 9.5%.

We determined the allowable number of SCARs cross-reported by multiplying the number of SCARs within the updated LASD summary reports by the auditor determined 9.5% rate for each FY.

The following table summarizes the number of cross-reported SCARs claimed, allowable, and unallowable by FY:

Fiscal Year	SCARs Claimed	SCARs Allowable	Audit Adjustment
1999-00	87.30	73.00	(14.30)
2000-01	91.90	77.00	(14.90)
2001-02	96.70	81.00	(15.70)
2002-03	101.80	85.00	(16.80)
2003-04	107.20	89.00	(18.20)
2004-05	114.70	101.00	(13.70)
2005-06	119.40	106.00	(13.40)
2006-07	130.30	113.00	(17.30)
2007-08	136.30	114.00	(22.30)
2008-09	119.20	99.00	(20.20)
2009-10	133.10	117.00	(16.10)
2010-11	99.10	89.00	(10.10)
2011-12	52.90	83.00	30.10
2012-13	72.30	60.00	(12.30)

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Time Increment per SCAR Cross-Reported

Claimed

For each fiscal year, the city estimated the time needed to cross-report child abuse reports to County Welfare and the District Attorney's Office. For FY 1999-00 through FY 2011-12, the city estimated it 20 minutes (0.33 hours) to cross-report each SCAR. The 20 minutes were divided evenly between the 56-hour deputy and sergeant classifications. For FY 2012-13, the city estimated it took 56 minutes (0.94 hours) to cross-report each SCAR.

Allowable

We determined that the city was unable to provide sufficient documentation to support the 0.33 or 0.94 hour time increments claimed. However, after discussions with LASD staff responsible for cross-reporting SCARs, we found the 0.33 time increment to be a reasonable representation of the actual time needed to perform the allowable cross-reporting duties. As a result, we allowed the 0.33 time increment within our determination of allowable hours for each FY.

The following table summarizes the time increments claimed, allowable, and unallowable by FY:

<u>Classification</u>	<u>Time Increment Claimed</u>	<u>Time Increment Allowable</u>	<u>Audit Adjustment</u>
<u>FY 99-00 through FY 11-12</u>			
56-Hour Deputy	0.17	0.17	-
Sergeant	0.17	0.17	-
Sub-Total	<u>0.33</u>	<u>0.33</u>	<u>-</u>
<u>FY 2012-13</u>			
56-Hour Deputy	0.74	0.17	(0.58)
Sergeant	0.20	0.17	(0.04)
Sub-Total	<u>0.94</u>	<u>0.33</u>	<u>(0.61)</u>

Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of SCARs cross-reported by the allowable time increment per SCAR. We then applied the audited hourly contract rates to the allowable hours of each classification. After our recalculation of allowable costs, we found that the city overstated contract service costs by \$86,531 for the audit period.

Criteria

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

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include. But are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

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The parameters and guidelines (section V.A.3 – Claim Preparation and Submission) state that, for contracted services costs the claimant must report the name of the contractor and services performed to implement the reimbursable activities. The parameters and guidelines state in part that:

3. Contracted Services: Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

The parameters and guidelines (section IV.B.2.a) allow ongoing activities related to costs for accepting and referring initial child abuse reports, as follows:

a. Accepting and Referring Initial Child Abuse Reports when a Department Lacks Jurisdiction:

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:

Transfer a call electronically or immediately refer the case by telephone, fax, or electronic transmission, to an agency with proper jurisdiction, whenever the department lacks subject matter or geographical jurisdiction over an incoming report of suspected child abuse or neglect.

The parameters and guidelines (section IV.B.2.c) allow ongoing activities related to costs for reporting between local departments, as follows:

c. Cross-reporting of suspected child abuse report from the Law Enforcement agency to the County Welfare and Institutions Code Section 300 Agency, County Welfare, and 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 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).

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Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 2 – Reporting to the State Department of Justice – Unallowable Contract Service Costs

The city claimed \$4,956,296 for contract services under the Reporting to the State Department of Justice (DOJ) cost component. Of the total amount claimed within this cost component, \$4,955,283 was claimed within the Complete an Investigation component activity and \$1,013 was claimed within the Forward Reports to the DOJ component activity.

