

CITY OF SAN JOSE

Audit Report

DOMESTIC VIOLENCE ARREST POLICIES AND STANDARDS PROGRAM

Chapter 246, Statutes of 1995

July 1, 2018, through June 30, 2021



MALIA M. COHEN
California State Controller

April 2024



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

April 29, 2024

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Rick Bruneau, CPA, Finance Director
City of San Jose
200 E. Santa Clara Street, 13th Floor
San Jose, CA 95113

Dear Mr. Bruneau:

The State Controller's Office audited the costs claimed by the City of San Jose for the legislatively mandated Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2018, through June 30, 2021.

The city claimed \$619,419 for costs of the mandated program. Our audit found that \$529,478 is allowable and \$89,941 is unallowable. The costs are unallowable because the city overstated salary and benefit costs, and related indirect costs. The State paid the city \$616,866.

Following issuance of this audit report, the Local Government Programs and Services Division of the State Controller's Office will notify the city of the adjustment to its claims via a system-generated letter for each fiscal year in the audit period.

If you have any questions regarding this report, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at (916) 327-3138.

Sincerely,

Original signed by

Kimberly Tarvin, CPA
Chief, Division of Audits

KT/ac

Mr. Rick Bruneau
April 29, 2024
Page 2 of 2

Copy: The Honorable Matt Mahan, Mayor
City of San Jose
Jennifer Maguire, City Manager
City of San Jose
Victor Lo, Principal Accountant
City of San Jose
Anthony Mata, Chief
San Jose Police Department
Jennifer Otani, Administrative Officer
San Jose Police Department – Fiscal Unit
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by the City of San Jose for the legislatively mandated Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2018, through June 30, 2021.

The city claimed \$619,419 for costs of the mandated program. Our audit found that \$529,478 is allowable and \$89,941 is unallowable. The costs are unallowable because the city overstated salary and benefit costs, and related indirect costs. The State paid the city \$616,866.

Background

Penal Code (PC) section 13701, subdivision (b) (added by Chapter 246, Statutes of 1995), required local law enforcement agencies to develop, adopt, and implement written arrest policies for domestic violence offenders by July 1, 1996. The legislation also required local law enforcement agencies to obtain input from local domestic violence agencies when developing the arrest policies. Under previous law, local law enforcement agencies were required to develop, adopt, and implement written policies for response to domestic violence calls and were encouraged, but not obligated, to consult with domestic violence experts.

On September 25, 1997, the Commission on State Mandates (Commission) determined that Chapter 246, Statutes of 1995, imposed a state mandated program reimbursable under Government Code (GC) section 17561.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on August 20, 1998, and amended them on October 30, 2009. In compliance with GC section 17758, the SCO issues the *Mandated Cost Manual for Local Agencies (Mandated Cost Manual)* to assist local agencies in claiming mandated program reimbursable costs.

Audit Authority

We conducted this performance audit in accordance with GC sections 17558.5 and 17561, which authorize the SCO to audit the city's records to verify the actual amount of the mandated costs. In addition, GC section 12410 provides the SCO with general authority to audit the disbursement of state money for correctness, legality, and sufficient provisions of law for payment.

Objective, Scope, and Methodology

The objective of our audit was to determine whether claimed costs represent increased costs resulting from the legislatively mandated Domestic Violence Arrest Policies and Standards Program. Specifically, we conducted this audit to determine whether claimed costs were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive. Unreasonable and/or excessive costs include ineligible costs that are not identified in the program's parameters and guidelines as reimbursable costs.

The audit period was July 1, 2018, through June 30, 2021.

To achieve our objective, we performed the following procedures:

