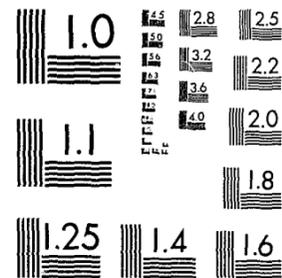


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5/10/84

REPORT BY THE AUDITOR GENERAL OF CALIFORNIA

CALIFORNIA STATE POLICE DIVISION PRO RATA ASSESSMENTS FOR POLICE SERVICES ARE INACCURATE

92223

P-024

APRIL 1982

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April 23, 1982

024

The Honorable President pro Tempore of the Senate
The Honorable Speaker of the Assembly
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Transmitted herewith is the Auditor General's report on the California State Police. The audit request expressed concerns regarding the accuracy of the Department of General Services' billing for police services, whether or not the police services meet the needs of state agencies without duplication of other services, and the adequacy of the work load standards used by the department in overseeing the state police.

The report discloses that in 1981-82 some state agencies were underassessed \$220,000 for their share of the cost of police services. Overassessments were \$27,000 in the same period. These discrepancies occurred because of inaccuracies in identifying properties receiving state police protection.

The basic workload standard provides for one state police officer for 1,500 state employees, and one security officer for 4,000 square feet of parking space. Staffing was studied by the Department of Finance in 1979, their recommendations were not implemented. It appears that a new study should be made as the staffing has increased by over 100 state police officers since 1979.

Respectfully submitted,

WALTER M. INGALLS
Chairman, Joint Legislative
Audit Committee

WMI:smh

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

024

CALIFORNIA STATE POLICE
DIVISION PRO RATA ASSESSMENTS FOR
POLICE SERVICES ARE INACCURATE

APRIL 1982

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ACQUISITIONS

SUMMARY

We reviewed the method by which the California State Police Division (CSPD) maintains its inventory of property for assessing a pro rata charge for police services. The CSPD calculates its pro rata assessment based on an inaccurate property inventory. As a result of this inaccurate method of calculation, some agencies have been underassessed for their share of pro rata costs, while other agencies have been overassessed.

To improve the accuracy of its property inventory, the CSPD should establish clear guidelines defining property that is eligible for pro rata charges and undertake a comprehensive survey of state agencies to discover errors and omissions from its inventory list. In addition, the CSPD should establish a mechanism to prevent errors and to update its property inventory list as changes occur.

This report also provides information about the adequacy of the pro rata property list in reflecting the security needs of state property, the staffing needs of the CSPD, and the duplication of effort between CSPD security and agency security.

INTRODUCTION

In response to a request by the Joint Legislative Audit Committee, we have reviewed the methods used by the California State Police Division (CSPD) to develop and maintain its inventory of state property. The CSPD uses this inventory as a basis for calculating pro rata assessments of state agencies for which the CSPD provides services. Also, we were requested to provide information to the Legislature about the adequacy of the pro rata property inventory in reflecting the security needs of state property, the staffing needs of the CSPD, and the duplication of effort between CSPD security and agency security. This review was conducted under the authority vested in the Auditor General by Sections 10527 through 10528 of the Government Code.

Background

The California State Police Division began operation with the appointment of capitol policemen in the 1860s. Through the years, its role has expanded, and the division now provides police services in many areas of California.

The CSPD is organized within the Department of General Services. Government Code Section 14613 provides broad statutory authority for the Director of the Department of General Services to appoint CSPD staff to provide protection and police services to state buildings and grounds and their occupants. The California Administrative Code, Title 2, Section 1201(c), defines state property as all property owned, leased, rented, controlled, used, or occupied by any department or any part of the government of the State of California.

In fiscal year 1980-81, the CSPD was budgeted for \$9,465,000; the budget included allocations for 317 employees. Two main sources provided the funding: the General Fund and reimbursements from state agencies. Reimbursements from state agencies provided the largest share of funding, approximately 70 percent, while the remaining portion came directly from the General Fund.