Of the \$4,956,296 claimed, we found that \$2,913,118 is allowable and \$2,043,178 is unallowable. Costs claimed are unallowable primarily because the city overstated the number of SCAR investigations and misstated the time increment per SCAR investigation for the Complete and Investigation component activity for each FY. Furthermore, the city erroneously claimed costs under the Forward Reports to the DOJ component activity in FY 2001-02.

The following table summarizes the claimed, allowable, and audit adjustment for the ongoing costs related to the Reporting to the State DOJ cost component by FY:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
1999-00	\$ 252,063	\$ 144,104	\$ (107,959)
2000-01	274,584	156,811	(117,773)
2001-02	297,315	169,221	(128,094)
2002-03	322,938	184,533	(138,405)
2003-04	348,981	199,583	(149,398)
2004-05	376,392	226,107	(150,285)
2005-06	414,802	253,952	(160,850)
2006-07	476,175	283,619	(192,556)
2007-08	535,393	308,542	(226,851)
2008-09	490,727	280,339	(210,388)
2009-10	563,760	338,718	(225,042)
2010-11	419,220	257,026	(162,194)
2011-12	183,946	110,563	(73,383)
2012-13	-	-	-
Total	\$ 4,956,296	\$ 2,913,118	\$ (2,043,178)

Contract Service Costs

The city contracts with the Los Angeles County Sheriff's Department (LASD) to perform all law enforcement duties for the city. These duties include ICAN investigation and cross-reporting activities which are allowable under this program. The city purchases various LASD staff positions (i.e. Deputy and Sergeant) each FY and pays

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the LASD contract rates for the purchased positions. No city staff members performed any of the reimbursable activities under this program.

The city determined claimed hours by multiplying the number of SCARs investigations performed by the LASD by the estimated time taken to perform the activity. The total hours claimed were then multiplied by the respective LASD contract rates to determine total costs claimed.

Number of SCARs Investigated

Claimed

The city determined the total number of SCAR investigations per FY from summary reports created by the LASD. The city claimed all SCAR investigations reported within the LASD summary reports that fell within the city limits. The city did not exclude SCARs initiated by the LASD as the mandated reporter.

Allowable

We found that the city was unable to provide sufficient documentation to support the LASD summary reports used within the claim. As a result, we requested the city have the LASD re-run the report and provide sufficient detail concerning each SCAR in a testable format. The LASD agreed with this request and provided updated summary reports from its LARCIS system. Once we obtained the updated report detail, we reconciled the updated summary reports to the initial reports used within the claim and found the city overstated the number of total SCAR investigations for each fiscal year. Furthermore, the city did not exclude ineligible law enforcement agency (LEA) generated SCARs where an LASD deputy was the mandated reporter.

The city was unable to provide sufficient documentation to support the number of LEA generated cases for each FY under audit. To determine the number ineligible LEA generated SCARs we used figures from reports generated by the county's E-SCARS database. We calculated an average annual LEA percentage of 9.5% by dividing the total number of LEA generated SCARs by the total number of SCARs reported within the E-SCARS. We then applied this rate to the total number of SCARs within the LARCIS summary reports to determine the number of ineligible LEA generated SCARs for each FY. The ineligible SCARs were then deducted from the total number of supported SCARs to determine the amount of allowable SCARs for each FY.