- We reviewed the annual mandated cost claims filed by the city for the audit period and identified the significant cost components of each claim as salaries and benefits, and related indirect costs. We then determined whether there were any errors or unusual unexpected variances from year to year. We reviewed the claimed activities to determine whether they adhered to the SCO's *Mandated Cost Manual* and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key city staff members. We discussed the claim preparation process with city staff members to determine what information was obtained, who obtained it, and how it was used.
- We assessed the reliability of the data (payroll and expenditure records) generated from the city's information management system and the city's record management system (RMS) by interviewing city staff members and examining supporting documentation. We determined that the data was sufficiently reliable to address the audit objectives.
- We verified that the city used the uniform time allowance and applied it properly.
- We reviewed and analyzed the claimed domestic violence incident report counts and verified that these counts were supported by the city's RMS; see Finding 1.
- We used simple random sampling to select the following statistical samples from the audited population of incident reports:
 - We sampled 145 of 4,257 incident reports for fiscal year (FY) 2018-19.
 - We sampled 143 of 3,159 incident reports for FY 2019-20.
 - We sampled 145 of 4,397 incident reports for FY 2020-21.
- We determined whether the sampled incident reports included interviews with both parties involved in the domestic violence incident, and whether the officer considered the 17 factors listed in the parameters and guidelines to identify the primary aggressor. We identified the following errors:
 - Of the 145 sampled incident reports for FY 2018-19, 48 were partially reimbursable and 44 were non-mandate-related.
 - Of the 143 sampled incident reports for FY 2019-20, 47 were partially reimbursable and 17 were non-mandate-related.
 - Of the 145 sampled incident reports for FY 2020-21, 41 were partially reimbursable and 43 were non-mandate-related.

Errors found were projected to the intended (total) population; see Finding 2.

- We recalculated the allowable costs using the audited incident report counts.

- We interviewed city staff members to determine what employee classifications were involved in performing the mandated activities during the audit period.
- We traced the average productive hourly rate calculations for the claimed employee classification to supporting information in the city's payroll system.
- We traced the benefit rate calculations for the claimed employee classification to the city's expenditure reports.
- We verified that indirect costs claimed for each fiscal year in the audit period were for common or joint purposes, and that the indirect cost rates were properly supported and applied.
- We inquired with city staff members, reviewed the independent auditor's reports (with accompanying financial statements), and reviewed revenue reports to identify potential sources of offsetting revenues and reimbursements for the audit period. We determined that the claimed costs were not funded by another source.

We did not audit the city's financial statements.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards required that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Conclusion

As a result of performing the audit procedures, we found instances of noncompliance with the requirements described in our audit objective. We did not find that the city claimed costs that were funded by other sources; however, we found that it claimed unsupported and ineligible costs, as quantified in the Schedule and described in the Findings and Recommendation section.

For the audit period, the City of San Jose claimed \$619,419 for costs of the legislatively mandated Domestic Violence Arrest Policies and Standards Program. Our audit found that \$529,478 is allowable and \$89,941 is unallowable. The State paid the city \$616,866.

Following issuance of this audit report, the SCO's Local Government Programs and Services Division will notify the city of the adjustment to its claims via a system-generated letter for each fiscal year in the audit period.

Follow-up on Prior Audit Findings

The city has not resolved the findings noted in our prior audit report for the period of July 1, 2012, through June 30, 2015, issued on October 20, 2017, as described in Findings 1 and 2.

**Views of
Responsible
Officials**

We issued the draft audit report on February 14, 2024. The City of San Jose’s representative responded by letter dated February 23, 2024, acknowledging the audit findings. This final audit report includes the city’s response as an attachment.

Restricted Use

This audit report is solely for the information and use of the City of San Jose, the California Department of Finance, and the SCO; it is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit distribution of this audit report, which is a matter of public record and is available on the SCO website at www.sco.ca.gov.