State agencies reimburse the CSPD for two types of service, contract and pro rata. Agencies needing the continuous presence of an officer or guard may contract directly with the CSPD for this service. The CSPD charges agencies a fee, based on an hourly rate, for this contract service. Pro rata service provides only a routine patrol and an on-call availability of police officers to state facilities

lying within the CSPD's service areas. State agencies reimburse the CSPD for this service through a pro rata charge, which is determined according to the amount of office and/or parking space an agency occupies within the CSPD's jurisdiction. These pro rata charges account for approximately 40 percent of the CSPD's total funding sources.

The CSPD calculates the amount that it will charge an agency for pro rata services by using two cost rates, one for parking space and one for office space. To determine the amount of reimbursement, the CSPD multiplies the rates by the square footage contained within the region served by the CSPD. The CSPD derives the cost rates by dividing its costs of providing pro rata service by the total amount of office and/or parking space within the areas served.

The CSPD derives the property inventory used in calculating the rate and the pro rata charge from the Space Management Division of the Department of General Services and from data maintained at the CSPD. The Space Management Division maintains records of most state property acquisitions, transfers, and disposals. However, agencies managing their own property are not necessarily included in the Space Management Division's inventory records. Consequently, the CSPD must maintain its own inventory of these properties for billing purposes.

Previous Audit Work
Performed by the Auditor General

The preliminary work for this audit was performed by the Office of the Auditor General in August 1980. At that time, we identified problems in the accuracy of the CSPD's pro rata property list. The CSPD indicated that it would take steps to correct these inaccuracies. At the direction of the Joint Legislative Audit Committee, the Auditor General postponed further audit work in order to give the CSPD the opportunity to correct these deficiencies. However, subsequent audit work revealed that although the CSPD has made some progress, it has not corrected all of these inaccuracies.

Scope and Methodology

We focused our review on the accuracy and adequacy of the property inventory maintained by the CSPD for purposes of assessing agencies for the CSPD's pro rata services. We first reviewed the guidelines that determine whether a state facility is subject to a pro rata assessment. We then searched the records of the Space Management Division to determine whether the CSPD was assessing all the state facilities that it should assess. Conversely, we also searched the CSPD's billing records to determine if there were facilities being assessed that should not have been.

Further, we looked for errors in the property inventory by surveying three state agencies with large property holdings: the Department of Motor Vehicles, the Employment Development Department, and the Department of Transportation. We reviewed the property records of these departments looking not only for errors in current listings but also for property that the CSPD had omitted from its inventory list.

.As part of our overall test of the pro rata inventory list, we interviewed staff and examined the mechanisms used by both the Space Management Division and the CSPD in maintaining and adjusting the property inventory used to calculate the pro rata assessment.

The Legislature also asked us to provide information about the adequacy of the pro rata property list in reflecting the security needs of state property, the staffing needs of the CSPD, and the duplication of effort between CSPD security and agency security. We reviewed the CSPD's files and a recent Department of Finance audit report that dealt with these issues. We present this information in the section entitled "Information Requested by the Legislature."

AUDIT RESULTS

THE CALIFORNIA STATE POLICE
DIVISION'S ASSESSMENTS FOR
PRO RATA SERVICES ARE INACCURATE

The CSPD is not collecting the correct amount of pro rata assessments from state agencies because the property list by which the assessments are calculated is inaccurate. This property list includes office and parking space that agencies occupy within regions served by the CSPD. Although we tested only part of the property inventory used by the CSPD in calculating pro rata assessments, our results show that some state agencies have been underassessed for their share of pro rata police services, while other state agencies have been overassessed for their share of the CSPD's costs. Using fiscal year 1981-82 rates, for example, the amount that some agencies have been underassessed for the current year is approximately \$220,000; overassessments for the current year are approximately \$27,000.

Approximately 40 percent of the CSPD's funding comes from pro rata assessments levied against agencies receiving police services. The CSPD assesses pro rata costs using two cost rates: one for office square footage and one for parking

square footage. The CSPD calculates the cost to each agency by multiplying the appropriate rate by the amount of office and/or parking space contained in the area that the CSPD serves.