The following table summarizes the number of SCAR investigations claimed, allowable and unallowable by FY:

Fiscal Year	SCARs Claimed (a)	SCARs Supported (b)	Ineligible LEA SCARs (c) = (b) * 9.5%	SCARs Allowed (d) = (b) - (c)	Difference (e) = (d) - (a)
1999-00	873	767	73	694	(179)
2000-01	919	807	77	730	(189)
2001-02	967	849	81	768	(199)
2002-03	1,018	894	85	809	(209)
2003-04	1,072	941	89	852	(220)
2004-05	1,147	1,058	101	957	(190)
2005-06	1,194	1,121	106	1,015	(179)
2006-07	1,303	1,190	113	1,077	(226)
2007-08	1,363	1,204	114	1,090	(273)
2008-09	1,192	1,044	99	945	(247)
2009-10	1,331	1,227	117	1,110	(221)
2010-11	991	932	89	843	(148)
2011-12	422	389	37	352	(70)
2012-13	-	-	-	-	-

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Time Increments

Time Study Discussion

Claimed

For purposes of preparing its claim, the city requested that staff at the LASD Palmdale Station conduct a time study to record the amount of time needed to perform a SCAR investigation. The city established the guidelines for the time study and the LASD performed two time studies covering the activities performed. The time studies recorded time within three main activities; investigation, report writing, and supervisor review. After performing an analysis of both time studies, the city determined that 3.67 hours were needed to perform the eligible activities under this cost component.

Allowable

We discussed the city’s claim procedures with key personnel within the LASD to determine the reasonableness of the time studies performed. Upon completion of our discussions and a review of the supporting documentation we found that the first time study did not follow SCO time guidelines. The first time was not performed contemporaneously as the activities were completed, not performed by staff members who completed the actual activities, included time estimates, and used a sample of cases that were not representative of the total population of SCAR investigations.

Furthermore, during discussions with city and LASD staff we determined that the second time study performed did not follow SCO guidelines and included a SCAR investigation with ineligible investigation activities. We determined the results of the second time study would be acceptable with the exception of the one investigation which included ineligible activities. We removed the time of the ineligible investigation and calculated a new average time increment of 2.65 hours.

To verify the reasonableness of the 2.65 hour time increment, we conducted a time survey including both LASD deputies who are assigned to SCAR investigations within the Palmdale Station. Our time survey resulted in a range of 2.29 hours to 2.71 hours to complete eligible investigation activities. As the 2.65 hours determined from the 2nd time study fell within the survey range, we determined that the time documented within the second time study (less the ineligible investigation) is a reasonable representation of the time needed to perform activities under this component.

The following table summarizes the time increments claimed, allowable, and unallowable:

<u>Classification</u>	<u>Time Increment Claimed</u>	<u>Time Increment Allowable</u>	<u>Audit Adjustment</u>
56-Hour Deputy	3.50	2.45	(1.05)
Sergeant	0.17	0.20	0.04
Total	<u>3.67</u>	<u>2.65</u>	<u>(1.02)</u>

Summary of Audit Adjustment

We calculated the allowable hours by multiplying the allowable number of SCAR investigations by the allowable time increment per SCAR. We then applied the audited hourly contract rates to the allowable hours of each classification to determine allowable costs. After our recalculation of allowable costs, we found that the city overstated contract service costs by \$2,042,165 under the Complete an Investigation component activity for the audit period. Furthermore, we found the city erroneously claimed costs totaling \$1,013 within the Forward

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Reports to the DOJ component activity in FY 2001-02. These costs were not based on any allowable activities and was inputted by mistake during claim preparation.

Of the \$4,956,196 for contract services claimed for the Reporting to the State DOJ cost component, we found that \$2,913,118 is allowable and \$2,043,178 is unallowable, for the audit period.

Criteria

The parameters and guidelines (section IV-Reimbursable Activities) state that, for contract service costs the claimed costs must be supported by source documents. The parameters and guidelines state in part that:

Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

The parameters and guidelines (section V.A.3 – Claim Preparation and Submission) state that, for contracted services costs the claimant must report the name of the contractor and services performed to implement the reimbursable activities. The parameters and guidelines state in part that:

3. Contracted Services: Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

The parameters and guidelines (section IV.B.3.a.1) allow ongoing activities related to costs for reporting to the State DOJ. For the following reimbursable activities:

From July 1, 1999 to December 31, 2011, city and county police and 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, 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 requested in the following circumstances:

- i. Investigate activities conducted by a mandated reporter to complete the Suspected Child Abuse Report (Form SS 8572) pursuant to Penal Code section 11166(a).

