

# **SACRAMENTO COUNTY**

Audit Report

## **SEXUALLY VIOLENT PREDATORS PROGRAM**

Chapter 762 and 763, Statutes of 1995;  
and Chapter 4, Statutes of 1996

*July 1, 2011, through June 30, 2022*



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

June 2025



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

June 27, 2025

**CERTIFIED MAIL—RETURN RECEIPT REQUESTED**

Mr. Chad Rinde, Director of Finance  
Sacramento County  
700 H Street, Room 3650  
Sacramento, CA 95814

Dear Mr. Rinde:

The State Controller's Office audited the costs claimed by Sacramento County (the county) for the legislatively mandated Sexually Violent Predators Program for the period of July 1, 2011, through June 30, 2022.

The county claimed \$7,981,170 for costs of the mandated program. Our audit found that \$7,236,844 is allowable (\$7,246,844 less a \$10,000 penalty for filing a late claim) and \$744,326 is unallowable. The costs are unallowable because the county overstated salary and benefit costs, overstated materials and supplies costs, claimed ineligible and unsupported contract services costs, and overstated indirect costs. The State paid the county \$4,082,490.

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

This final audit report contains an adjustment to costs claimed by the county. If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission). Pursuant to section 1185.1(c) of the Commission's regulations (Title 2, California Code of Regulations), an IRC challenging this adjustment must be filed with the Commission no later than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended. IRC information is available on the Commission's website at [www.csm.ca.gov/request-form.php](http://www.csm.ca.gov/request-form.php).

Mr. Chad Rinde

June 27, 2025

Page 2 of 3

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

Sincerely,

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

KAT/ac

Mr. Chad Rinde

June 27, 2025

Page 3 of 3

Copy: Mark Aspesi, CPA, Deputy Director of Finance  
Sacramento County  
Amanda Benson, Public Defender  
Sacramento County  
The Honorable Phil Serna, Chair  
Sacramento County Board of Supervisors  
Theresa Huff, Executive Director  
Sacramento County Conflict Criminal Defenders Office  
Jennifer Elizalde, Administrative Services Officer II  
Sacramento County Conflict Criminal Defenders Office  
John Black, Chief  
Administrative and Fiscal Services  
Sacramento County District Attorney's Office  
Laura West, Principal Criminal Attorney  
Sacramento County District Attorney's Office  
Poonam Aujla, Assistant Auditor-Controller  
Sacramento County Finance Department  
Olga Bachylo, Accounting Manager  
Sacramento County Finance Department  
Stephan Cheek, Administrative Services Officer III  
Sacramento County Public Defender's Office  
Jennifer Griffin, Chief  
Departmental Administrative Services  
Sacramento County Sheriff's Office  
Chris Hill, Principal Program Budget Analyst  
Local Government Unit  
California Department of Finance  
Kaily Yap, Finance Budget Analyst  
Local Government Unit  
California Department of Finance  
Darryl Mar, Manager  
Local Reimbursements Section  
State Controller's Office  
Everett Luc, Supervisor  
Local Reimbursements Section  
State Controller's Office

# Contents

## **Audit Report**

|                                                           |           |
|-----------------------------------------------------------|-----------|
| <b>Summary .....</b>                                      | <b>1</b>  |
| <b>Background .....</b>                                   | <b>1</b>  |
| <b>Audit Authority.....</b>                               | <b>2</b>  |
| <b>Objective, Scope, and Methodology .....</b>            | <b>2</b>  |
| <b>Conclusion .....</b>                                   | <b>3</b>  |
| <b>Follow-up on Prior Audit Findings.....</b>             | <b>4</b>  |
| <b>Views of Responsible Officials.....</b>                | <b>4</b>  |
| <b>Restricted Use .....</b>                               | <b>4</b>  |
| <b>Schedule—Summary of Program Costs .....</b>            | <b>5</b>  |
| <b>Findings and Recommendations.....</b>                  | <b>10</b> |
| <b>Attachment—County’s Response to Draft Audit Report</b> |           |

# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by Sacramento County (the county) for the legislatively mandated Sexually Violent Predators (SVP) Program for the period of July 1, 2011, through June 30, 2022.

The county claimed \$7,981,170 for costs of the mandated program. Our audit found that \$7,236,844 is allowable (\$7,246,844 less a \$10,000 penalty for filing a late claim) and \$744,326 is unallowable. The costs are unallowable because the county overstated salary and benefit costs, overstated materials and supplies costs, claimed ineligible and unsupported contract services costs, and overstated indirect costs. The State paid the county \$4,082,490.

## Background

Welfare and Institutions Code sections 6250, and 6600 through 6608 (added by Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) established new civil commitment procedures for the continued detention and treatment of sexually violent offenders following completion of prison terms for certain sex-related offenses. Before detention and treatment are imposed, the county attorney is required to file a petition for civil commitment. A trial is then conducted to determine whether the inmate is a sexually violent predator beyond a reasonable doubt. If the inmate accused of being a sexually violent predator is indigent, the test claim legislation requires counties to provide the inmate with the assistance of counsel and experts necessary to prepare a defense.

On June 25, 1998, the Commission on State Mandates (Commission) determined that Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996, imposed a reimbursable state mandate 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 September 24, 1998, and amended them on October 30, 2009. In compliance with GC section 17558, the SCO issues the *Mandated Cost Manual for Local Agencies (Mandated Cost Manual)* to assist local agencies in claiming mandated program reimbursable costs.

On July 26, 2019, the Commission adopted an Order to Set Aside the Statement of Decision that had been adopted on December 6, 2013, and the Statement of Decision and parameters and guidelines that had been adopted on May 30, 2014. The Commission's Order reinstated the SVP Program as originally adopted on June 25, 1998.

The Commission's Order applied only to costs incurred for fiscal year (FY) 2011-12 through FY 2017-18. For clarity, we designated claims submitted from FY 2011-12 through FY 2017-18 as pertaining to Program Number 376, and claims submitted from FY 2018-19 through FY 2021-22 as pertaining to Program Number 175.

**Audit Authority**

We conducted this performance audit in accordance with GC sections 17558.5 and 17561, which authorize the SCO to audit the county'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 SVP 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.

The audit period was July 1, 2011, through June 30, 2022.

To achieve our objective, we performed the following procedures:

- We reviewed the annual mandated cost claims filed by the county for the audit period and identified the significant cost components of each claim as salaries, benefits, materials and supplies, contract services, travel and training, and indirect costs.
- We determined whether there were any errors or unusual or unexpected variances from year to year. We then reviewed the claimed activities to determine whether they adhered to the SCO's claiming instructions and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key county staff. We discussed the claim preparation process with county staff to determine what information was obtained, who obtained it, and how it was used.
- We assessed the reliability of data (time management, payroll, and expenditure records) generated by the county's information management system and enterprise software applications by interviewing various county staff members and examining source documents that the county provided. We determined that the data was sufficiently reliable for the purposes of this report.
- We traced productive hourly rate (PHR) calculations for all employee classifications performing the mandated activities to supporting information in the county's payroll system. We determined that the claimed PHRs were reasonable.
- We traced a sample of the employees' claimed hours to the Stop Billing Detail Report for the District Attorney's (DA) Office and to the Case Labor Details Report for the Public Defender's (PD) Office to verify that the costs were properly supported and were mandate-related (see Finding 1).

- We reviewed and analyzed the materials and supplies costs claimed by the DA's Office, the PD's Office, the Conflict Criminal Defenders (CCD) Office, and the Sheriff's Office to verify that the costs were properly supported and were mandate-related (see Finding 2).
- We traced the claimed contract services costs to supporting invoices to ensure that the costs were claimed during the fiscal year in which the services were provided, and that they were mandate-related (see Finding 3).
- We reviewed and analyzed a sample of the travel and training costs claimed by the DA's Office, the PD's Office, and the CCD Office to verify that the costs were properly supported and were mandate-related (see Finding 4).
- We reviewed and analyzed housing costs claimed by the Sheriff's Office to confirm that the daily jail rates used by the county were based on actual costs, and that the number of jail days for each defendant was calculated correctly (see Finding 4).
- We verified that the indirect costs claimed for each fiscal year of the audit period were for common or joint purposes and that indirect cost rates were properly calculated, supported, and applied (see Finding 5).
- We inquired with county staff members and reviewed single audit reports (with accompanying financial statements) and 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 conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require 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 the 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 county claimed costs that were funded by other sources; however, we did find that it claimed unsupported and ineligible costs, as quantified in the Schedule and described in the Findings and Recommendations section of this audit report.

For the audit period, the county claimed \$7,981,170 for costs of the legislatively mandated SVP Program. Our audit found that \$7,236,844 is allowable (\$7,246,844 less a \$10,000 penalty for filing a late claim) and \$744,326 is unallowable. The payment information is as follows:

- For the FY 2018-19 through FY 2021-22 claim, we found that \$3,645,936 is allowable. The State paid the county \$4,082,490.

- For the FY 2011-12 through FY 2017-18 claims, we found that \$3,590,908 is allowable. The State made no payments to the county. The State will pay \$3,590,908 contingent upon available appropriations.

Following issuance of this audit report, the SCO's Local Government Programs and Services Division will notify the county 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 county has satisfactorily resolved the findings noted in our prior audit report for the period of July 1, 1999, through June 30, 2002, issued on November 30, 2005, with the exception of Finding 6 of this audit report.

### **Views of Responsible Officials**

We issued a draft audit report on February 11, 2025. A county representative responded by letter dated February 21, 2025, agreeing with the audit results except for parts of Findings 1 and 2. This final audit report includes the county's response as an attachment.

### **Restricted Use**

This audit report is solely for the information and use of the county, 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](http://www.sco.ca.gov).

*Original signed by*

Kimberly A. Tarvin, CPA  
Chief, Division of Audits

June 27, 2025

## Schedule— Summary of Program Costs July 1, 2011, through June 30, 2022

| Cost Elements                                               | Actual Costs<br>Claimed | Allowable<br>per Audit | Audit<br>Adjustment | Reference <sup>1</sup> |
|-------------------------------------------------------------|-------------------------|------------------------|---------------------|------------------------|
| <u>July 1, 2011, through June 30, 2012</u>                  |                         |                        |                     |                        |
| <i>Program Number 376 Claims<sup>2</sup>:</i>               |                         |                        |                     |                        |
| Direct costs:                                               |                         |                        |                     |                        |
| Salaries                                                    | \$ 339,767              | \$ 292,646             | \$ (47,121)         | Finding 1              |
| Benefits                                                    | 121,660                 | 102,597                | (19,063)            | Finding 1              |
| Materials and supplies                                      | 155,061                 | 8,036                  | (147,025)           | Finding 2              |
| Contract services                                           | 302,394                 | 271,270                | (31,124)            | Finding 3              |
| Travel and training                                         | 1,249                   | 114,549                | 113,300             | Finding 4              |
| Total direct costs                                          | 920,131                 | 789,098                | (131,033)           |                        |
| Indirect costs                                              | 121,017                 | 94,984                 | (26,033)            | Findings 1, 5          |
| Total program costs                                         | <u>\$ 1,041,148</u>     | 884,082                | <u>\$ (157,066)</u> |                        |
| Less amount paid by the State <sup>3</sup>                  |                         | -                      |                     |                        |
| Allowable costs claimed in excess of amount paid            |                         | <u>\$ 884,082</u>      |                     |                        |
| <u>July 1, 2012, through June 30, 2013</u>                  |                         |                        |                     |                        |
| <i>Program Number 376 Claims<sup>2</sup>:</i>               |                         |                        |                     |                        |
| Direct costs:                                               |                         |                        |                     |                        |
| Salaries                                                    | \$ 178,212              | \$ 170,524             | \$ (7,688)          | Finding 1              |
| Benefits                                                    | 68,612                  | 65,853                 | (2,759)             | Finding 1              |
| Materials and supplies                                      | 147,852                 | -                      | (147,852)           | Finding 2              |
| Contract services                                           | 135,695                 | 220,477                | 84,782              | Finding 3              |
| Travel and training                                         | -                       | 102,890                | 102,890             | Finding 4              |
| Total direct costs                                          | 530,371                 | 559,744                | 29,373              |                        |
| Indirect costs                                              | 56,475                  | 54,180                 | (2,295)             | Findings 1, 5          |
| Total direct and indirect costs                             | 586,846                 | 613,924                | 27,078              |                        |
| Less allowable costs that exceed costs claimed <sup>4</sup> | -                       | (27,078)               | (27,078)            |                        |
| Total program costs                                         | <u>\$ 586,846</u>       | 586,846                | <u>\$ -</u>         |                        |
| Less amount paid by the State <sup>3</sup>                  |                         | -                      |                     |                        |
| Allowable costs claimed in excess of amount paid            |                         | <u>\$ 586,846</u>      |                     |                        |