During our audit, we found that some agencies occupied property within the CSPD's jurisdiction that should have received a pro rata assessment for services but did not. For example, we found 38 pieces of unassessed property in 13 different agencies. Table 1 details these inaccuracies.

TABLE 1
INACCURACIES IN
PRO RATA ASSESSMENTS

<u>State Agency</u>	<u>Number of Pieces of Property</u>	<u>Office Space (Sq. Ft.)</u>	<u>Parking Space (Sq. Ft.)</u>	<u>Total Underassessments at Fiscal Year 1981-82 Rates</u>
Department of Motor Vehicles	12	138,818	476,700	\$ 83,946
Employment Development Department	11	95,740	272,100	53,362
Franchise Tax Board	1	76,480	77,400	31,430
Miscellaneous Agencies	<u>14</u>	<u>41,240</u>	<u>106,400</u>	<u>22,121</u>
Total	<u>38</u>	<u>352,278</u>	<u>932,600</u>	<u>\$190,859</u>

Additionally, we reviewed property records in 4 of the Department of Transportation's 11 districts and found that altogether the department lists almost 90,000 more square feet of office space lying within the CSPD's service areas on its

records than the CSPD does on its pro rata property list. Based on fiscal year 1981-82 rates, this discrepancy would result in an additional underassessment of almost \$30,000.

We also found 11 pieces of property in six different agencies that were assessed for pro rata services but were not within the CSPD's service area. According to fiscal year 1981-82 rates, these agencies were overassessed approximately \$27,000.

Two reasons account for these billing errors. First, until recently the Space Management Division used guidelines from the State Administrative Manual to determine whether a property should be coded for pro rata assessment. These guidelines were, in some cases, difficult to follow. In the Los Angeles metropolitan area, the guidelines define the CSPD's jurisdiction as a geographical area outlined by certain city streets. However, the guidelines name some cities in the metropolitan area but not others. For example, Van Nuys, Compton, and Sepulveda are all within the Los Angeles metropolitan area but are not mentioned in the guidelines. We found properties in each of these cities that were apparently omitted because staff entering data into the computer file were not sure whether these facilities should be part of the CSPD's property inventory. As a result, these properties were not assessed for CSPD pro rata services. Second, the CSPD does not

have a systematic mechanism to monitor acquisitions, disposals, and transfers of property owned and managed by state agencies. As a result, changes occurring in the property inventory are usually detected only by accident.

CONCLUSION

Because of the inaccuracies in the property list that the California State Police Division uses to calculate pro rata charges, many state agencies are either being overassessed or underassessed for CSPD's services. In addition, the actual rates used in calculating all assessments may be distorted because of inaccuracies in the data used to develop the rates.

RECOMMENDATION

We recommend that the California State Police Division correct the inaccuracies that currently exist in its property inventory list. We further recommend that the CSPD develop a system to prevent errors from occurring in the future. Specifically, we recommend that the CSPD do the following:

- Establish firm guidelines defining the geographical boundaries of the CSPD's pro rata jurisdiction;
- Conduct a comprehensive survey of property that is managed by state agencies in order to correct inaccuracies in the current pro rata inventory; and
- Establish a mechanism to ensure that future acquisitions, transfers, and disposals of property are identified and that the pro rata inventory list is adjusted accordingly.

CORRECTIVE ACTION TAKEN

During our review, the CSPD took steps to correct some of the deficiencies identified during the audit. These corrections include the following:

- The CSPD issued new guidelines to the Space Management Division. These guidelines use city boundaries to define the areas within which state property is subject to a pro rata assessment, making it much easier to determine if a facility should receive a pro rata assessment;

- The CSPD issued orders to correct some errors in the property inventory found during the audit; and
- The CSPD initiated a survey of state agencies that owned their own property. The CSPD undertook this survey in an attempt to find errors resulting from previously unrecognized property changes. However, the CSPD has yet to establish a formalized system to adjust the property inventory according to periodic changes.