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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. Investigate 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 IV.B.3.a.2) allow ongoing activities related to costs for reporting to the State DOJ. For the following reimbursable activities.

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.

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.

Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

FINDING 3 – Unallowable Indirect Costs

The city claimed \$509,136 for indirect costs during the audit period. We found that the entire \$509,136 claimed is unallowable for reimbursement. Indirect costs claimed are unallowable because the city inappropriately applied its indirect cost rate to contract service costs.

The program's parameters and guidelines allow claimants to use either a flat 10% indirect cost rate against direct labor or prepare an ICRP if the indirect cost rate exceeds 10%. For each FY, the city elected to claim the eligible flat 10% rate against direct labor. However, the city did not claim any direct labor costs in any of the FYs claimed.

As discussed above, the city staff does not perform any of the eligible activities listed within the parameters and guidelines. The city contracts with the LASD to perform all law enforcement activities including child abuse investigations. We determined the entire amount of costs claimed by the city were contract service costs and not direct salary costs. As a result, the city inappropriately applied the flat 10% indirect cost rate against the direct contract service costs and the entire amount of indirect costs claimed were determined to be ineligible for reimbursement.

City of Palmdale
Interagency Child Abuse and Neglect (ICAN) Investigation Reports Program
Exit Conference Information
July 1, 1999 through June 30, 2013
S15-MCC-0013

The following table summarizes the claimed, allowable, and unallowable indirect costs by FY:

Fiscal Year	Amount Claimed	Amount Allowable	Audit Adjustment
1999-00	\$ 25,455	\$ -	\$ (25,455)
2000-01	27,728	-	(27,728)
2001-02	30,025	-	(30,025)
2002-03	32,614	-	(32,614)
2003-04	35,244	-	(35,244)
2004-05	38,016	-	(38,016)
2005-06	41,897	-	(41,897)
2006-07	48,100	-	(48,100)
2007-08	54,081	-	(54,081)
2008-09	49,570	-	(49,570)
2009-10	56,945	-	(56,945)
2010-11	42,347	-	(42,347)
2011-12	18,814	-	(18,814)
2012-13	8,300	-	(8,300)
Total	\$ 509,136	\$ -	\$ (509,136)

Criteria

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

Indirect costs are costs that are incurred for a common or joint purpose, benefitting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both: (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedures 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%.

Recommendation

We recommend that the city ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

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

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 363	\$ 363	\$ -	
Cross-reporting from Law Enforcement	2,126	1,778	(348)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	<u>252,063</u>	<u>144,104</u>	<u>(107,959)</u>	Finding 2
Total direct costs	254,552	146,245	(108,307)	
Indirect costs	<u>25,455</u>	-	<u>(25,455)</u>	Finding 3
Total program costs	<u>\$ 280,007</u>	146,245	<u>\$ (133,762)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 146,245</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 396	\$ 396	\$ -	
Cross-reporting from Law Enforcement	2,303	1,929	(374)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	<u>274,584</u>	<u>156,811</u>	<u>(117,773)</u>	Finding 2
Total direct costs	277,283	159,136	(118,147)	
Indirect costs	<u>27,728</u>	-	<u>(27,728)</u>	Finding 3
Total program costs	<u>\$ 305,011</u>	159,136	<u>\$ (145,875)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 159,136</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 427	\$ 427	\$ -	
Cross-reporting from Law Enforcement	2,509	2,101	(408)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	296,302	169,221	(127,081)	Finding 2
Forward reports to the Department of Justice	<u>1,013</u>	-	<u>(1,013)</u>	Finding 2
Total direct costs	300,251	171,749	(128,502)	
Indirect costs	<u>30,025</u>	-	<u>(30,025)</u>	Finding 3
Total program costs	<u>\$ 330,276</u>	171,749	<u>\$ (158,527)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 171,749</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 465	\$ 465	\$ -	
Cross-reporting from Law Enforcement	2,726	2,276	(450)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	<u>322,938</u>	<u>184,533</u>	<u>(138,405)</u>	Finding 2
Total direct costs	326,129	187,274	(138,855)	
Indirect costs	<u>32,614</u>	-	<u>(32,614)</u>	Finding 3
Total program costs	<u>\$ 358,743</u>	187,274	<u>\$ (171,469)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 187,274</u>		