## Schedule (continued)

| Cost Elements                                               | Actual Costs<br>Claimed | Allowable<br>per Audit | Audit<br>Adjustment | Reference <sup>1</sup> |
|-------------------------------------------------------------|-------------------------|------------------------|---------------------|------------------------|
| <u>July 1, 2013, through June 30, 2014</u>                  |                         |                        |                     |                        |
| <i>Program Number 376 Claims<sup>2</sup>:</i>               |                         |                        |                     |                        |
| Direct costs:                                               |                         |                        |                     |                        |
| Salaries                                                    | \$ 216,750              | \$ 215,865             | \$ (885)            | Finding 1              |
| Benefits                                                    | 87,979                  | 86,487                 | (1,492)             | Finding 1              |
| Materials and supplies                                      | 69,838                  | -                      | (69,838)            | Finding 2              |
| Contract services                                           | 205,320                 | 184,827                | (20,493)            | Finding 3              |
| Travel and training                                         | -                       | 95,647                 | 95,647              | Finding 4              |
| Total direct costs                                          | 579,887                 | 582,826                | 2,939               |                        |
| Indirect costs                                              | 76,754                  | 76,465                 | (289)               | Findings 1, 5          |
| Total direct and indirect costs                             | 656,641                 | 659,291                | 2,650               |                        |
| Less allowable costs that exceed costs claimed <sup>4</sup> | -                       | (2,650)                | (2,650)             |                        |
| Total program costs                                         | <u>\$ 656,641</u>       | 656,641                | <u>\$ -</u>         |                        |
| Less amount paid by the State <sup>3</sup>                  |                         | -                      |                     |                        |
| Allowable costs claimed in excess of amount paid            |                         | <u>\$ 656,641</u>      |                     |                        |
| <u>July 1, 2014, through June 30, 2015</u>                  |                         |                        |                     |                        |
| <i>Program Number 376 Claims<sup>2</sup>:</i>               |                         |                        |                     |                        |
| Direct costs:                                               |                         |                        |                     |                        |
| Salaries                                                    | \$ 104,359              | \$ 95,006              | \$ (9,353)          | Finding 1              |
| Benefits                                                    | 41,532                  | 37,486                 | (4,046)             | Finding 1              |
| Materials and supplies                                      | 60,800                  | -                      | (60,800)            | Finding 2              |
| Contract services                                           | 123,745                 | 157,824                | 34,079              | Finding 3              |
| Travel and training                                         | -                       | 76,451                 | 76,451              | Finding 4              |
| Total direct costs                                          | 330,436                 | 366,767                | 36,331              |                        |
| Indirect costs                                              | 41,289                  | 35,056                 | (6,233)             | Findings 1, 5          |
| Total direct and indirect costs                             | 371,725                 | 401,823                | 30,098              |                        |
| Less allowable costs that exceed costs claimed <sup>4</sup> | -                       | (30,098)               | (30,098)            |                        |
| Total program costs                                         | <u>\$ 371,725</u>       | 371,725                | <u>\$ -</u>         |                        |
| Less amount paid by the State <sup>3</sup>                  |                         | -                      |                     |                        |
| Allowable costs claimed in excess of amount paid            |                         | <u>\$ 371,725</u>      |                     |                        |
| <u>July 1, 2015, through June 30, 2016</u>                  |                         |                        |                     |                        |
| <i>Program Number 376 Claims<sup>2</sup>:</i>               |                         |                        |                     |                        |
| Direct costs:                                               |                         |                        |                     |                        |
| Salaries                                                    | \$ 74,959               | \$ 73,627              | \$ (1,332)          | Finding 1              |
| Benefits                                                    | 27,130                  | 26,253                 | (877)               | Finding 1              |
| Materials and supplies                                      | 31,200                  | -                      | (31,200)            | Finding 2              |
| Contract services                                           | 179,948                 | 150,818                | (29,130)            | Finding 3              |
| Travel and training                                         | -                       | 39,331                 | 39,331              | Finding 4              |
| Total direct costs                                          | 313,237                 | 290,029                | (23,208)            |                        |
| Indirect costs                                              | 34,113                  | 29,885                 | (4,228)             | Findings 1, 5          |
| Total program costs                                         | <u>\$ 347,350</u>       | 319,914                | <u>\$ (27,436)</u>  |                        |
| Less amount paid by the State <sup>3</sup>                  |                         | -                      |                     |                        |
| Allowable costs claimed in excess of amount paid            |                         | <u>\$ 319,914</u>      |                     |                        |

## Schedule (continued)

| Cost Elements                                    | Actual Costs<br>Claimed | Allowable<br>per Audit | Audit<br>Adjustment | Reference <sup>1</sup> |
|--------------------------------------------------|-------------------------|------------------------|---------------------|------------------------|
| <u>July 1, 2016, through June 30, 2017</u>       |                         |                        |                     |                        |
| <i>Program Number 376 Claims<sup>2</sup>:</i>    |                         |                        |                     |                        |
| Direct costs:                                    |                         |                        |                     |                        |
| Salaries                                         | \$ 57,728               | \$ 56,457              | \$ (1,271)          | Finding 1              |
| Benefits                                         | 18,265                  | 17,547                 | (718)               | Finding 1              |
| Materials and supplies                           | 55,167                  | -                      | (55,167)            | Finding 2              |
| Contract services                                | 151,517                 | 137,612                | (13,905)            | Finding 3              |
| Travel and training                              | -                       | -                      | -                   | Finding 4              |
| Total direct costs                               | 282,677                 | 211,616                | (71,061)            |                        |
| Indirect costs                                   | 26,589                  | 24,186                 | (2,403)             | Findings 1, 5          |
| Total program costs                              | <u>\$ 309,266</u>       | 235,802                | <u>\$ (73,464)</u>  |                        |
| Less amount paid by the State <sup>3</sup>       |                         | -                      |                     |                        |
| Allowable costs claimed in excess of amount paid |                         | <u>\$ 235,802</u>      |                     |                        |
| <u>July 1, 2017, through June 30, 2018</u>       |                         |                        |                     |                        |
| <i>Program Number 376 Claims<sup>2</sup>:</i>    |                         |                        |                     |                        |
| Direct costs:                                    |                         |                        |                     |                        |
| Salaries                                         | \$ 160,440              | \$ 149,466             | \$ (10,974)         | Finding 1              |
| Benefits                                         | 55,582                  | 48,636                 | (6,946)             | Finding 1              |
| Materials and supplies                           | 108,160                 | -                      | (108,160)           | Finding 2              |
| Contract services                                | 180,539                 | 155,606                | (24,933)            | Finding 3              |
| Travel and training                              | 397                     | 121,791                | 121,394             | Finding 4              |
| Total direct costs                               | 505,118                 | 475,499                | (29,619)            |                        |
| Indirect costs                                   | 70,586                  | 60,399                 | (10,187)            | Findings 1, 5          |
| Total program costs                              | <u>\$ 575,704</u>       | 535,898                | <u>\$ (39,806)</u>  |                        |
| Less amount paid by the State <sup>3</sup>       |                         | -                      |                     |                        |
| Allowable costs claimed in excess of amount paid |                         | <u>\$ 535,898</u>      |                     |                        |
| <u>July 1, 2018, through June 30, 2019</u>       |                         |                        |                     |                        |
| <i>Program Number 175 Claims<sup>2</sup>:</i>    |                         |                        |                     |                        |
| Direct costs:                                    |                         |                        |                     |                        |
| Salaries                                         | \$ 168,085              | \$ 158,253             | \$ (9,832)          | Finding 1              |
| Benefits                                         | 64,783                  | 57,979                 | (6,804)             | Finding 1              |
| Materials and supplies                           | 411,676                 | 5,590                  | (406,086)           | Finding 2              |
| Contract services                                | 22,766                  | 22,766                 | -                   | Finding 3              |
| Travel and training                              | -                       | 105,235                | 105,235             | Finding 4              |
| Total direct costs                               | 667,310                 | 349,823                | (317,487)           |                        |
| Indirect costs                                   | 78,615                  | 66,165                 | (12,450)            | Findings 1, 5          |
| Total direct and indirect costs                  | 745,925                 | 415,988                | (329,937)           |                        |
| Less late filing penalty <sup>5</sup>            | -                       | (10,000)               | (10,000)            |                        |
| Total program costs                              | <u>\$ 745,925</u>       | 405,988                | <u>\$ (339,937)</u> |                        |
| Less amount paid by the State <sup>3</sup>       |                         | (735,925)              |                     |                        |
| Amount paid in excess of allowable costs         |                         | <u>\$ (329,937)</u>    |                     |                        |