INFORMATION
REQUESTED BY THE LEGISLATURE

In addition to reviewing the accuracy and adequacy of the pro rata property inventory, we were also asked to provide information about three other aspects of the CSPD operations. First, does the pro rata inventory list adequately reflect the security needs of state property? Second, what workload standard was used in determining the CSPD's staffing and is that standard adequate? Finally, is it economical for some state agencies to maintain their own security staff when the CSPD's services are available?

Pro Rata and Security
Needs of State Property

We examined a sample of the CSPD's crime/incident reports to determine if the pro rata inventory list adequately reflects the security needs of state property. We examined these reports to determine if the CSPD's practice of assessing agencies for police services based on office and/or parking space seemed reasonable.

The CSPD filed more than 15,900 crime/incident reports during 1981. Officers must file these reports whenever any incident, however minor, occurs. We selected a

statistically valid sample of 202 reports for our review and found that of these 202 cases, 102 were handled by officers being paid out of pro rata funds; the remainder were charged either to agencies under contract or to the General Fund.

Fourteen of the 102 pro rata cases (approximately 14 percent) were traced to pieces of property not appearing on the CSPD's pro rata inventory list. Among these 14 were Sutter's Fort and the Railroad Museum, both of which are adjacent to the capitol area. Because they have no office or parking space, however, they are not classified as property to be assessed pro rata charges. Members of the CSPD staff stated that they were aware of providing service to properties that were not being assessed a pro rata charge but that they were unaware of the extent to which it was occurring.

Despite such cases as Sutter's Fort and the Railroad Museum, our sample seems to indicate that properties classified for pro rata assessment are usually the ones requiring the CSPD's services. Therefore, the CSPD's practice of assessing agencies for its services based on office and/or parking space appears to be an adequate one.

State Police Staffing

The State Administrative Manual (SAM), Section 2611, contains the basic workload standard used to determine the CSPD's staffing. This basic level of service is one state police officer per 1,500 employees or one state security officer per 400,000 square feet of parking space. The SAM also allows the CSPD and the Department of General Services to adjust the level of service if either an evaluation of the specific environment or the needs of a particular agency warrant such adjustment.

In March 1979, the Department of Finance's Program Evaluation Unit issued a report that in part discussed the CSPD's staffing. The report recommended that the CSPD's services outside of the capitol area be sharply reduced. The report also stated that more security could be obtained by using security guards because two security guards could be hired for every one police officer. The report further pointed out that while police officers provide a greater range of services than do security guards, many of those services could be provided by local law enforcement agencies.

The CSPD did not agree with the findings of the Department of Finance. To demonstrate that existing levels of police officer staffing was necessary, the CSPD presented

letters of support from the heads of local law enforcement agencies. These letters generally stated that local agencies were currently hard-pressed to provide services to their own communities because of reduced budgets. The letters further stated that although local agencies would always respond to emergencies, they would be unable to provide the level of service currently provided by the CSPD.

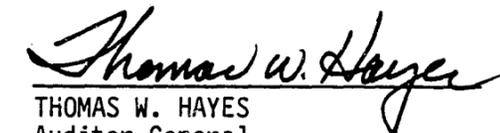
The recommendations in the Department of Finance audit report that staffing be reduced and officers be replaced by guards have not been followed. In fact, since the time the audit report was issued, the Department of Finance has approved additional positions for officers; these positions are supported by pro rata funds.

Duplication of
Security Services

Another issue that the Department of Finance's 1979 audit report addressed was whether it was economical for state agencies to employ their own security staff when the CSPD's services were available. The report reviewed a variety of state agencies and facilities that provide their own security services and assessed whether it would be more economical for the CSPD to assume the responsibility for security.

The report recommended that the CSPD assume security responsibility in some agencies. For example, the Employment Development Department and the Department of Justice both employ their own security staff at their Sacramento headquarters. The Department of Finance recommended that these departments eliminate their security staff and transfer that responsibility to the CSPD. Conversely, for other agencies, the Department of Finance recommended against the CSPD's assuming a security role. The state hospitals and the universities and colleges were two examples where, according to the Department of Finance, security should remain under agency control.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

Date: April 20, 1982

Staff: Eugene T. Potter, Audit Manager
James H. McAlister

Memorandum

Date : April 5, 1982

File No. :

To : Thomas W. Hayes, Auditor General
Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814Subject : Report on State Police
Pro Rata Assessments

From : Department of General Services

Thank you for giving me the opportunity to review your draft report entitled "California State Police Division Pro Rata Assessments for Police Services are Inaccurate". The report is factual and does not include any statements which the Department of General Services (DGS) takes exception to. Because it is acknowledged by DGS staff that some pro rata assessment inaccuracies do exist, I appreciate your staff's recommendations.