Original signed by

Kimberly Tarvin, CPA
Chief, Division of Audits

April 29, 2024

Schedule— Summary of Program Costs July 1, 2018, through June 30, 2021

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2018, through June 30, 2019</u>				
Direct costs:				
Salaries and benefits	\$ 173,517	\$ 137,982	\$ (35,535)	Findings 1, 2
Indirect costs	36,049	28,667	(7,382)	Findings 1, 2
Total direct and indirect costs	209,566	166,649	(42,917)	
Less offsetting revenues and reimbursements ²	-	-	-	
Total program costs	<u>\$ 209,566</u>	166,649	<u>\$ (42,917)</u>	
Less amount paid by the State ³		(209,566)		
Amount paid in excess of allowable costs claimed		<u>\$ (42,917)</u>		
<u>July 1, 2019, through June 30, 2020</u>				
Direct costs:				
Salaries and benefits	\$ 138,601	\$ 149,161	\$ 10,560	Findings 1, 2
Indirect costs	29,218	31,444	2,226	Findings 1, 2
Total direct and indirect costs	167,819	180,605	12,786	
Less offsetting revenues and reimbursements ²	-	-	-	
Subtotal	167,819	180,605	12,786	
Less allowable costs that exceed costs claimed ⁴	-	(12,786)	(12,786)	
Total program costs	<u>\$ 167,819</u>	167,819	<u>\$ -</u>	
Less amount paid by the State ³		(167,819)		
Amount paid in excess of allowable costs claimed		<u>\$ -</u>		
<u>July 1, 2020, through June 30, 2021</u>				
Direct costs:				
Salaries and benefits	\$ 207,807	\$ 167,433	\$ (40,374)	Findings 1, 2
Indirect costs	34,227	27,577	(6,650)	Findings 1, 2
Total direct and indirect costs	242,034	195,010	(47,024)	
Less offsetting revenues and reimbursements ²	-	-	-	
Total program costs	<u>\$ 242,034</u>	195,010	<u>\$ (47,024)</u>	
Less amount paid by the State ³		(239,481)		
Amount paid in excess of allowable costs claimed		<u>\$ (44,471)</u>		

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2018, through June 30, 2021</u>				
Direct costs:				
Salaries and benefits	\$ 519,925	\$ 454,576	\$ (65,349)	Findings 1, 2
Indirect costs	99,494	87,688	(11,806)	Findings 1, 2
Total direct and indirect costs	619,419	542,264	(77,155)	
Less offsetting revenues and reimbursements ²	-	-	-	
Subtotal	619,419	542,264	(77,155)	
Less allowable costs that exceed costs claimed ⁴	-	(12,786)	(12,786)	
Total program costs	<u>\$ 619,419</u>	529,478	<u>\$ (89,941)</u>	
Less amount paid by the State ³		(616,866)		
Amount paid in excess of allowable costs claimed		<u>\$ (87,388)</u>		

¹ See the Findings and Recommendations section.

² We determined that the claimed costs were not funded by any other sources.

³ Payment amount current as of February 27, 2024.

⁴ GC section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2019-20.

Findings and Recommendations

**FINDING 1—
Understated costs
(Repeat Finding)**

The city claimed \$519,925 in salaries and benefits for the Implementation of the New Domestic Violence Arrest Policies to Identify the Primary Aggressor cost component during the audit period. We found that the city understated salaries and benefits by \$172,971. The related indirect costs total \$33,498, for a total finding of \$206,469.

For the audit period, the city’s claims identified a total of 8,857 domestic violence incident reports (3,123 for FY 2018-19; 2,324 for FY 2019-20; and 3,410 for FY 2020-21). During testing, the city provided, at our request, the summary incident report listings generated by the city’s RMS to support the number of domestic violence incident reports claimed for the audit period. We compared the information in the summary incident report listings generated by the city’s RMS with the number of domestic violence incident reports that the city claimed. Based on our review, we found that the city understated the number of domestic violence incident reports claimed for the audit period. The city understated the number of reports because it did not adhere to the program’s parameters and guidelines or the SCO’s *Mandated Cost Manual*.

The following table summarizes the audit adjustment for the understated number of incident reports:

	Fiscal Year			Total
	2018-19	2019-20	2020-21	
Number of domestic violence incident reports per RMS	4,257	3,159	4,397	
Less number of domestic violence incident reports claimed	(3,123)	(2,324)	(3,410)	
Understated number of domestic violence incident reports	1,134	835	987	
Uniform time allowance (hours)	x 0.48	x 0.48	x 0.48	
Understated hours	544	401	474	
Claimed productive hourly rate - salaries only	x \$ 64.16	x \$ 66.29	x \$ 66.92	
Understated salaries [A]	34,903	26,582	31,720	
Claimed benefit rate	x 80.41%	x 87.43%	x 89.72%	
Understated benefits [B]	28,066	23,241	28,459	
Understated salaries and benefits [C] = [A + B]	62,969	49,823	60,179	\$ 172,971
Claimed indirect cost rate [D]	x 37.48%	x 39.51%	x 31.25%	
Related indirect costs [E] = [A x D] ¹	13,082	10,503	9,913	33,498
Audit Adjustment [F] = [C + E]	\$ 76,051	\$ 60,326	\$ 70,092	\$ 206,469

¹ Related indirect costs were computed using salaries only.