## Schedule (continued)

| Cost Elements                                               | Actual Costs<br>Claimed | Allowable<br>per Audit | Audit<br>Adjustment | Reference <sup>1</sup> |
|-------------------------------------------------------------|-------------------------|------------------------|---------------------|------------------------|
| <u>July 1, 2019, through June 30, 2020</u>                  |                         |                        |                     |                        |
| <i>Program Number 175 Claims<sup>2</sup>:</i>               |                         |                        |                     |                        |
| Direct costs:                                               |                         |                        |                     |                        |
| Salaries                                                    | \$ 231,877              | \$ 228,579             | \$ (3,298)          | Finding 1              |
| Benefits                                                    | 87,842                  | 85,666                 | (2,176)             | Finding 1              |
| Materials and supplies                                      | 181,105                 | 8,743                  | (172,362)           | Finding 2              |
| Contract services                                           | -                       | 6,356                  | 6,356               | Finding 3              |
| Travel and training                                         | 409                     | 127,100                | 126,691             | Finding 4              |
| Total direct costs                                          | 501,233                 | 456,444                | (44,789)            |                        |
| Indirect costs                                              | 94,020                  | 85,789                 | (8,231)             | Findings 1, 5          |
| Total program costs                                         | <u>\$ 595,253</u>       | <u>542,233</u>         | <u>\$ (53,020)</u>  |                        |
| Less amount paid by the State <sup>3</sup>                  |                         | (595,253)              |                     |                        |
| Amount paid in excess of allowable costs                    |                         | <u>\$ (53,020)</u>     |                     |                        |
| <u>July 1, 2020, through June 30, 2021</u>                  |                         |                        |                     |                        |
| <i>Program Number 175 Claims<sup>2</sup>:</i>               |                         |                        |                     |                        |
| Direct costs:                                               |                         |                        |                     |                        |
| Salaries                                                    | \$ 392,651              | \$ 385,531             | \$ (7,120)          | Finding 1              |
| Benefits                                                    | 149,489                 | 144,878                | (4,611)             | Finding 1              |
| Materials and supplies                                      | 215,631                 | 224                    | (215,407)           | Finding 2              |
| Contract services                                           | 181,825                 | 196,900                | 15,075              | Finding 3              |
| Travel and training                                         | 1,099                   | 262,725                | 261,626             | Finding 4              |
| Total direct costs                                          | 940,695                 | 990,258                | 49,563              |                        |
| Indirect costs                                              | 151,307                 | 149,510                | (1,797)             | Findings 1, 5, 6       |
| Total direct and indirect costs                             | 1,092,002               | 1,139,768              | 47,766              |                        |
| Less allowable costs that exceed costs claimed <sup>4</sup> | -                       | (47,766)               | (47,766)            |                        |
| Total program costs                                         | <u>\$ 1,092,002</u>     | <u>1,092,002</u>       | <u>\$ -</u>         |                        |
| Less amount paid by the State <sup>3</sup>                  |                         | (1,092,002)            |                     |                        |
| Allowable costs claimed in excess of amount paid            |                         | <u>\$ -</u>            |                     |                        |
| <u>July 1, 2021, through June 30, 2022</u>                  |                         |                        |                     |                        |
| <i>Program Number 175 Claims<sup>2</sup>:</i>               |                         |                        |                     |                        |
| Direct costs:                                               |                         |                        |                     |                        |
| Salaries                                                    | \$ 520,140              | \$ 508,721             | \$ (11,419)         | Finding 1              |
| Benefits                                                    | 206,323                 | 197,817                | (8,506)             | Finding 1              |
| Materials and supplies                                      | 407,262                 | 1,578                  | (405,684)           | Finding 2              |
| Contract services                                           | 287,799                 | 268,665                | (19,134)            | Finding 3              |
| Travel and training                                         | 306                     | 422,511                | 422,205             | Finding 4              |
| Total direct costs                                          | 1,421,830               | 1,399,292              | (22,538)            |                        |
| Indirect costs                                              | 237,480                 | 206,421                | (31,059)            | Findings 1, 5          |
| Total program costs                                         | <u>\$ 1,659,310</u>     | <u>1,605,713</u>       | <u>\$ (53,597)</u>  |                        |
| Less amount paid by the State <sup>3</sup>                  |                         | (1,659,310)            |                     |                        |
| Amount paid in excess of allowable costs                    |                         | <u>\$ (53,597)</u>     |                     |                        |

## Schedule (continued)

| Cost Elements                                                        | Actual Costs<br>Claimed | Allowable<br>per Audit | Audit<br>Adjustment | Reference <sup>1</sup> |
|----------------------------------------------------------------------|-------------------------|------------------------|---------------------|------------------------|
| <u>Summary: July 1, 2011, through June 30, 2022</u>                  |                         |                        |                     |                        |
| <i>Program Number 376 and Program Number 175 Claims<sup>2</sup>:</i> |                         |                        |                     |                        |
| Direct costs:                                                        |                         |                        |                     |                        |
| Salaries                                                             | \$ 2,444,968            | \$ 2,334,675           | \$ (110,293)        | Finding 1              |
| Benefits                                                             | 929,197                 | 871,199                | (57,998)            | Finding 1              |
| Materials and supplies                                               | 1,843,752               | 24,171                 | (1,819,581)         | Finding 2              |
| Contract services                                                    | 1,771,548               | 1,773,121              | 1,573               | Finding 3              |
| Travel and training                                                  | 3,460                   | 1,468,230              | 1,464,770           | Finding 4              |
| Total direct costs                                                   | 6,992,925               | 6,471,396              | (521,529)           |                        |
| Indirect costs                                                       | 988,245                 | 883,040                | (105,205)           | Findings 1, 5, 6       |
| Total direct and indirect costs                                      | 7,981,170               | 7,354,436              | (626,734)           |                        |
| Less allowable costs that exceed costs claimed <sup>4</sup>          | -                       | (107,592)              | (107,592)           |                        |
| Less late filing penalty <sup>5</sup>                                | -                       | (10,000)               | (10,000)            |                        |
| Total program costs                                                  | <u>\$ 7,981,170</u>     | 7,236,844              | <u>\$ (744,326)</u> |                        |
| Less amount paid by the State <sup>3</sup>                           |                         | (4,082,490)            |                     |                        |
| Allowable costs claimed in excess of amount paid                     |                         | <u>\$ 3,154,354</u>    |                     |                        |

<sup>1</sup> See the Findings and Recommendations section.

<sup>2</sup> Claims filed for FY 2011-12 through FY 2017-18 pertain to Program Number 376, the SVP Program as reinstated by the Commission in its July 26, 2019 Order to Set Aside. Claims filed for FY 2018-19 through FY 2021-22 pertain to Program Number 175.

<sup>3</sup> Payment amount current as of May 12, 2025. All payments were made to Program Number 175 claims.

<sup>4</sup> 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*. That deadline has expired for FY 2012-13 through FY 2014-15, and for FY 2020-21.

<sup>5</sup> The county filed its FY 2018-19 annual reimbursement claim for \$198,675 by the due date specified in GC section 17560, and amended it to \$745,925 after the due date. Pursuant to GC section 17568, the State assessed a late filing penalty equal to 10% of allowable costs that exceed the timely filed claim amount, not to exceed \$10,000 (for claims amended on or after August 24, 2007).

# Findings and Recommendations

## FINDING 1— Overstated salary and benefit costs

The county claimed \$3,374,165 in salaries and benefits for the audit period. We found that \$3,205,874 is allowable and \$168,291 is unallowable. Unallowable related indirect costs total \$59,824, for a total adjustment of \$228,115.

To calculate claimed salaries and benefits, the county multiplied each employees's total number of hours spent performing the mandated activities by the average PHR and benefit rate for the employee's job classification.

During the audit, we found that the county had overstated claimed hours and related indirect costs. The county 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 claimed, allowable, and audit adjustment for salaries and benefits by fiscal year:

| Fiscal<br>Year | Salaries            |                     |                     | Benefits          |                     |                     | Related<br>Indirect Costs | Total Audit<br>Adjustment |
|----------------|---------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------------|---------------------------|
|                | Amount<br>Claimed   | Amount<br>Allowable | Audit<br>Adjustment | Amount<br>Claimed | Amount<br>Allowable | Audit<br>Adjustment |                           |                           |
| 2011-12        | \$ 339,767          | \$ 292,646          | \$ (47,121)         | \$ 121,660        | \$ 102,597          | \$ (19,063)         | \$ (19,459)               | \$ (85,643)               |
| 2012-13        | 178,212             | 170,524             | (7,688)             | 68,612            | 65,853              | (2,759)             | (2,390)                   | (12,837)                  |
| 2013-14        | 216,750             | 215,865             | (885)               | 87,979            | 86,487              | (1,492)             | (1,922)                   | (4,299)                   |
| 2014-15        | 104,359             | 95,006              | (9,353)             | 41,532            | 37,486              | (4,046)             | (4,140)                   | (17,539)                  |
| 2015-16        | 74,959              | 73,627              | (1,332)             | 27,130            | 26,253              | (877)               | (902)                     | (3,111)                   |
| 2016-17        | 57,728              | 56,457              | (1,271)             | 18,265            | 17,547              | (718)               | (826)                     | (2,815)                   |
| 2017-18        | 160,440             | 149,466             | (10,974)            | 55,582            | 48,636              | (6,946)             | (8,073)                   | (25,993)                  |
| 2018-19        | 168,085             | 158,253             | (9,832)             | 64,783            | 57,979              | (6,804)             | (7,498)                   | (24,134)                  |
| 2019-20        | 231,877             | 228,579             | (3,298)             | 87,842            | 85,666              | (2,176)             | (2,197)                   | (7,671)                   |
| 2020-21        | 392,651             | 385,531             | (7,120)             | 149,489           | 144,878             | (4,611)             | (4,385)                   | (16,116)                  |
| 2021-22        | 520,140             | 508,721             | (11,419)            | 206,323           | 197,817             | (8,506)             | (8,032)                   | (27,957)                  |
| Total          | <u>\$ 2,444,968</u> | <u>\$ 2,334,675</u> | <u>\$ (110,293)</u> | <u>\$ 929,197</u> | <u>\$ 871,199</u>   | <u>\$ (57,998)</u>  | <u>\$ (59,824)</u>        | <u>\$ (228,115)</u>       |

### District Attorney's Office

The DA's Office claimed \$3,025,703 in salaries and benefits for the audit period. We found that \$2,956,644 is allowable and \$69,059 is unallowable. Unallowable related indirect costs total \$17,981, for a total audit adjustment of \$87,040.

The following table summarizes the claimed, allowable, and audit adjustment for salaries and benefits by fiscal year:

| Fiscal Year | Salaries            |                     |                    | Benefits          |                   |                    | Related Indirect Costs | Total Audit Adjustment |
|-------------|---------------------|---------------------|--------------------|-------------------|-------------------|--------------------|------------------------|------------------------|
|             | Amount Claimed      | Amount Allowable    | Audit Adjustment   | Amount Claimed    | Amount Allowable  | Audit Adjustment   |                        |                        |
| 2011-12     | \$ 324,377          | \$ 287,953          | \$ (36,424)        | \$ 113,507        | \$ 101,042        | \$ (12,465)        | \$ (12,526)            | \$ (61,415)            |
| 2012-13     | 178,212             | 170,524             | (7,688)            | 68,612            | 65,853            | (2,759)            | (2,390)                | (12,837)               |
| 2013-14     | 212,141             | 215,865             | 3,724              | 85,048            | 86,487            | 1,439              | 1,278                  | 6,441                  |
| 2014-15     | 102,548             | 95,006              | (7,542)            | 40,397            | 37,486            | (2,911)            | (2,932)                | (13,385)               |
| 2015-16     | 73,627              | 73,627              | -                  | 26,253            | 26,253            | -                  | -                      | -                      |
| 2016-17     | 55,177              | 55,177              | -                  | 17,177            | 17,177            | -                  | -                      | -                      |
| 2017-18     | 146,620             | 146,273             | (347)              | 47,771            | 47,658            | (113)              | (146)                  | (606)                  |
| 2018-19     | 158,445             | 158,253             | (192)              | 58,044            | 57,979            | (65)               | (85)                   | (342)                  |
| 2019-20     | 229,030             | 228,579             | (451)              | 85,828            | 85,666            | (162)              | (179)                  | (792)                  |
| 2020-21     | 276,868             | 275,786             | (1,082)            | 105,454           | 105,061           | (393)              | (465)                  | (1,940)                |
| 2021-22     | 446,470             | 445,294             | (1,176)            | 174,097           | 173,645           | (452)              | (536)                  | (2,164)                |
| Total       | <u>\$ 2,203,515</u> | <u>\$ 2,152,337</u> | <u>\$ (51,178)</u> | <u>\$ 822,188</u> | <u>\$ 804,307</u> | <u>\$ (17,881)</u> | <u>\$ (17,981)</u>     | <u>\$ (87,040)</u>     |

#### *Overstated Hours*

During our review of the DA's Office Stop Billing Detail Reports, we found that the DA's Office had overstated hours worked by a total of 660.51 hours. The hours were overstated for the following reasons:

- For FY 2011-12, we found that two employees had claimed time, totaling 50.99 hours, exceeding eight hours per day. As county attorneys are salaried employees and their calculated PHRs do not include an allowance for overtime hours, we limited the allowable time to eight hours per day. We also found that one employee had claimed a total of 58.17 hours during weekends. The employee's regular work week does not include weekends, and the employee is exempt from overtime. In addition, we found that four employees had claimed a total of 382.46 hours for probable cause hearings. None of the costs related to probable cause hearings are reimbursable under Program Number 376.
- For FY 2012-13, we found that two employees had claimed a total of 53 hours exceeding eight hours per day. We also found that one employee had claimed a total of 44.08 hours during weekends.
- For FY 2013-14, we found that the DA's Office had understated its total number of hours worked by 50.61 hours. Although the DA's Office understated its overall hours worked, we also found that two employees had claimed a total of 40.14 hours for probable cause hearings and two employees had claimed a total of nine hours exceeding eight hours per day.
- For FY 2014-15, we found that one attorney had claimed 90.75 hours spent on an SVP client during a probable cause hearing.
- For FY 2017-18 through FY 2021-22, we found that several employees had claimed time exceeding eight hours per day.