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

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 503	\$ 503	\$ -	
Cross-reporting from Law Enforcement	2,963	2,461	(502)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	<u>348,981</u>	<u>199,583</u>	<u>(149,398)</u>	Finding 2
Total direct costs	352,447	202,547	(149,900)	
Indirect costs	<u>35,244</u>	-	<u>(35,244)</u>	Finding 3
Total program costs	<u>\$ 387,691</u>	202,547	<u>\$ (185,144)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 202,547</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 542	\$ 542	\$ -	
Cross-reporting from Law Enforcement	3,225	2,840	(385)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	<u>376,392</u>	<u>226,107</u>	<u>(150,285)</u>	Finding 2
Total direct costs	380,159	229,489	(150,670)	
Indirect costs	<u>38,016</u>	-	<u>(38,016)</u>	Finding 3
Total program costs	<u>\$ 418,175</u>	229,489	<u>\$ (188,686)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 229,489</u>		
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 597	\$ 597	\$ -	
Cross-reporting from Law Enforcement	3,570	3,170	(400)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	<u>414,802</u>	<u>253,952</u>	<u>(160,850)</u>	Finding 2
Total direct costs	418,969	257,719	(161,250)	
Indirect costs	<u>41,897</u>	-	<u>(41,897)</u>	Finding 3
Total program costs	<u>\$ 460,866</u>	257,719	<u>\$ (203,147)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 257,719</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 684	\$ 684	\$ -	
Cross-reporting from Law Enforcement	4,136	3,588	(548)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	<u>476,175</u>	<u>283,619</u>	<u>(192,556)</u>	Finding 2
Total direct costs	480,995	287,891	(193,104)	
Indirect costs	<u>48,100</u>	-	<u>(48,100)</u>	Finding 3
Total program costs	<u>\$ 529,095</u>	287,891	<u>\$ (241,204)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 287,891</u>		

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

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2007, through June 30, 2008</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 770	\$ 770	\$ -	
Cross-reporting from Law Enforcement	4,653	3,893	(760)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	<u>535,393</u>	<u>308,542</u>	<u>(226,851)</u>	Finding 2
Total direct costs	540,816	313,205	(227,611)	
Indirect costs	<u>54,081</u>	-	<u>(54,081)</u>	Finding 3
Total program costs	<u>\$ 594,897</u>	313,205	<u>\$ (281,692)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 313,205</u>		
<u>July 1, 2008, through June 30, 2009</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 705	\$ 705	\$ -	
Cross-reporting from Law Enforcement	4,261	3,540	(721)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	<u>490,727</u>	<u>280,339</u>	<u>(210,388)</u>	Finding 2
Total direct costs	495,693	284,584	(211,109)	
Indirect costs	<u>49,570</u>	-	<u>(49,570)</u>	Finding 3
Total program costs	<u>\$ 545,263</u>	284,584	<u>\$ (260,679)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 284,584</u>		
<u>July 1, 2009, through June 30, 2010</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 811	\$ 811	\$ -	
Cross-reporting from Law Enforcement	4,880	4,290	(590)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	<u>563,760</u>	<u>338,718</u>	<u>(225,042)</u>	Finding 2
Total direct costs	569,451	343,819	(225,632)	
Indirect costs	<u>56,945</u>	-	<u>(56,945)</u>	Finding 3
Total program costs	<u>\$ 626,396</u>	343,819	<u>\$ (282,577)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 343,819</u>		
<u>July 1, 2010, through June 30, 2011</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 602	\$ 602	\$ -	
Cross-reporting from Law Enforcement	3,653	3,281	(372)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	<u>419,220</u>	<u>257,026</u>	<u>(162,194)</u>	Finding 2
Total direct costs	423,475	260,909	(162,566)	
Indirect costs	<u>42,347</u>	-	<u>(42,347)</u>	Finding 3
Total program costs	<u>\$ 465,822</u>	260,909	<u>\$ (204,913)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 260,909</u>		