Section IV, “Reimbursable Activities,” of the parameters and guidelines begins:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. 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 claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities. . . . Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Section IV.E, “Uniform Cost Allowance,” of the parameters and guidelines states:

Pursuant to Government Code section 17557, the Commission on State Mandates has adopted a uniform cost allowance for reimbursement in lieu of payment of total actual costs incurred. The uniform cost allowance is applied only to Section IV, Reimbursable Activities, Component D (Implementation of the New Domestic Violence Arrest Policies to Identify the Primary Aggressor) and covers all costs (direct and indirect) of performing activities described under Component D. The uniform cost allowance provides the following:

A standard time of twenty-nine (29) minutes may be claimed to identify the primary aggressor in any domestic violence incident. The standard time of twenty-nine (29) minutes is broken down as follows:

- Seventeen (17) Minutes – Interview of both parties
- Twelve (12) Minutes – Consideration of the factors listed [under Component D]

The total cost will be determined by multiplying the number of reported responses × the average productive hourly rate, including applicable indirect costs as specified in section V., paragraph B, herein, × .48 (29 minutes divided by 60 minutes).

Recommendation

We recommend that the city:

- Follow the program’s parameters and guidelines and the SCO’s *Mandated Cost Manual* when preparing its reimbursement claims; and
- Claim costs based on the number of domestic violence incidents that its RMS supports.

City’s Response

. . . We have reviewed the findings of the audit and acknowledge the discrepancies identified in our claimed costs. We understand the importance of adhering to the program’s parameters and guidelines and acknowledge the discrepancies made in our reimbursement claims. . . .

We agree with the conclusion reached by the State Controller’s Office regarding the understated and non-reimbursable costs identified in our claimed expenses, except for the disallowed costs that exceeded the

claimed costs in fiscal year 2019-2020. Based on the results of the audit, the City incurred actual costs greater than the amount claimed under the Domestic Violence Arrest Policies and Standards Program in fiscal year 2019-2020. While Government Code section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline, it seems one-sided to only apply the audit adjusted results when it works to reduce costs reimbursed by the State. As defined in *Government Auditing Standards*, auditors should perform audits with objectivity, which includes maintaining independence and impartiality. Therefore, audits performed with impartiality in accordance with *Government Auditing Standards*, should result in fairly applying audit adjustments regardless of whether the adjustment results in reduced or increased claimed costs. With a shared goal of ensuring accuracy in the claimed costs, we request you reconsider disallowing the underclaimed amount for fiscal year 2019-2020 and apply a credit to offset the other fiscal years audited.

SCO Comment

Our finding and recommendation remains unchanged.

The city disagrees with the adjustment made to total allowable costs that were in excess of the total amount claimed in FY 2019-20. The adjustment made to FY 2019-20 is legal and proper. The city is not entitled to reimbursement for costs that it did not claim. Furthermore, as the city recognizes in its response, GC section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO’s *Mandated Cost Manual*. The deadline for the city to amend its claim for FY 2019-20 has expired. Therefore, the costs that were determined to be in excess of the total amount claimed in FY 2019-20 is ineligible for reimbursement and may not be applied as an offset to audit adjustments made in FY 2018-19 or FY 2020-21.

**FINDING 2—
Non-reimbursable costs
(Repeat Finding)**

The city claimed non-reimbursable salaries and benefits totaling \$238,320. The related indirect costs total \$45,304, for a total finding of \$283,624.

As noted in Finding 1, the city understated the claimed number of domestic violence incident reports for the audit period. The following table summarizes the audited population of incident reports and the claimed hours attributable to the audited population:

	Fiscal Year		
	2018-19	2019-20	2020-21
Documented number of domestic violence incident reports (audited population)	4,257	3,159	4,397
Uniform time allowance (hours)	0.48	0.48	0.48
Total hours attributable to documented incident reports (audited population)	2,043	1,516	2,111

The reimbursable activities for this cost component consist of interviewing both parties involved in the domestic violence incident, and considering the 17 factors identified in the program’s parameters and guidelines to identify the primary aggressor.

To calculate the claimed costs, the city multiplied the number of reported responses to incidents by the average productive hourly rate, including the applicable indirect costs, then multiplied the resulting amount by the standard time allowed of 29 minutes (0.48 hours).

For each fiscal year, we selected a statistical sample from the documented number of domestic violence incident reports (the audited population) based on a 95% confidence level, a precision rate of ±8%, and an expected error rate of 50%. We used statistical samples so that the results could be projected to the population for each fiscal year.