The following table summarizes the claimed, allowable, and overstated hours by fiscal year:

| Fiscal Year | Claimed Hours    | Allowable Hours  | Overstated Hours |
|-------------|------------------|------------------|------------------|
| 2011-12     | 4,802.24         | 4,310.62         | (491.62)         |
| 2012-13     | 4,902.41         | 4,805.33         | (97.08)          |
| 2013-14     | 3,104.81         | 3,155.42         | 50.61            |
| 2014-15     | 1,409.34         | 1,318.59         | (90.75)          |
| 2015-16     | 997.52           | 997.52           | -                |
| 2016-17     | 685.05           | 685.05           | -                |
| 2017-18     | 1,763.09         | 1,759.09         | (4.00)           |
| 2018-19     | 2,147.79         | 2,145.79         | (2.00)           |
| 2019-20     | 2,743.29         | 2,738.79         | (4.50)           |
| 2020-21     | 3,183.42         | 3,173.25         | (10.17)          |
| 2021-22     | 4,456.07         | 4,445.07         | (11.00)          |
|             | <u>30,195.03</u> | <u>29,534.52</u> | <u>(660.51)</u>  |

#### Public Defender's Office

The PD's Office claimed \$252,249 in salaries and benefits for the audit period. We found that \$249,230 is allowable and \$3,019 is unallowable. Unallowable related indirect costs total \$779, for a total adjustment of \$3,798.

The following table summarizes the claimed, allowable, and audit adjustment for salaries and benefits by fiscal year:

| Fiscal Year | Salaries          |                   |                   | Benefits         |                  |                  | Related Indirect Costs | Total Audit Adjustment |
|-------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|------------------------|------------------------|
|             | Amount Claimed    | Amount Allowable  | Audit Adjustment  | Amount Claimed   | Amount Allowable | Audit Adjustment |                        |                        |
| 2011-12     | \$ 5,100          | \$ 4,693          | \$ (407)          | \$ 1,690         | \$ 1,555         | \$ (135)         | \$ (165)               | \$ (707)               |
| 2016-17     | 1,576             | 1,280             | (296)             | 456              | 370              | (86)             | (108)                  | (490)                  |
| 2017-18     | 3,567             | 3,193             | (374)             | 1,092            | 978              | (114)            | (149)                  | (637)                  |
| 2020-21     | 110,679           | 109,745           | (934)             | 40,156           | 39,817           | (339)            | (259)                  | (1,532)                |
| 2021-22     | 63,669            | 63,427            | (242)             | 24,264           | 24,172           | (92)             | (98)                   | (432)                  |
| Total       | <u>\$ 184,591</u> | <u>\$ 182,338</u> | <u>\$ (2,253)</u> | <u>\$ 67,658</u> | <u>\$ 66,892</u> | <u>\$ (766)</u>  | <u>\$ (779)</u>        | <u>\$ (3,798)</u>      |

#### Overstated Hours

During our review of the PD's Office Case Labor Details Report, we found that the PD's Office had overstated hours worked by a total of 23.43 hours. We found that the hours were overstated because three employees had claimed a total of 21.05 hours exceeding eight hours per day for FY 2011-12, FY 2016-17, FY 2017-18, FY 2020-21, and FY 2021-22. In addition, we found two employees whose time, totaling 2.38 hours for FY 2011-12 and FY 2017-18, was not supported.

The following table summarizes the claimed, allowable, and overstated hours by fiscal year:

| <u>Fiscal<br/>Year</u> | <u>Claimed<br/>Hours</u> | <u>Allowable<br/>Hours</u> | <u>Overstated<br/>Hours</u> |
|------------------------|--------------------------|----------------------------|-----------------------------|
| 2011-12                | 66.98                    | 61.80                      | (5.18)                      |
| 2016-17                | 16.93                    | 13.73                      | (3.20)                      |
| 2017-18                | 37.81                    | 33.81                      | (4.00)                      |
| 2020-21                | 1,043.00                 | 1,034.20                   | (8.80)                      |
| 2021-22                | 593.70                   | 591.45                     | (2.25)                      |
| Total                  | <u>1,758.42</u>          | <u>1,734.99</u>            | <u>(23.43)</u>              |

### **Sheriff's Office**

The Sheriff's Office claimed \$96,213 in salaries and benefits for the audit period. We found that the entire amount is unallowable. Unallowable related indirect costs total \$41,064, for a total adjustment of \$137,277. The costs are unallowable for the following reasons:

- For each fiscal year of the audit period, the Sheriff's Office claimed time spent by a Deputy Sheriff to move an SVP defendant from the court holding area into the courtroom, and to remain with the SVP defendant during each appearance (i.e., bailiff costs). However, the costs claimed for performing these activities, totaling \$89,511, are not reimbursable under the mandated program.
- For each fiscal year of the audit period, the Sheriff's Office claimed estimated time spent by a Sheriff's Records Officer II for activities such as scheduling transportation to and from the county jail, maintaining transportation files, performing computer research, making phone calls to state hospitals, updating computerized court records, and mailing paperwork to state hospitals. These activities were all related to SVP commitment hearings. Although these activities appear to be mandate-related, the Sheriff's Office did not provide any support for how the claimed costs, totaling \$6,702, were calculated or for which SVP defendants they were incurred.
- The county filed Program Number 376 claims that included Sheriff's Office costs for five SVP defendants (three SVP defendants in FY 2016-17 and two SVP defendants in FY 2017-18) who had previously been included in the county's Program Number 175 claims.

The following table summarizes the claimed, allowable, and audit adjustment for salaries and benefits by fiscal year:

| Fiscal Year | Salaries        |                  |                    | Benefits        |                  |                    | Related Indirect Costs | Total Audit Adjustment |
|-------------|-----------------|------------------|--------------------|-----------------|------------------|--------------------|------------------------|------------------------|
|             | Amount Claimed  | Amount Allowable | Audit Adjustment   | Amount Claimed  | Amount Allowable | Audit Adjustment   |                        |                        |
| 2011-12     | \$ 10,290       | \$ -             | \$ (10,290)        | \$ 6,463        | \$ -             | \$ (6,463)         | \$ (6,768)             | \$ (23,521)            |
| 2013-14     | 4,609           | -                | (4,609)            | 2,931           | -                | (2,931)            | (3,200)                | (10,740)               |
| 2014-15     | 1,811           | -                | (1,811)            | 1,135           | -                | (1,135)            | (1,208)                | (4,154)                |
| 2015-16     | 1,332           | -                | (1,332)            | 877             | -                | (877)              | (902)                  | (3,111)                |
| 2016-17     | 975             | -                | (975)              | 632             | -                | (632)              | (718)                  | (2,325)                |
| 2017-18     | 10,253          | -                | (10,253)           | 6,719           | -                | (6,719)            | (7,778)                | (24,750)               |
| 2018-19     | 9,640           | -                | (9,640)            | 6,739           | -                | (6,739)            | (7,413)                | (23,792)               |
| 2019-20     | 2,847           | -                | (2,847)            | 2,014           | -                | (2,014)            | (2,018)                | (6,879)                |
| 2020-21     | 5,104           | -                | (5,104)            | 3,879           | -                | (3,879)            | (3,661)                | (12,644)               |
| 2021-22     | 10,001          | -                | (10,001)           | 7,962           | -                | (7,962)            | (7,398)                | (25,361)               |
| Total       | <u>\$56,862</u> | <u>\$ -</u>      | <u>\$ (56,862)</u> | <u>\$39,351</u> | <u>\$ -</u>      | <u>\$ (39,351)</u> | <u>\$ (41,064)</u>     | <u>\$ (137,277)</u>    |

### Criteria

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.

Section V.A.1, “Salaries and Benefits,” of the parameters and guidelines states:

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee, productive hourly rate and related fringe benefits. . . .

Section V.B, “Indirect Costs,” of the parameters and guidelines states:

. . . Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) for the department if the indirect cost rate claimed exceeds 10%. . . .

Item (04) of Form 1, “Claim Summary,” for Program Number 376 (in the SCO’s *Mandated Cost Manual*) states, in part:

For each reimbursable activity, enter the total from Form 2, line (05), columns (d) through (i), to Form 1, block (04), columns (a) through (f), in the appropriate row. Total each row.

### **Reinstated Activities**

B. The following reimbursable activities must be specifically identified to a defendant **(excludes all cost from Probable Cause Hearings)**:

1. Initial review of reports and records by the county's designated counsel to determine if the county concurs with the state's recommendation. Such activity includes the following:
  - a. Secretarial and paralegal services to assist the county's designated counsel; and
  - b. Copying and making long distance telephone calls.
  - c. Investigator services that are necessary to determine the sufficiency of the factual evidence supporting a petition. . . .

### **Recommendation**

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

### **County's Response**

Public Defender's (PD's) Office agrees with the finding and acknowledges that employees cannot claim hours exceeding eight hours per day. Going forward, the Public Defender's Office will claim in accordance with the program's parameters and guidelines.

The Sheriff's Office agrees with this finding and acknowledges that inmate movement and direct supervision during court appearances are not allowable costs. Going forward the Sheriff's Office will not make any claim for this movement of SVP inmates. Regarding the Sheriff's Records Officer II position, while these costs are allowable, the Sheriff's Office will no longer claim them due to the unacceptable time study submitted. Tracking time for each case would be burdensome, so these costs are not planned to be claimed in the future.

The District Attorney's (DA's) Office respectfully disagrees with the overstated hours. On December 7, 2023, the Office of State Controller Division of Audits requested the following: "As discussed in our last email, attached you will find a list of employees that worked more than 8 hours per day. Please let me know if any of these employees are not limited to working 8 hours per day and provide its support." The DA's Office indicated that employees are not limited to working 8 hours per day. The DA's Office provided copies of the Memorandum of Understanding (MOU) Attorney Agreement (020) (021) that covered the subject fiscal years. These MOU agreements outline specific guidelines under Article X, "Attorney Time and Alternate Work Hours," including the following provisions:

#### **10.1 Attorney Time**

- a. Attorneys are expected to work as necessary to fulfill their job duties.
- b. Attorneys do not earn overtime pay and, except as outlined in Article V, do not accrue compensating time off.

- c. Attorneys, with their supervisor's approval, may take reasonable personal time during regular working hours without loss of compensation.

The Productive Hourly Rates (PHR) and Fringe Benefit Rates are based on 1,800 annual work hours, not an 8-hour workday. Attorneys not assigned to the SVP unit for an entire year cannot exceed the annual cap of 1,800 billed hours or a proportional cap, if assigned to the SVP unit part-time.

Finding #1 stated [that] employees claimed hours excess of 8 hours per day. The MOU allows for the attorneys to work the hours necessary to fulfill their job duties without receiving overtime and [to] take reasonable time off to compensate them for the additional time worked. The State Controller's Office *Mandated Cost Manual for Local Agencies* section 7, Direct Costs notes, "Actual Annual Productive Hourly Rate... the annual productive hours to be used is 1,800 for the computation of the PHR." The manual does not specify a maximum on the number of hours per day, only the number of hours annually. As detailed in the above summary, none of the staff working on SVP exceeded the 1,800-hour limit.