Specifically, the report recommends that (1) guidelines be established defining the geographic boundaries of the CSP pro rata jurisdiction, (2) a comprehensive survey of property that is managed by state agencies be conducted in order to correct inaccuracies in the current inventory, and (3) a mechanism be established to ensure that future acquisitions, transfers, and disposals of property are identified and that the pro rata inventory list is adjusted accordingly.

In response to the recommendations, the following comments are given:

- (1) As stated in the report, the California State Police (CSP) did issue new guidelines to the Space Management Division defining the geographic boundaries of the CSP pro rata jurisdiction.
- (2) As also stated in the report, the CSP did initiate a survey of state agencies that manage their own property. The survey was sent to 17 of the larger state agencies, and requested square footage information relative to agency-managed property within the CSP geographic locations. (In some instances, follow-up letters were necessary as agencies did not respond to the initial survey.) The information received from the agencies, if different than or not included on the current inventory list, has either been removed, included or corrected. In a few instances, discussion is still going on regarding the information received. The CSP is now requesting the same information from the remaining 149 state agencies that receive pro rata services. The agencies are being asked to respond by May 15, 1982. It is hoped that the information will be received promptly, and that the information submitted, if different than

April 5, 1982

that on the inventory list, will be corrected by the first quarter billing for the 1982-83 Fiscal Year. It should be noted, however, that there is no feasible way for the CSP to ensure that the information received is completely accurate and all-inclusive.

- (3) The mechanism to identify future acquisitions, transfers, and disposals of agency-managed property is being developed. Currently, there is a mechanism to capture this data, although it is not taken advantage of by agencies. Agencies are invoiced each quarter for pro rata services. The invoices list all property and the relative square footage being billed for. The agencies should review these invoices for complete and accurate data. Although many agencies do this, and debits or credits are issued and information corrected, many also do not. Therefore, to encourage agencies to review the invoices each quarter, and in turn to notify the CSP of any inaccuracies, a statement to that effect will be included with all invoices beginning in the 1982-83 Fiscal Year. In addition, it is planned that each July 1, the CSP will resurvey all 168 agencies and request updated information. To ensure that agencies comply, the CSP has requested the following addition to the State Administrative Manual:

"2680 Each state agency shall comply with requests from the California State Police to provide facility information including location and office and parking lot square footage. Each state agency shall notify the California State Police within thirty days when vacating, relocating or opening any state owned or leased facility that has not been coordinated through the Space Management Division of the Department of General Services when that facility is located within the geographical service area of the California State Police as enumerated in Section 2625 of the California State Administrative Manual."

I want to assure you that all steps will be taken to ensure the accuracy of the pro rata inventory list. However, as there are thousands of addresses which are being billed for, and accurate information is sometimes only obtainable from the 168 agencies being provided pro rata services, there is no definite method to ensure complete accuracy.

In regards to the section entitled "State Police Staffing" the report states "the recommendations in the Department of Finance audit report that staffing be reduced and officers be replaced by guards have not been followed". This statement is misleading in that it could be interpreted to mean that the CSP did not follow through on the Department of Finance's recommendations. In fact, there was never an agreement between the Department of General Services and the Department of Finance that the recommendations were valid and subsequently additional resources have been included in the Governor's Budget. For clarification, the CSP does evaluate the security needs of state facilities and their occupants and staffs accordingly, whether it be for police officers or security guards.

April 5, 1982

Again, thank you for giving me the opportunity to review your draft report. If you have any questions, please call William Skelton, Chief of the California State Police at 445-1150.

David E. Janssen
 For David E. Janssen
 Director of General Services

DEJ:DBK:p1

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