For testing purposes, we selected a random sample of 433 incident reports (145 for FY 2018-19; 143 for FY 2019-20; and 145 for FY 2020-21). We reviewed the sample incident reports to determine whether the city had performed the required mandated program activities. Our review found the following results:

- 193 incident reports were fully reimbursable under the mandated program. These reports are reimbursable at 29 minutes (0.48 hours) per report.
- 136 incident reports were partially reimbursable, because the officers did not interview both parties involved in the domestic violence incident. These reports are reimbursable at 20.5 minutes (0.34 hours) per report, based on 8.5 minutes to interview one party and 12 minutes to consider the various factors identified in the program’s parameters and guidelines.
- 104 incident reports were not reimbursable because they were not mandate-related. The incidents did not meet the definition of domestic violence provided in PC section 13700. The incidents were related to violation of a restraining order, harassing and/or annoying text messages, or verbal arguments; and the relationships between individuals did not satisfy the criteria described in PC section 13700(b).

During testing, we found that the city had claimed the entire standard time of 29 minutes for incident reports that were only partially reimbursable and claimed reimbursement for ineligible incident reports. The city overstated these costs because it did not claim costs in accordance with the program’s parameters and guidelines or the SCO’s *Mandated Cost Manual*.

The following table summarizes the results of the statistical samples:

	Fiscal Year			Total
	2018-19	2019-20	2020-21	
Allowable incident reports	53	79	61	193
Partially reimbursable incident reports (only one party interviewed)	48	47	41	136
Non-mandate-related incident reports	44	17	43	104
Total reports sampled	145	143	145	433

The following table summarizes the unallowable hours based on the results of the statistical samples by fiscal year:

	Fiscal Year			Total
	2018-19	2019-20	2020-21	
Allowable incident reports	53	79	61	193
Uniform time allowance (hours)	x 0.48	x 0.48	x 0.48	
Subtotal [A]	25	38	29	
Partially reimbursable incident reports (only one party interviewed)	48	47	41	136
Allowable uniform time allowance (hours)	x 0.34	x 0.34	x 0.34	
Subtotal [B]	16	16	14	
Total reimbursable hours for sampled reports [C] = [A + B]	41	54	43	
Statistical sample size	÷ 145	÷ 143	÷ 145	
Reimbursable hours per report	0.28	0.38	0.30	
Documented number of domestic violence incident reports (audited population)	x 4,257	x 3,159	x 4,397	
Total reimbursable hours	1,192	1,200	1,319	
Less hours attributable to audited population	(2,043)	(1,516)	(2,111)	
Total unallowable hours	(851)	(316)	(792)	

The following table summarizes unallowable costs based on the unallowable hours identified in the statistical samples by fiscal year:

	Fiscal Year			Total
	2018-19	2019-20	2020-21	
Unallowable hours	(851)	(316)	(792)	
Claimed average productive hourly rate (salary)	x \$ 64.16	x \$ 66.29	x \$ 66.92	
Unallowable salaries [A]	(54,600)	(20,948)	(53,001)	
Claimed benefit rate	x 80.41%	x 87.43%	x 89.72%	
Related unallowable benefit costs [B]	(43,904)	(18,315)	(47,552)	
Total unallowable salaries & benefits [C] = [A + B]	(98,504)	(39,263)	(100,553)	\$ (238,320)
Claimed indirect cost rate	x 37.48%	x 39.51%	x 31.25%	
Related indirect costs [D]	(20,464)	(8,277)	(16,563)	(45,304)
Audit adjustment [E] = [C + D]	\$ (118,968)	\$ (47,540)	\$ (117,116)	\$ (283,624)

Section IV, “Reimbursable Activities,” of the parameters and guidelines begins:

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. 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 claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities. . . . Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

Section IV, E, “Uniform Cost Allowance,” of the parameters and guidelines states:

Pursuant to Government Code section 17557, the Commission on State Mandates has adopted a uniform cost allowance for reimbursement in lieu of payment of total actual costs incurred. The uniform cost allowance is applied only to Section IV, Reimbursable Activities, Component D (Implementation of the New Domestic Violence Arrest Policies to Identify the Primary Aggressor) and covers all costs (direct and indirect) of performing activities described under Component D. The uniform cost allowance provides the following:

A standard time of twenty-nine (29) minutes may be claimed to identify the primary aggressor in any domestic violence incident. The standard time of twenty-nine (29) minutes is broken down as follows:

- Seventeen (17) Minutes – Interview of both parties
- Twelve (12) Minutes – Consideration of the factors listed [under Component D]

The total cost will be determined by multiplying the number of reported responses × the average productive hourly rate, including applicable indirect costs as specified in section V., paragraph B, herein, × .48 (29 minutes divided by 60 minutes).