The DA's Office requests that the 290.91 hours previously claimed as exceeding the 8-hour daily limit be deemed allowable. Furthermore, the office acknowledges the miscoding of hours attributed to probable cause hearings and has implemented corrective measures to ensure accurate recording and assignment of time to the correct program moving forward.

#### SCO Comment

The PD's Office and the Sheriff's Office agreed with the finding.

For the DA's Office, the finding and recommendation remain unchanged. The DA's Office is correct that the SCO's *Mandated Cost Manual* does not directly specify the number of work hours per day. However, the county used 1,800 annual productive hours to calculate PHRs for its staff. The use of the 1,800 annual productive hour calculation is predicated on an 8-hour per day/40-hour work week. The specifics of the calculation are as follows:

#### Annual work hours

52 weeks × 40 hours/week = 2,080

#### Less – annual vacation/leave hours:

|                                |              |
|--------------------------------|--------------|
| Holidays (10)                  | 80           |
| Vacation (14)                  | 112          |
| Sick leave, miscellaneous (11) | 88           |
| Subtotal                       | 280          |
| Total annual productive hours  | <u>1,800</u> |

Although the number of actual hours for the various leave categories may vary slightly for each mandated cost claimant, 1,800 annual productive hours was determined to be a reasonable average for employees working a 40-hour work week. Mathematically, if an employee's PHR is based on 1,800 annual productive hours and that employee works more than 1,800 hours, then the PHR is overstated and needs to be re-calculated using actual annual productive hours.

It is our understanding that all of the attorneys included in the county's claims were full-time salaried employees, and that attorneys working in the DA's Office are salaried and are expected to work beyond a traditional 40-hour work week, as needed. The county's response appears to document a belief that if individual attorneys did not work more than 1,800 hours specifically on SVP cases, then the 8-hour-per-day limitation cited in the audit finding does not apply. However, the use of 1,800 productive hours to compute a PHR was based on the salaries and benefits of all full-time employees. The workload of individual employees does not factor into this kind of PHR calculation.

A possible solution to this issue would be for the county to calculate the number of actual productive hours that each employee worked during the year and calculate a separate PHR for each individual employee, rather than using the 1,800 hours to calculate a universal PHR for all staff.

**FINDING 2—  
Overstated materials  
and supplies costs**

The county claimed a total of \$1,843,752 in materials and supplies costs for the audit period. We found that \$24,171 is allowable and \$1,819,581 is unallowable.

The following table summarizes the claimed, allowable, and audit adjustment for materials and supplies by fiscal year:

| <u>Fiscal<br/>Year</u> | <u>Amount<br/>Claimed</u> | <u>Amount<br/>Allowable</u> | <u>Audit<br/>Adjustment</u> |
|------------------------|---------------------------|-----------------------------|-----------------------------|
| 2011-12                | \$ 155,061                | \$ 8,036                    | \$ (147,025)                |
| 2012-13                | 147,852                   | -                           | (147,852)                   |
| 2013-14                | 69,838                    | -                           | (69,838)                    |
| 2014-15                | 60,800                    | -                           | (60,800)                    |
| 2015-16                | 31,200                    | -                           | (31,200)                    |
| 2016-17                | 55,167                    | -                           | (55,167)                    |
| 2017-18                | 108,160                   | -                           | (108,160)                   |
| 2018-19                | 411,676                   | 5,590                       | (406,086)                   |
| 2019-20                | 181,105                   | 8,743                       | (172,362)                   |
| 2020-21                | 215,631                   | 224                         | (215,407)                   |
| 2021-22                | 407,262                   | 1,578                       | (405,684)                   |
| Total                  | <u>\$ 1,843,752</u>       | <u>\$ 24,171</u>            | <u>\$ (1,819,581)</u>       |

The DA's Office claimed a total of \$131,839 in materials and supplies for the audit period. We found that \$22,988 is allowable and \$108,851 is unallowable.

For FY 2011-12, FY 2018-19, and FY 2019-20, the DA's Office calculated its direct materials and supplies based on a methodology that was approved in our prior audit of the county's SVP Program. Using that methodology, non-salary and benefit costs other than travel and training costs (including countywide cost plans) are pro-rated to programs based on salaries and benefits and reported as direct costs. We issued that audit report, covering FY 1999-2000 through FY 2001-02, on November 30, 2005.

During our review of the specific items that the county included in its calculations of direct materials and supplies costs for FY 2011-12, FY 2018-19, and FY 2019-20, we found expenditures that were not mandate-related, such as:

- Tuition reimbursement;
- Membership dues;
- Liability insurance;
- Office supplies;
- Office furniture;
- Countywide IT services;
- Allocated charges for countywide purchasing services, facility use charges, leased property, and surplus property; and
- Various employment services (such as intra-fund health and benefit services, human resources support, and county executive cabinet costs).

DA's Office representatives did not provide an explanation of how these costs are related to the SVP Program.

The following table summarizes the claimed, allowable, and audit adjustment for materials and supplies by fiscal year:

| <u>Fiscal<br/>Year</u> | <u>Amount<br/>Claimed</u> | <u>Amount<br/>Allowable</u> | <u>Audit<br/>Adjustment</u> |
|------------------------|---------------------------|-----------------------------|-----------------------------|
| 2011-12                | \$ 37,561                 | \$ 8,036                    | \$ (29,525)                 |
| 2018-19                | 39,420                    | 5,590                       | (33,830)                    |
| 2019-20                | 54,239                    | 8,743                       | (45,496)                    |
| 2020-21                | 224                       | 224                         | -                           |
| 2021-22                | 395                       | 395                         | -                           |
| Total                  | <u>\$ 131,839</u>         | <u>\$ 22,988</u>            | <u>\$ (108,851)</u>         |

#### **Public Defender's Office**

The PD's Office claimed a total of \$4,238 in materials and supplies for the audit period. We found that \$1,183 is allowable and \$3,055 is unallowable. The PD's Office inadvertently overstated materials and supplies costs by \$3,055 for the audit period. The overstatement occurred because the PD's Office misclassified its costs for contract services as materials and

supplies costs. Therefore, we reclassified \$3,055 as contract services costs (see Finding 3).

The following table summarizes the claimed, allowable, and audit adjustment for materials and supplies by fiscal year:

| Fiscal Year | Amount Claimed  | Amount Allowable | Audit Adjustment  |
|-------------|-----------------|------------------|-------------------|
| 2020-21     | \$ 1,365        | \$ -             | \$ (1,365)        |
| 2021-22     | 2,873           | 1,183            | (1,690)           |
| Total       | <u>\$ 4,238</u> | <u>\$ 1,183</u>  | <u>\$ (3,055)</u> |

### Conflict Criminal Defenders Office

The CCD Office inadvertently overstated its materials and supplies costs by \$70,142 for FY 2012-13. The overstatement occurred because the CCD Office misclassified its costs for attorneys, investigators, and expert witnesses as materials and supplies costs. These costs should have been classified as contract services costs; therefore, we reclassified \$70,142 as contract services costs (see Finding 3).

### Sheriff's Office

The Sheriff's Office inadvertently overstated its materials and supplies costs by \$1,637,533. The overstatement occurred because the Sheriff's Office misclassified its costs for housing SVP defendants at the county jail as materials and supplies costs. These costs should have been classified as travel and training costs; therefore, we reclassified \$1,637,533 as travel and training costs (see Finding 4).

The following table summarizes the claimed, allowable, and audit adjustment for materials and supplies by fiscal year:

| Fiscal Year | Amount Claimed      | Amount Allowable | Audit Adjustment      |
|-------------|---------------------|------------------|-----------------------|
| 2011-12     | \$ 117,500          | \$ -             | \$ (117,500)          |
| 2012-13     | 77,710              | -                | (77,710)              |
| 2013-14     | 69,838              | -                | (69,838)              |
| 2014-15     | 60,800              | -                | (60,800)              |
| 2015-16     | 31,200              | -                | (31,200)              |
| 2016-17     | 55,167              | -                | (55,167)              |
| 2017-18     | 108,160             | -                | (108,160)             |
| 2018-19     | 372,256             | -                | (372,256)             |
| 2019-20     | 126,866             | -                | (126,866)             |
| 2020-21     | 214,042             | -                | (214,042)             |
| 2021-22     | 403,994             | -                | (403,994)             |
| Total       | <u>\$ 1,637,533</u> | <u>\$ -</u>      | <u>\$ (1,637,533)</u> |

### Criteria

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. . . .

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.

For each eligible claimant, all direct and indirect costs of labor, supplies and services, for the following activities only are eligible for reimbursement. . . .

Section V.A.2, “Materials and Supplies,” of the parameters and guidelines states:

Only expenditures that can be identified as a direct cost of this mandate may be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. . . .

### Recommendation

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

### County’s Response

County partially agrees with the finding.

The Conflict Criminal Defenders (CCD) Office, PD’s Office, and Sheriff’s Office agree with this finding and acknowledges that “materials and supplies” were inadvertently misclassified. This will be corrected going forward by reporting them in the appropriate section.

The DA’s Office respectively disagrees with Finding #2, as all identified costs for Services and Supplies (20 Objects) and Internal County Costs (60 Objects) align with Section IV: Reimbursable Activities of the mandate guidelines. These costs are necessary, traceable, and represent increased expenses incurred as a result of the mandate.

The Services and Supplies category includes costs directly tied to mandated activities. Tuition reimbursement (General Ledger [GL] 20203700) is necessary to fulfill professional development requirements for staff engaged in mandated activities, as required by the MOU (Article VII, Sections 7.4 & 7.5). These expenses are traceable through reimbursement requests and supporting documentation and are directly linked to educational and professional requirements for mandated roles.

Insurance liability (GL 20205100) is an expense that arises from additional Full-Time Equivalent (FTE) positions created specifically for fulfilling mandated activities. The allocation methodology ensures that these costs are accurately linked to mandate-related personnel, and these insurance expenses would not be incurred in the absence of the mandate.

Membership dues (GL 20206100) for the State Bar of California, California District Attorneys Association (CDAA), and California District Attorneys Investigators Association (CDAIA) are essential to maintain the professional licensing and eligibility of attorneys and investigators working on mandated activities. These dues enable access to legal resources, training, and compliance updates required for fulfilling mandated obligations under the State Targeted Offenders Program (STOP). Payment records validate the connection between these expenses and mandate-related staff.

Office supplies (GL 20207600) such as paper, toner, and materials are directly consumed in preparing case files, reports, and correspondence required under the mandate. Invoices and usage records verify their exclusive use for mandated activities. Office equipment maintenance supplies (GL 20226200) are necessary to support workspaces for staff engaged in mandated activities, with purchase orders and maintenance logs providing documentation.

Other operational costs (GL 20289900) include bottled water service for staff in leased facilities where water quality is inadequate, ensuring health and productivity, and consulting services (Dirt & HVAC) to maintain safe, functional workspaces. These expenses are supported by invoices and service agreements.

Countywide IT services (GL 20291000) and WAN [wide-area network] charges ([GL] 20291600) are critical for secure data storage, communication, and technical support for staff performing mandated duties. The cost allocation is based on FTE positions and technology use, ensuring direct traceability to mandated tasks.

Facility use costs (GL 20294200) and leased property expenses ([GL] 20294300) support workspaces and storage areas for STOP unit staff exclusively performing mandated responsibilities. These costs are substantiated through lease agreements and usage records. Surplus property costs ([GL] 20298300) are incurred due to resource management requirements tied to mandate-related operations.

The Internal County Costs category covers administrative and operational services supporting mandated activities. Intrafund employee health services (GL 60654101), benefit administration (GL 60654102), and employment services (GL 60654103) support staff assigned to mandated programs, and their costs are allocated based on FTE positions dedicated to these programs.

