INTERNAL AUDIT DEPARTMENT

COUNTY OF ORANGE

2005 Recipient of the Institute of Internal Auditors Award for Excellence

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Limited Review of Community Service Programs, Inc. Victim/Witness Assistance Programs (Board Directive No. 81, Dated June 28, 2005)

For the Period
July 1, 2004 through June 30, 2005

AUDIT NUMBER: 2568 **REPORT DATE: November 10, 2005**

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Community Service Programs, Inc.
Victim/Witness Assistance Programs
(Board Directive No. 81, Dated June 28, 2005)

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Transmittal Letter

Audit No. 2568

November 10, 2005

TO: The Honorable Board of Supervisors

FROM: Peter Hughes, Ph.D., CPA
County Internal Auditor

SUBJECT: Limited Review of Community Service Programs, Inc.
Victim/Witness Assistance Programs
(Board Directive No. 81, Dated June 28, 2005)

Attached is a copy of the report on our Limited Review of Community Service Programs, Inc., Victim/Witness Assistance Programs for the period July 1, 2004 through June 30, 2005. We conducted our limited review based on your Board Directive dated June 28, 2005.

As the County Internal Auditor, I make a monthly audit status presentation to the Board of Supervisors (BOS) where I detail any material and significant audit findings released in reports during the prior month, the implementation status of audit recommendations as disclosed by our Follow-Up Audits, any pressing audit or resource issues; as well as, respond to inquiries from the BOS. Therefore, the results of this audit will be included in a future summary to the BOS.

Attachment

Other recipients of this report:
- Members, Audit Oversight Committee
- Thomas G. Mauk, County Executive Officer
- Alan Slater, Chief Executive Officer, Superior Court
- Tony Rackauckas, District Attorney
- Lisa Bohan-Johnston, Director, DA/Administrative/Support Services
- Ronnetta Johnson, Director, Victim Assistance Programs/Community Service Programs, Inc.
- Foreman, Grand Jury
- Darlene J. Bloom, Clerk of the Board of Supervisors

The Internal Audit Department is an independent audit function reporting directly to the Orange County Board of Supervisors.

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INTERNAL AUDITOR'S REPORT

Audit No. 2568

November 10, 2005

The Honorable Board of Supervisors
Hall of Administration
10 Civic Center Plaza
Santa Ana, CA 92701

We have completed a limited review of records and documents for the year ended June 30, 2005, pertinent to the agreement (Agreement) between the County of Orange (County) and Community Service Programs, Inc. (CSP), dated August 18, 2004. The Agreement is for providing victim/witness assistance services to the County for the period June 30, 2004 through June 30, 2005.

This review was performed in response to Board Directive No. 81, dated June 28, 2005. The Board Directive "*directed CEO and Internal Audit to work with Superior Court to conduct an audit of the program and analyze the possibility of using District Attorney staff to perform this function in-house*."

OBJECTIVES

Based upon the Board Directive, we developed the following objectives to accomplish our audit:

1. Evaluate, in conjunction with the District Attorney's (DA) Office, the feasibility of the DA's Office performing the victim/witness assistance services currently provided to their office by CSP.

2. Assess the adequacy of CSP's system for segregating and tracking project costs for billing purposes and ascertain that costs were properly billed.

3. Verify expenditures billed for the DA Office Victim/Witness Assistance Services Program were appropriate and adequately supported.

4. Obtain assurance that CSP project overhead allocations were equitable.

BACKGROUND

CSP, a non-profit organization, has been the designated provider of victim/witness assistance services in Orange County for over 30 years. These services include restitution, victim/witness assistance, rape victim services, domestic violence victim services and child dependency services. The combined County budget for this contract is approximately **$1.4 million**. In addition, the Victim Services Division of the Governor's Office of Emergency Services (OES) provides grant funding to CSP in the amount of approximately $1 million to provide mandatory services to victims of all types of crimes per Penal Code 13835.5. In Fiscal Year (FY) 2005/2006, CSP will receive total funding from the County, OES and various city agencies of approximately $4.5 million for all victim/witness assistance projects.

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The Superior Court of the County of Orange (Superior Court) has full authority to act for the County in the practical operations and administration of the victim/witness assistance agreements. The Superior Court Chief Executive Officer acts as County Project Director to supervise and oversee the daily operation and administration of these contracts. CSP is reimbursed for the costs of providing victim/witness assistance services, up to the maximum contract obligation, based on submission of a monthly invoice and supporting documentation to the County Project Director.