Recommendation

We recommend that the city:

- Follow the program’s parameters and guidelines and the SCO’s *Mandated Cost Manual* when preparing its reimbursement claims;
- Claim costs based on the number of domestic violence incidents that its RMS supports;
- Claim costs for only those reports that document incidents meeting the definition of domestic violence provided in PC section 13700; and
- Claim only the portion of the uniform time allowance that is attributable to the mandated activities performed.

City’s Response

The city did not respond separately to Finding 2. The city’s response to Findings 1 and 2 is reproduced in Finding 1, and the city’s complete response is included as an attachment to this report.

SCO Comment

Our finding and recommendation remains unchanged.

Our comment on the city’s response appears in Finding 1.

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

February 23, 2024

Lisa Kurokawa
Chief, Compliance Audits Bureau
State Controller's Office
P.O. Box 942850
Sacramento, CA 94250

Dear Ms. Kurokawa,

Thank you for the letter dated February 14, 2024, regarding the audit findings on the costs claimed by the City of San Jose for the Domestic Violence Arrest Policies and Standards Program for the period of July 1, 2018, through June 30, 2021. We appreciate the thorough review conducted by your office and acknowledge the findings outlined in the audit report.

Upon review of the draft report and its findings, we would like to provide the following response:

1. **Accuracy of Audit Findings:** We have reviewed the findings of the audit and acknowledge the discrepancies identified in our claimed costs. We understand the importance of adhering to the program's parameters and guidelines and acknowledge the discrepancies made in our reimbursement claims.
2. **Views on Conclusion, Findings, and Recommendations:** We agree with the conclusion reached by the State Controller's Office regarding the understated and non-reimbursable costs identified in our claimed expenses, except for the disallowed costs that exceeded the claimed costs in fiscal year 2019-2020. Based on the results of the audit, the City incurred actual costs greater than the amount claimed under the Domestic Violence Arrest Policies and Standards Program in fiscal year 2019-2020. While Government Code section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline, it seems one-sided to only apply the audit adjusted results when it works to reduce costs reimbursed by the State. As defined in Government Auditing Standards, auditors should perform audits with objectivity, which includes maintaining independence and impartiality. Therefore, audits performed with impartiality in accordance with Government Auditing Standards, should result in fairly applying audit adjustments regardless of whether the adjustment results in reduced or increased claimed costs. With a shared goal of ensuring accuracy in the claimed costs, we request you reconsider disallowing the underclaimed amount for fiscal year 2019-2020 and apply a credit to offset the other fiscal years audited.

3. **Planned Corrective Actions:** In response to the audit findings, we have initiated corrective measures to ensure compliance with the program's requirements and guidelines. These actions include:
- Implementing enhanced procedures for preparing reimbursement claims, including additional validation checks to ensure accuracy and completeness of documentation.
 - Ensure claim costs are based on the number of domestic violence incidents that are reported in the City's records management system and meet the definition of PC section 13700.
 - Establish a review process to verify the eligibility of claimed expenses and ensure alignment with program parameters and guidelines before submission.

We would like to express our appreciation to the State Controller's Office for conducting this audit and providing valuable feedback. We remain committed to ensuring transparency and accountability in our financial operations and look forward to implementing the necessary measures to address the findings outlined in the audit report.

Please do not hesitate to contact me if you require any further information or clarification regarding our response to the audit findings.

Sincerely,

/s/

Rick Bruneau, CPA
Director of Finance
City of San Jose

cc:

City of San Jose
Jennifer Maguire, City Manager
Victor Lo, Deputy Director of Finance
Anthony Mata, Chief of Police
Jennifer Otani, Administrative Officer, Police
Sylvia Perez, Senior Analyst, Police

State Controller's Office
Lisa Kearney
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