Training services (GL 60654104) ensure that employees performing mandated activities receive necessary instruction and compliance training. These costs are traceable through participation records.

The Department of Personnel Services (DPS) Department Services Teams (GL 60654106), 401A plan administration (GL 60654107), and safety program services (GL 60654400) are necessary for the

management, benefits administration, and workplace safety of staff assigned to mandated responsibilities. These costs are directly attributable to the mandate, as evidenced by supporting documentation.

The County Executive Cabinet – Allocated Cost Package (GL 60691400) provides oversight, policy development, and coordination essential to fulfilling the mandate. These expenses are documented through cost allocation methodologies and budget records.

The 2 CFR 200 [Title 2, U.S. Code of Federal Regulations, Part 200] Cost Plan ensures the equitable distribution of central service costs such as accounting, human resources, IT infrastructure, and facility maintenance. These costs are documented in the approved cost allocation plan and are necessary for supporting staff engaged in mandated responsibilities.

Additionally, State Unemployment Insurance (SUI) and Workers' Compensation (WC) costs are incurred due to staffing requirements for mandated activities, with costs allocated based on FTE positions. Pension Obligation Bond (POB) debt (GL 10121100) and POB services (GL 10121200) cover pension obligations tied to employees fulfilling mandated duties, as verified through payroll records and cost allocation reports.

All Services and Supplies and Internal County Costs expenses meet the traceability, necessity, and increased cost requirements for reimbursement under Section IV of the mandate guidelines. The County respectfully requests full reimbursement for these documented, mandate-specific expenses in accordance with established criteria.

#### SCO Comment

The CCD's Office and the Sheriff's Office agreed with the finding.

For the DA's Office, the finding and recommendation remain unchanged.

We do not dispute that the county incurred costs in the categories identified in its response to adjudicate SVP cases. However, the issue is that the county claimed these costs as direct costs. Section VA.2. "Materials and Supplies," of the parameters and guidelines states that "only expenditures that can be identified as a direct cost of this mandate may be claimed." Direct costs, for the purpose of mandated cost claims, are increased costs that a claimant is *required* to incur as a result of the mandate. These costs are directly associated with performing the reimbursable activities listed in section IV of the parameters and guidelines.

For this audit, we identified the materials and supplies costs incurred by the DA's Office that were directly related to performing the reimbursable activities. Although the costs in question for this finding may be *related* to performing the reimbursable activities, they are not *direct costs* as defined in the parameters and guidelines. Instead, they are indirect costs, which are typically allocated via an ICRP that distributes indirect costs using an approved allocation method. For its claims, the county used an allocation method based on salary and benefit costs attributed to attorneys within the

county's STOP working on SVP cases under the assumption that such costs are allocable on that basis. Costs were allocated based on the extent that STOP attorneys worked on SVP cases in relation to the extent that attorneys in the STOP worked on other types of cases. Although this approach seems to be consistent with current indirect cost methodology, the county erred by claiming these costs as direct costs when they should have been included in the county's indirect cost pool and allocated using a calculated indirect cost rate.

Our response for the various categories follows in the same order as in the county's response:

- Tuition reimbursement – we do not dispute that the county incurred costs for the professional development of its staff. We determined that the \$2,108 claimed by the DA's Office for training was allowable. Following the parameters and guidelines, the county identified the employees attending training and provided details about the training session(s), including the dates attended and the location(s). However, the county claimed additional direct training costs using an allocation method that does not comply with program requirements. Furthermore, during our review of the expenses included in this category, we noted that they primarily comprised electronic devices, such as smartphones. Although these claims may be consistent with Section 7.5 of the county's MOU, there is no requirement in the parameters and guidelines for this program that professional staff be equipped with electronic devices to perform the reimbursable activities.
- Insurance liability – we do not dispute that the county incurred insurance liability costs for its staff. However, the parameters and guidelines do not define insurance liability as a direct cost; therefore, it should be included in the county's indirect cost pool and allocated via the resulting indirect cost rate.
- Membership dues – we do not dispute that the county made the discretionary decision to incur costs for the professional licensing of its staff and membership in various professional organizations. However, the parameters and guidelines do not define membership dues or professional licensing fees as direct costs; therefore, they should be included in the county's indirect cost pool and allocated via the resulting indirect cost rate.
- Office supplies and office equipment maintenance supplies – we do not dispute that the county incurred costs for office supplies and equipment maintenance supplies related to the reimbursable activities. During the audit, we determined that the specific costs claimed as direct costs were allowable. Our finding relates to the allocated costs for the items that were not directly tracked and charged as direct costs. These allocated costs should be included in the county's indirect cost pool and allocated via the resulting indirect cost rate.
- Other operational costs – we do not dispute that the county incurred costs related to utilities for its staff or allege that it lacks proper support for such costs. However, the parameters and guidelines do not define costs for bottled water and HVAC systems as direct costs; therefore,

they should be included in the county's indirect cost pool and allocated via the resulting indirect cost rate.

- Countywide IT services and WAN charges – we do not dispute that the county incurred costs for IT services and its WAN, or that attorneys working on SVP cases utilized such services. The county states that its cost allocation is based on FTE positions and related technology use. However, the parameters and guidelines do not define IT services or WAN costs as direct costs; therefore, they should be included in the county's indirect cost pool and/or included as departmental costs in an A-87 Countywide Cost Allocation Plan (COWCAP).
- Facility use costs – we do not dispute that the county incurred costs for facilities where its staff worked. However, the parameters and guidelines do not define facility use costs as direct costs; therefore, they should be included in the county's indirect cost pool and/or included as departmental costs in a COWCAP.
- Internal county costs – all of the costs associated with this category are for support activities provided by other county departments. These costs should appear in an ICRP as countywide use charges originating from the county's COWCAP.
- Training services – this category is closely related to the tuition reimbursement category described above. As stated regarding the tuition reimbursement costs, it is inappropriate to claim additional training costs as direct costs using an allocation method. Instead, these costs should be included in the county's indirect cost pool and allocated via the resulting indirect cost rate.
- Department of Personnel Services – these costs are similar in nature to internal county costs, and should appear in an ICRP as countywide use charges originating from the county's COWCAP.
- Unemployment insurance, workers' compensation insurance, and pension debt costs – the parameters and guidelines do not define these costs as direct costs; they should be included in the county's indirect cost pool and allocated via the resulting indirect cost rate.

The same issue with the county's materials and supplies costs arose in a previous audit of the county's Custody of Minors – Child Abduction and Recovery Program for FY 2016-17 through FY 2018-19. We issued that report on February 23, 2022. Finding 2 in that audit identified unallowable materials and supplies costs that were allocated rather than being actual costs supported by source documentation. That audit finding noted that cost allocation reports are not actual source documents as defined by the parameters and guidelines. In its response, the county indicated that it would cease using cost allocation methodologies to claim mandated costs. In addition, the county stated that it was working on a tracking mechanism for program costs so that it could comply with parameters and guidelines for mandated programs. The county did not implement these corrective actions before submitting its claims.

**FINDING 3—  
Understated contract  
services costs**

The county claimed total contract services costs of \$1,771,548 for the audit period. We found that the CCD Office overstated its claims by \$1,482 and the PD's Office understated its claims by \$3,055. As a result, \$1,773,121 is allowable.

The following table summarizes the claimed, allowable, and audit adjustment for contract services by fiscal year:

| <u>Fiscal<br/>Year</u> | <u>Amount<br/>Claimed</u> | <u>Amount<br/>Allowable</u> | <u>Audit<br/>Adjustment</u> |
|------------------------|---------------------------|-----------------------------|-----------------------------|
| 2011-12                | \$ 302,394                | \$ 271,270                  | \$ (31,124)                 |
| 2012-13                | 135,695                   | 220,477                     | 84,782                      |
| 2013-14                | 205,320                   | 184,827                     | (20,493)                    |
| 2014-15                | 123,745                   | 157,824                     | 34,079                      |
| 2015-16                | 179,948                   | 150,818                     | (29,130)                    |
| 2016-17                | 151,517                   | 137,612                     | (13,905)                    |
| 2017-18                | 180,539                   | 155,606                     | (24,933)                    |
| 2018-19                | 22,766                    | 22,766                      | -                           |
| 2019-20                | -                         | 6,356                       | 6,356                       |
| 2020-21                | 181,825                   | 196,900                     | 15,075                      |
| 2021-22                | 287,799                   | 268,665                     | (19,134)                    |
| Total                  | <u>\$ 1,771,548</u>       | <u>\$ 1,773,121</u>         | <u>\$ 1,573</u>             |

**Public Defender's Office**

The PD's Office did not claim contract services costs for the audit period. However, as discussed in Finding 2, we found that \$3,055 of the county's claimed materials and supplies costs were contract services costs. As a result of misclassifying these costs, the PD's Office understated its contract services costs by \$3,055. Therefore, we reclassified \$3,055 of the county's claimed materials and supplies costs as contract services costs.

The following table summarizes the claimed, allowable, and audit adjustment for contract services costs by fiscal year:

| <u>Fiscal<br/>Year</u> | <u>Amount<br/>Claimed</u> | <u>Amount<br/>Allowable</u> | <u>Audit<br/>Adjustment</u> |
|------------------------|---------------------------|-----------------------------|-----------------------------|
| 2020-21                | \$ -                      | \$ 1,365                    | \$ 1,365                    |
| 2021-22                | -                         | 1,690                       | 1,690                       |
| Total                  | <u>\$ -</u>               | <u>\$ 3,055</u>             | <u>\$ 3,055</u>             |

**Conflict Criminal Defenders Office**

The CCD Office claimed \$1,771,548 in contract services costs for the audit period. We found that \$1,770,066 is allowable and \$1,482 is unallowable for the following reasons:

- As discussed in Finding 2, we found that \$70,142 of the county's claimed materials and supplies costs was actually contract services costs. As a result of misclassifying these costs, the CCD Office understated its contract services costs for FY 2012-13.

- For FY 2012-13 through FY 2017-18 and FY 2020-21 through FY 2021-22, the CCD Office claimed its costs during the fiscal year that it paid for contract services, rather than the fiscal year in which the services were actually performed. We reallocated those costs to the fiscal years in which the services were actually performed.
- For FY 2011-12 through FY 2013-14, FY 2015-16, FY 2017-18, and FY 2020-21, the CCD Office did not provide documentation to support its claimed costs, totaling \$42,247.
- For FY 2011-12 through FY 2013-14, the CCD Office claimed \$28,816 for services that were provided in FY 2009-10 and FY 2010-11, before the audit period began.
- For FY 2011-12, FY 2012-13, and FY 2014-15, the CCD Office understated its reimbursement claims by \$310. The understatement occurred because the attorney miscalculated the total number of pages reviewed in hospital records.
- For FY 2014-15 and FY 2021-22, the CCD Office overstated its reimbursement claims by \$112. The overstatement occurred because one attorney miscalculated the total number of pages reviewed in hospital records and another attorney claimed duplicate meal expenses.
- For FY 2017-18, one attorney claimed \$1,156 for time spent on an SVP client during a probable cause hearing. Costs related to probable cause hearings are not reimbursable under Program Number 376.
- For FY 2017-18, the CCD Office inadvertently overstated its travel and training costs by \$397. The overstatement occurred because the CCD Office misclassified an attorney's mandate-related travel costs (i.e., lodging) as travel and training costs. These costs should have been classified as contract services costs, because the attorneys employed by the CCD Office are under a contract; therefore, we reclassified \$397 as contract services costs (see Finding 4).

