

STATE OF CALIFORNIA  
COMMISSION ON STATE MANDATES

**RECEIVED**  
August 04, 2015  
*Commission on  
State Mandates*

**LATE FILING**

In Re:

STATE CONTROLLER'S OFFICE  
AUDIT REPORT ON SANTA CLARA  
COUNTY'S DOMESTIC VIOLENCE  
TREATMENT SERVICES

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INCORRECT REDUCTION CLAIM  
No. 07-9628101-I-01

**REBUTTAL TO THE RESPONSE SUBMITTED BY THE STATE  
CONTROLLER**

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**BACKGROUND**

On February 26, 2004, the State Controller's Office (hereinafter "SCO") issued its final audit report, and revised it on October 30, 2009, on the County of Santa Clara's (hereinafter "County") claims for costs incurred based on the legislatively-mandated Domestic Violence Treatment Services (Test Claim No. CSM-96-281-01; Ch. 183, Stats. 1992) for July 1, 1998, through June 30, 2001. The SCO incorrectly reduced the County's claim of \$2,027,291 by \$748,675, thus allowing only \$1,278,616.

The County submitted the instant Incorrect Reduction Claim ("IRC") in August 2007, which was received by the Commission on State Mandates ("Commission") on

August 15, 2007. On July 3, 2015, the SCO filed its formal response, which was served on the County on July 6, 2015. The County will address the specifics in the SCO's response.

## DISCUSSION

### **A. AUDIT FINDING NUMBER ONE REGARDING COUNTY'S PRODUCTIVE HOURLY RATE CALCULATION IS INCORRECT.**

Audit Finding 1 states that the County over-claimed salaries, benefits and related indirect costs in the amount of \$705,080. The SCO subsequently revised and reissued the final audit report with the unallowable salaries and benefits and related indirect costs decreased by \$104,417, from \$705,080 to \$600,663. The reinstatement of the costs did not result in any revisions to the productive hourly rate computations.

This finding was based upon the County's computation of its productive hourly rates for employees, which was proper and complied with the SCO's Claiming Instructions allowing for a methodology of calculating the average annual productive hours with a deduction based on authorized (or required) employee break time and required training; rather than actual break time and required training. The County's IRC exhaustively explains the County's basis for using the developed countywide average annual productive hours and why this is an approved method based on the Mandated Cost Manual for Local Agencies ("Manual").

The SCO's response acknowledges that the Manual "allows the county to calculate productive hourly rates using countywide average annual productive hours."<sup>1</sup> The point of difference between the SCO and the County is the accepted methodology for calculating break time and training time.

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<sup>1</sup> SCO Response at p. 8.

With respect to break time, the County claimed authorized break time to calculate the productive hourly rate. The SCO is taking the position that only actual break time can be used to calculate the productive hourly rate. Since the IRC was submitted, the County has re-evaluated how it calculates break time for the countywide average annual productive hours and break time is not included in the calculation because it is not cost effective to track actual break time. Therefore, the County no longer challenges the SCO's audit findings with respect to how break time was calculated for purposes of the countywide productive hourly rate for the period July 1, 1998 through June 30, 2001.

Concerning training hours deducted, the SCO's response acknowledges that training time specifically related to a mandated program is eligible for reimbursement and, presumably, can be deducted when calculating the countywide productive hourly rate. The issue for the SCO is that the County deducted training time based on time required for non-mandated programs, such as training time benefiting specific departments when calculating the countywide productive hours for July 1, 1998 through June 30, 2001. The County no longer challenges the SCO's audit findings with respect to how training was calculated for purposes of the countywide productive hourly rate for the period July 1, 1998 through June 30, 2001.

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CONCLUSION

The County continues to request that the Commission reverse the SCO's audit findings. However, the County is available to meet with Commission and SCO staff to address Audit Finding 1.

Dated: 8/4/2015

Respectfully submitted,

ORRY P. KORB  
County Counsel



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1153711

**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 4, 2015, I served the:

**Claimant Rebuttal Comments**

*Domestic Violence Treatment Services, 07-9628101-I-01*

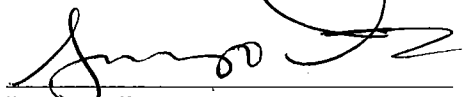
Statutes 1992, Chapter 183

Fiscal Years 1998-1999, 1999-2000, 2000-2001

County of Santa Clara, 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 4, 2015 at Sacramento, California.



Lorenzo Duran  
Commission on State Mandates  
980 Ninth Street, Suite 300  
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(916) 323-3562

# COMMISSION ON STATE MANDATES

## Mailing List

**Last Updated:** 7/6/15

**Claim Number:** 07-9628101-I-01

**Matter:** Domestic Violence Treatment Services

**Claimant:** County of Santa Clara

### 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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