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

Cost Elements	Actual Costs Claimed	Allowable Per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2011, through June 30, 2012</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 596	\$ 596	\$ -	
Cross-reporting from Law Enforcement	3,600	3,143	(457)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	183,946	110,563	(73,383)	Finding 2
Total direct costs	188,142	114,302	(73,840)	
Indirect costs	18,814	-	(18,814)	Finding 3
Total program costs	<u>\$ 206,956</u>	114,302	<u>\$ (92,654)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 114,302</u>		
<u>July 1, 2012, through June 30, 2013</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 469	\$ 469	\$ -	
Cross-reporting from Law Enforcement	82,530	2,314	(80,216)	Finding 1
Total direct costs	82,999	2,783	(80,216)	
Indirect costs	8,300	-	(8,300)	Finding 3
Total program costs	<u>\$ 91,299</u>	2,783	<u>\$ (88,516)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 2,783</u>		
<u>Summary: July 1, 1999, through June 30, 2013</u>				
Direct costs - salaries and benefits:				
Reporting between local departments				
Referring initial child abuse reports	\$ 7,930	\$ 7,930	\$ -	
Cross-reporting from Law Enforcement	127,135	40,604	(86,531)	Finding 1
Reporting to the State Department of Justice				
Complete an investigation	4,955,283	2,913,118	(2,042,165)	Finding 2
Forward reports to the Departmento of Justice	1,013	-	(1,013)	Finding 2
Total direct costs	5,091,361	2,961,652	(2,129,709)	
Indirect costs	509,136	-	(509,136)	Finding 3
Total program costs	<u>\$ 5,600,497</u>	2,961,652	<u>\$ (2,638,845)</u>	
Less amount paid by the State		-		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 2,961,652</u>		

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On August 31, 2018, I served the:

- **Controller's Late Comments on the Draft Proposed Decision filed August 31, 2018**

Interagency Child Abuse and Neglect Investigation Reports (ICAN), 17-0022-I-01
Penal Code Sections 11165.9, 11166, 11166.2, 11166.9¹, 11168 (formerly 11161.7),
11169, 11170, and 11174.34 (formerly 11166.9) as added or amended by Statutes 1977,
Chapter 958; Statutes 1980, Chapter 1071; Statutes 1981, Chapter 435; Statutes 1982,
Chapters 162 and 905; Statutes 1984, Chapters 1423 and 1613; Statutes 1985, Chapter
1598; Statutes 1986, Chapters 1289 and 1496; Statutes 1987, Chapters 82, 531, and 1459;
Statutes 1988, Chapters 269, 1497, and 1580; Statutes 1989, Chapter 153; Statutes 1990,
Chapters 650, 1330, 1363, 1603; Statutes 1992, Chapters 163, 459, and 1338; Statutes
1993, Chapters 219 and 510; Statutes 1996, Chapters 1080 and 1081; Statutes 1997,
Chapters 842, 843, and 844; Statutes 1999, Chapters 475 and 1012; and Statutes 2000,
Chapter 916; California Code of Regulations, Title 11, Section 903 (Register 98, Number
29); "Child Abuse Investigation Report" Form SS 8583 (Rev. 3/91)
Fiscal Years: 1999-2000, 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005,
2005-2006, 2006-2007, 2007-2008, 2008-2009, 2009-2010, 2010-2011, 2011-2012, and
2012-2013
City of Palmdale, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on August 31, 2018 at Sacramento, California.



Jill L. Magee
Commission on State Mandates
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(916) 323-3562

¹ Renumbered as Penal Code section 11174.34 (Stats. 2004, ch. 842 (SB 1313)).

COMMISSION ON STATE MANDATES

Mailing List

Last Updated: 8/23/18

Claim Number: 17-0022-I-01

Matter: Interagency Child Abuse and Neglect Investigation Reports (ICAN)

Claimant: City of Palmdale

TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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