The following table summarizes the claimed, allowable, and audit adjustment for contract services costs by fiscal year:

| Fiscal Year | Amount Claimed      | Amount Allowable    | Audit Adjustment  |
|-------------|---------------------|---------------------|-------------------|
| 2011-12     | \$ 302,394          | \$ 271,270          | \$ (31,124)       |
| 2012-13     | 135,695             | 220,477             | 84,782            |
| 2013-14     | 205,320             | 184,827             | (20,493)          |
| 2014-15     | 123,745             | 157,824             | 34,079            |
| 2015-16     | 179,948             | 150,818             | (29,130)          |
| 2016-17     | 151,517             | 137,612             | (13,905)          |
| 2017-18     | 180,539             | 155,606             | (24,933)          |
| 2018-19     | 22,766              | 22,766              | -                 |
| 2019-20     | -                   | 6,356               | 6,356             |
| 2020-21     | 181,825             | 195,535             | 13,710            |
| 2021-22     | 287,799             | 266,975             | (20,824)          |
| Total       | <u>\$ 1,771,548</u> | <u>\$ 1,770,066</u> | <u>\$ (1,482)</u> |

### Criteria

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. . . .

Section V.A.3, “Contract Services,” of the parameters and guidelines states:

Provide the name(s) of the contractor(s) who performed the services, including any fixed contracts for services. Describe the reimbursable activity(ies) performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services. Attach consultant invoices to the claim.

Item (04) of Form 1, “Claim Summary,” for Program Number 376 (in the SCO’s *Mandated Cost Manual*) states, in part:

For each reimbursable activity, enter the total from Form 2, line (05), columns (d) through (i), to Form 1, block (04), columns (a) through (f), in the appropriate row. Total each row.

### Reinstated Activities

B. The following reimbursable activities must be specifically identified to a defendant (**excludes all cost from Probable Cause Hearings**):

1. Initial review of reports by the county’s designated counsel to determine if the county concurs with the state’s recommendation. Such activity includes the following:
  - a. Secretarial and paralegal services to assist the county’s designated counsel; and
  - b. Copying and making long distance telephone calls.
  - c. Investigator services that are necessary to determine the sufficiency of the factual evidence supporting a petition. . . .

### Recommendation

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

### County’s Response

County agrees with the finding.

County will ensure that future claimed costs will be classified in the correct section as per the program’s parameters and guidelines. County will ensure that claimed costs include only eligible costs that are based on actual costs, and are properly supported.

**FINDING 4—  
Understated travel  
and training costs**

The county claimed \$3,460 in travel and training costs for the audit period. We found that the PD's Office and the CCD Office overstated their claims by a total of \$564; and the Sheriff's Office understated its claims by \$1,465,334. As a result, the county understated its travel and training costs by \$1,464,770.

The following table summarizes the claimed, allowable, and audit adjustment for travel and training costs by fiscal year:

| <u>Fiscal<br/>Year</u> | <u>Amount<br/>Claimed</u> | <u>Amount<br/>Allowable</u> | <u>Audit<br/>Adjustment</u> |
|------------------------|---------------------------|-----------------------------|-----------------------------|
| 2011-12                | \$ 1,249                  | \$ 114,549                  | \$ 113,300                  |
| 2012-13                | -                         | 102,890                     | 102,890                     |
| 2013-14                | -                         | 95,647                      | 95,647                      |
| 2014-15                | -                         | 76,451                      | 76,451                      |
| 2015-16                | -                         | 39,331                      | 39,331                      |
| 2016-17                | -                         | -                           | -                           |
| 2017-18                | 397                       | 121,791                     | 121,394                     |
| 2018-19                | -                         | 105,235                     | 105,235                     |
| 2019-20                | 409                       | 127,100                     | 126,691                     |
| 2020-21                | 1,099                     | 262,725                     | 261,626                     |
| 2021-22                | 306                       | 422,511                     | 422,205                     |
| Total                  | <u>\$ 3,460</u>           | <u>\$ 1,468,230</u>         | <u>\$ 1,464,770</u>         |

**District Attorney's Office**

The DA's Office claimed \$2,108 in travel and training costs for the audit period. We found that the entire amount is allowable. These costs were related to various employees attending training courses.

The following table summarizes the claimed, allowable, and audit adjustment amounts for the DA's Office by fiscal year:

| <u>Fiscal<br/>Year</u> | <u>Amount<br/>Claimed</u> | <u>Amount<br/>Allowable</u> | <u>Audit<br/>Adjustment</u> |
|------------------------|---------------------------|-----------------------------|-----------------------------|
| 2011-12                | \$ 1,249                  | \$ 1,249                    | \$ -                        |
| 2019-20                | 409                       | 409                         | -                           |
| 2020-21                | 450                       | 450                         | -                           |
| Total                  | <u>\$ 2,108</u>           | <u>\$ 2,108</u>             | <u>\$ -</u>                 |

**Public Defender's Office**

The PD's Office claimed \$955 in travel and training costs for the audit period. We found that \$788 is allowable and \$167 is unallowable. The costs are unallowable because an attorney's FY 2021-22 travel reimbursement claim inadvertently included mileage costs for meeting with non-SVP clients.

The following table summarizes the claimed, allowable, and audit adjustment amounts for the PD's Office by fiscal year:

| <u>Fiscal<br/>Year</u> | <u>Amount<br/>Claimed</u> | <u>Amount<br/>Allowable</u> | <u>Audit<br/>Adjustment</u> |
|------------------------|---------------------------|-----------------------------|-----------------------------|
| 2020-21                | \$ 649                    | \$ 649                      | \$ -                        |
| 2021-22                | 306                       | 139                         | (167)                       |
| Total                  | <u>\$ 955</u>             | <u>\$ 788</u>               | <u>\$ (167)</u>             |

### **Conflict Criminal Defenders Office**

The CCD Office inadvertently overstated travel and training costs by \$397 for FY 2017-18. The overstatement occurred because the CCD Office misclassified its contract services costs for that year as travel and training costs. Therefore, we reclassified \$397 as contract services costs (see Finding 3).

### **Sheriff's Office**

The Sheriff's Office did not claim travel and training costs for the audit period. However, as discussed in Finding 2, we found that \$1,637,533 of the county's claimed materials and supplies costs was related to travel and training costs. Of that amount, we found that \$1,465,334 is allowable.

To calculate the housing costs for the SVP defendants housed as inmates in the county jail, the Sheriff's Office multiplied the number of jail days for each SVP defendant by the average daily jail rate. However, we noted the following issues:

- For FY 2011-12, and FY 2018-19 through FY 2021-22, the Sheriff's Office incorrectly calculated the total number of housing days for each SVP defendant by including the "Date Out" or "End Date" as a jail day.
- The Sheriff's Office did not have daily jail rates available based on actual costs for FY 2011-12 and FY 2016-17. Therefore, we accepted the county's claimed rates of \$100 for FY 2011-12 and \$125.95 for FY 2016-17.
- For FY 2016-17, we found that the county's Program Number 376 claims included \$55,167 in Sheriff's Office costs for three SVP defendants who had been included in the county's Program Number 175 claim for that year.
- For FY 2017-18, we found that the county's Program Number 376 claims included \$38,323 in Sheriff's Office costs for two SVP defendants who had been included in the county's Program Number 175 claim for that year.
- We found several incorrect custody dates reported for SVP defendants during the audit period: one in FY 2011-12, three in FY 2012-13, one in FY 2014-15, one in FY 2015-16, two in FY 2017-18, five in FY 2018-19, one in FY 2019-20, two in FY 2020-21, and three in FY 2021-22.

- We found that the Sheriff's Office overstated its housing costs by \$129,030 for four SVP defendants (one in FY 2013-14 and three in FY 2018-19). The custody reports from the Sheriff's Office did not show that these SVP defendants were housed in the county jail during those fiscal years.
- We found that the Sheriff's Office understated its housing costs by \$93,924 because it did not claim housing costs for four SVP defendants (one in FY 2013-14, one in FY 2017-18, one in FY 2018-19, and one in FY 2019-20). We included the \$93,924 as allowable costs.

Therefore, we recalculated the county's housing costs for FY 2011-12 through FY 2021-22 by multiplying the correct number of jail days for each defendant by an average daily jail rate based on actual costs for each fiscal year of the audit period.

The following table summarizes, by fiscal year, the claimed and allowable number of jail days, and audit adjustment amounts:

| Fiscal Year | Number of Jail Days Claimed | Number of Jail Days Allowable | Audit Adjustment |
|-------------|-----------------------------|-------------------------------|------------------|
| 2011-12     | 1,175                       | 1,133                         | (42)             |
| 2012-13     | 1,007                       | 986                           | (21)             |
| 2013-14     | 905                         | 797                           | (108)            |
| 2014-15     | 608                         | 607                           | (1)              |
| 2015-16     | 312                         | 312                           | -                |
| 2016-17     | 438                         | -                             | (438)            |
| 2017-18     | 858                         | 840                           | (18)             |
| 2018-19     | 2,953                       | 795                           | (2,158)          |
| 2019-20     | 875                         | 789                           | (86)             |
| 2020-21     | 1,617                       | 1,603                         | (14)             |
| 2021-22     | 2,516                       | 2,417                         | (99)             |
| Total       | 13,264                      | 10,279                        | (2,985)          |

The following table summarizes the claimed, allowable, and audit adjustment amounts for the average daily jail rate by fiscal year:

| Fiscal Year | Daily Jail Rate Claimed | Daily Jail Rate Allowable | Audit Adjustment |
|-------------|-------------------------|---------------------------|------------------|
| 2011-12     | \$ 100.00               | \$ 100.00                 | \$ -             |
| 2012-13     | 77.17                   | 104.35                    | 27.18            |
| 2013-14     | 77.17                   | 120.01                    | 42.84            |
| 2014-15     | 100.00                  | 125.95                    | 25.95            |
| 2015-16     | 100.00                  | 126.06                    | 26.06            |
| 2016-17     | 125.95                  | 125.95                    | -                |
| 2017-18     | 126.06                  | 144.99                    | 18.93            |
| 2018-19     | 126.06                  | 132.37                    | 6.31             |
| 2019-20     | 144.99                  | 160.57                    | 15.58            |
| 2020-21     | 132.37                  | 163.21                    | 30.84            |
| 2021-22     | 160.57                  | 174.75                    | 14.18            |

The following table summarizes the claimed, allowable, and audit adjustment amounts for the Sheriff's Office by fiscal year:

| <u>Fiscal Year</u> | <u>Amount Claimed</u> | <u>Amount Allowable</u> | <u>Audit Adjustment</u> |
|--------------------|-----------------------|-------------------------|-------------------------|
| 2011-12            | \$ -                  | \$ 113,300              | \$ 113,300              |
| 2012-13            | -                     | 102,890                 | 102,890                 |
| 2013-14            | -                     | 95,647                  | 95,647                  |
| 2014-15            | -                     | 76,451                  | 76,451                  |
| 2015-16            | -                     | 39,331                  | 39,331                  |
| 2016-17            | -                     | -                       | -                       |
| 2017-18            | -                     | 121,791                 | 121,791                 |
| 2018-19            | -                     | 105,235                 | 105,235                 |
| 2019-20            | -                     | 126,691                 | 126,691                 |
| 2020-21            | -                     | 261,626                 | 261,626                 |
| 2021-22            | -                     | 422,372                 | 422,372                 |
| Total              | <u>\$ -</u>           | <u>\$ 1,465,334</u>     | <u>\$ 1,465,334</u>     |

#### Criteria

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. . . .

Item B.7 of section IV. states:

Transportation and housing costs for each potential sexually violent predator at a secured facility while the individual awaits trial on the issue of whether he or she is a sexually violent predator. Counties shall be entitled to reimbursement for such transportation and housing costs, regardless of whether the secured facility is a state facility or county facility, except in those circumstances when the State has directly borne the costs of housing and transportation, in which case no reimbursement of such costs shall be permitted.