SCOPE

Our audit was limited to reviewing CSP business processes related to contract accounting and billing for victim/witness assistance services for the period from July 1, 2004 to June 30, 2005. Test work was performed on those transactions specific to victim/witness assistance services that are billed to the DA's Office under the County contract. The amount budgeted in FY 04/05 for these particular services was approximately $420,000. We also evaluated a cost analysis prepared by DA staff for providing similar victim/witness assistance services in-house. Our methodology included inquiry, auditor observation, and examination and testing of relevant documentation related to cost reimbursements for this program. Our review did not include cost reimbursements for other County programs, OES grant funded programs, or other government agency contracts.

CONCLUSION

1. It does not appear that utilizing DA staff to perform victim/witness services, currently provided under the contract with CSP, would be cost-effective. An analysis prepared by the DA's office estimated an increase in costs of $94,000 if the services were performed in-house. The analysis used the same number and type of personnel proposed by CSP for supervisory and witness specialist personnel and the maximum DA salary rates for these personnel. We prepared the same analysis using average DA personnel salary rates which yielded a cost increase of approximately $42,000.

2. CSP has an adequate system for the segregation, tracking and distribution of project costs. CSP assigns an internal project number for each contract or grant and these numbers are used to accumulate project costs for monthly billing purposes. Timesheets and invoices submitted for payment must include a project number in order for them to be processed. In general, witness specialists (non-supervisory) are assigned to a single project and therefore, charge 100% of their time to that project. Supervisory labor is allocated across all projects based on percentages determined during annual budget preparation.

3. Based on test work performed, expenditures billed to the DA's Office for victim/witness assistance services are appropriate and adequately supported. We reviewed supporting documentation, i.e., timesheets, payroll registers, and invoices, for the June 2005 CSP request for reimbursement for the DA Victim/Witness Assistance Services Program. All documentation reviewed contained project numbers; timesheets were signed by employees and supervisors, and invoices were approved and appropriate to the contract. In addition, we compared witness specialist personnel labor billed to the DA's Office for the month of February 2005 to personnel billed to the OES for the same month. We noted all witness specialists were billed only to a single project.

4. CSP allocates overhead on an equitable basis. We obtained an understanding of the methodology CSP uses to allocate overhead. Labor overhead (i.e., administration) is allocated based on full-time equivalent (FTE) percentages per project, estimated by the CSP Director of Victim/Witness Assistance Programs, based on project needs, during preparation of the annual budgets. We performed an analytical review of administrative FTEs charged to victim/witness programs and noted that, in total, one-half of an administrative FTE, or 8% of all victim/witness program administrative FTEs, is charged to the DA program, which appears to be reasonable.

We found that operating expenses are allocated as follows:

- Expenses directly identifiable to a project are charged to that project.
- Expenses (e.g. copier maintenance) identifiable to a group of projects are allocated based on a project's FTE percentage in relation to total victim/witness assistance project FTEs.
- Administrative office expenses are allocated based on a project's FTE percentage in relation to the total FTEs for all CSP direct project FTEs.

Allocating administrative expenses on an FTE basis appears appropriate for CSP as there is a relationship between these types of expenses to the number of personnel working on a project. Charging general and administrative expenses to all projects is an acceptable practice and again, for CSP, FTEs have the closest relationship to the costs incurred.

Other Information

We reviewed CSP's FY 2004 Audited Financial Statements and Single Audit Report on Expenditures of Federal, Selected State and Other Awards. The CPA's opinion on the audited financial statements was unqualified and the single audit report did not identify any weaknesses in internal control.

We appreciate the courtesy and cooperation extended to us by the personnel at CSP and the DA's Office. If we can be of further assistance, please contact me directly or Eli Littner, Deputy Internal Auditor at (714) 834-5899 or Michael Goodwin, Audit Manager at (714) 834-6066.

Respectfully submitted,

Peter Hughes, Ph.D., CPA
County Internal Auditor

Distribution Pursuant to Audit Oversight Committee Procedure No. 1:

Members, Audit Oversight Committee
Thomas G. Mauk, County Executive Officer
Alan Slater, Chief Executive, Superior Court
Tony Rackauckas, District Attorney
Lisa Bohan-Johnston, Director, DA/Administrative/Support Services
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