Section V.A.4, "Travel," of the parameters and guidelines states:

Travel expenses for mileage, per diem, lodging, and other employee entitlements are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of the traveler(s), purpose of travel, inclusive dates and times of travel, destination points, and travel costs.

#### Recommendation

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

County's Response

County agrees with the finding.

Finding #4 mainly pertains to the Sheriff's Office. The Sheriff's Office agrees with the understated travel and training costs which were listed under the wrong section (Materials and Supplies, see Finding #2) and will ensure [that] future claims are listed in the correct section.

**FINDING 5—  
Overstated indirect  
costs**

The county overstated and understated its indirect cost rates, which resulted in a net overstatement of \$49,189. The overstatement occurred because the DA's Office and the PD's Office incorrectly calculated their ICRPs.

The following table summarizes the audit adjustment for indirect costs by fiscal year for the county:

| Fiscal<br>Year | DA's<br>Office     | PD's<br>Office  | Total              |
|----------------|--------------------|-----------------|--------------------|
| 2011-12        | \$ (6,574)         | \$ -            | \$ (6,574)         |
| 2012-13        | 95                 | -               | 95                 |
| 2013-14        | 1,633              | -               | 1,633              |
| 2014-15        | (2,093)            | -               | (2,093)            |
| 2015-16        | (3,326)            | -               | (3,326)            |
| 2016-17        | (1,577)            | -               | (1,577)            |
| 2017-18        | (2,114)            | -               | (2,114)            |
| 2018-19        | (4,952)            | -               | (4,952)            |
| 2019-20        | (6,034)            | -               | (6,034)            |
| 2020-21        | (11,959)           | 10,739          | (1,220)            |
| 2021-22        | (20,487)           | (2,540)         | (23,027)           |
| Total          | <u>\$ (57,388)</u> | <u>\$ 8,199</u> | <u>\$ (49,189)</u> |

**District Attorney's Office**

The DA's Office overstated and understated its indirect cost rates, which resulted in a net overstatement of \$57,388. The overstatements occurred because the DA's Office misallocated some of its salaries and wages, benefits, and materials and supplies costs between the direct and indirect cost pools. In addition, some of the reported costs were not supported by the county's accounting records. The understatements occurred because the county used an average employee benefit rate for the entire department rather than individual benefit rates for each fund center within the department in its indirect cost calculations.

We recalculated the indirect cost rates and applied the error rates to allowable salaries and benefits to determine the audit adjustment.

The following tables summarize the audit adjustment for indirect costs by fiscal year for the DA's Office:

|                                 | Fiscal Year |            |            |            |            |            | Total       |
|---------------------------------|-------------|------------|------------|------------|------------|------------|-------------|
|                                 | 2011-12     | 2012-13    | 2013-14    | 2014-15    | 2015-16    | 2016-17    |             |
| Allowable indirect cost rate    | 23.93%      | 22.92%     | 25.29%     | 26.46%     | 29.92%     | 32.78%     |             |
| Claimed indirect cost rate      | (25.62%)    | (22.88%)   | (24.75%)   | (28.04%)   | (33.25%)   | (34.96%)   |             |
| Error rate                      | (1.69%)     | 0.04%      | 0.54%      | (1.58%)    | (3.33%)    | (2.18%)    |             |
| Allowable salaries and benefits | \$ 388,995  | \$ 236,377 | \$ 302,352 | \$ 132,492 | \$ 99,880  | \$ 72,354  |             |
| Audit adjustment                | \$ (6,574)  | \$ 95      | \$ 1,633   | \$ (2,093) | \$ (3,326) | \$ (1,577) | \$ (11,842) |

  

|                                 | Fiscal Year |            |            |             |             | Total    |
|---------------------------------|-------------|------------|------------|-------------|-------------|----------|
|                                 | 2017-18     | 2018-19    | 2019-20    | 2020-21     | 2021-22     |          |
| Allowable indirect cost rate    | 30.49%      | 30.60%     | 27.30%     | 28.43%      | 29.62%      |          |
| Claimed indirect cost rate      | (31.58%)    | (32.89%)   | (29.22%)   | (31.57%)    | (32.93%)    |          |
| Error rate                      | (1.09%)     | (2.29%)    | (1.92%)    | (3.14%)     | (3.31%)     |          |
| Allowable salaries and benefits | \$ 193,931  | \$ 216,232 | \$ 314,245 | \$ 380,847  | \$ 618,939  |          |
| Audit adjustment                | \$ (2,114)  | \$ (4,952) | \$ (6,034) | \$ (11,959) | \$ (20,487) | (45,546) |

  

|                        |  |  |  |  |  |             |
|------------------------|--|--|--|--|--|-------------|
| Total audit adjustment |  |  |  |  |  | \$ (57,388) |
|------------------------|--|--|--|--|--|-------------|

### Public Defender's Office

The PD's Office overstated and understated its indirect cost rates, which resulted in a net understatement of \$8,199. The PD's Office understated its indirect cost rate for FY 2020-21 because several benefits were excluded from its overall total indirect costs calculation. In addition, the indirect salaries and benefits reported on its ICRP for that year were not supported by the county's accounting records. The PD's Office also overstated its indirect cost rate for FY 2021-22 because it used the prior-year, rather than current-year, amounts for salaries, wages, and benefits in its indirect cost pool.

The following table summarizes the fiscal years that resulted in an audit adjustment for the PD's Office:

|                                 | Fiscal Year |            | Total    |
|---------------------------------|-------------|------------|----------|
|                                 | 2020-21     | 2021-22    |          |
| Allowable indirect cost rate    | 27.57%      | 26.36%     |          |
| Claimed indirect cost rate      | (20.39%)    | (29.26%)   |          |
| Error rate                      | 7.18%       | (2.90%)    |          |
| Allowable salaries and benefits | \$ 149,562  | \$ 87,599  |          |
| Audit Adjustment                | \$ 10,739   | \$ (2,540) | \$ 8,199 |

### Criteria

Section IV, "Reimbursable Activities," of the parameters and guidelines states, "Actual costs must be traceable and supported by source documents that show the validity of such costs."

## Section V.B, “Indirect Costs,” of the parameters and guidelines begins:

Indirect costs are defined as costs which are incurred for a common or joint purpose, benefiting 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 central government services distributed to other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the OMB A-87 [Office of Management and Budget Circular A-87]. . . .

Recommendation

We recommend that the county ensure that the ICRPs are calculated properly, are based on actual costs, and are properly supported.

County’s Response

County agrees with the finding.

The DA’s Office and PD’s Office agree with Audit Finding #5 and acknowledge the need for improved accuracy in calculating indirect cost rates. To address the issue, the DA’s Office will calculate benefit rates based on Fund Center rather than a department-wide approach. This program-specific method will ensure compliance with 2 CFR Part 200 by properly accounting for programs with unique characteristics or funding requirements.

**FINDING 6—  
Mathematical errors on  
claim (repeat finding)**

The DA’s Office did not calculate the related indirect costs, totaling \$3,808, for two job classifications (Supervising Legal Secretary and Legal Secretary 2) included in its claim for FY 2020-21. The employees in these two job classifications claimed time spent for the preparation and attendance at probable cause hearings.

The following table summarizes the related indirect costs audit adjustment for the DA’s Office:

| Job Classification          | Fiscal Year 2020-21 |          |                             |                        |           |          |                             |                    |                        |                  |
|-----------------------------|---------------------|----------|-----------------------------|------------------------|-----------|----------|-----------------------------|--------------------|------------------------|------------------|
|                             | Claimed             |          |                             |                        | Allowable |          |                             |                    |                        |                  |
|                             | Salaries            | Benefits | Total Salaries and Benefits | Related Indirect Costs | Salaries  | Benefits | Total Salaries and Benefits | Indirect Cost Rate | Related Indirect Costs | Audit Adjustment |
| Supervising Legal Secretary | \$ 6,669            | \$ 3,627 | \$ 10,296                   | \$ -                   | \$ 6,669  | \$ 3,627 | \$ 10,296                   | 31.57%             | \$ 3,250               | \$ 3,250         |
| Legal Secretary 2           | 1,174               | 594      | 1,768                       | -                      | 1,174     | 594      | 1,768                       | 31.57%             | 558                    | 558              |
| Total                       |                     |          |                             | <u>\$ -</u>            |           |          |                             |                    | <u>\$ 3,808</u>        | <u>\$ 3,808</u>  |

As discussed in Finding 1 of our prior audit report dated November 30, 2005, the county’s claims included various mathematical errors. This is a

repeat finding as the county did not implement our recommendations to verify the mathematical accuracy of its claims prior to submission, and included new mathematical errors in the current claims under audit.

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

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.

#### Recommendation

We recommend that the county review the claim detail page and verify its mathematical accuracy prior to submission.

#### County’s Response

County agrees with the finding.

The DA’s Office acknowledges the audit finding regarding the calculation of related indirect costs for the two job classifications. Moving forward, the DA’s office commits to thoroughly review all claim details for mathematical accuracy and completeness prior to submission.

The DA’s office will implement additional review procedures to ensure [that] indirect costs are appropriately calculated and aligned with applicable standards. These measures will prevent similar oversights and strengthen cost reporting practices.

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

---

**Department of Finance**  
Chad Rinde  
Director



**County of Sacramento**

**Divisions**  
Auditor-Controller  
Consolidated Utilities Billing &  
Service  
Investments  
Revenue Recovery  
Tax Collection & Licensing  
Treasury

February 21, 2025

Lisa Kurokawa  
Chief of Compliance Audits Bureau, Division of Audits  
State Controller's Office  
PO Box 942850  
Sacramento, CA 94250

**Subject: County of Sacramento Response to Draft Audit Report of the Sexually Violent Predators Program**

Dear Ms. Kurokawa:

Attached is the County's response to the State Controller's Office's (SCO) Sexually Violent Predators (SVP) Program Audit findings dated February 11, 2025. The attached document provides responses to findings identified in the draft audit report:

1. Overstated salary and benefit costs
2. Overstated materials and supplies costs
3. Understated contract services costs
4. Understated travel and training costs
5. Overstated indirect costs
6. Mathematical error on claim

We understand that the attached County response will be incorporated into SCO's final audit report. If you have any questions or need additional information, please contact Poonam Aujla at (916) 874-7248.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chad Rinde".

Chad Rinde  
Director of Finance

Attachment: County of Sacramento Responses to the SCO's Audit Finding on the Sexually Violent Predators Program

Cc: Poonam Aujla, Assistant Auditor Controller  
Olga Bachylo, Accounting Manager

700 H Street, Suite 3650, Sacramento, CA 95814  
Office (916) 874-7248 | [finance.saccounty.gov](http://finance.saccounty.gov)

Amanda Benson, Public Defender  
Stephan Cheek, Administrative Services Officer III  
Theresa Huff, Executive Director, Conflict Criminal Defender  
Jennifer Elizalde, Administrative Service Officer II  
Laura West, Principal Criminal Attorney  
John Black, Chief of Administrative and Fiscal Services  
Jennifer Griffin, Chief of Departmental Administrative Services  
Debra Holoubek, Administrative Services Officer III

**County of Sacramento Responses to the SCO's Audit Finding  
on the Sexually Violent Predators Program**

**Finding 1 – Salaries and Benefits**

The County claimed \$3,374,165 in salaries and benefits for the audit period. We found that \$3,205,874 is allowable and \$168,291 is unallowable. Unallowable related indirect costs total \$59,824, for a total adjustment of \$228,115.

**Management Response:** County partially agrees with the finding.

Public Defender's (PD's) Office agrees with the finding and acknowledges that employees cannot claim hours exceeding eight hours per day. Going forward, the Public Defender's Office will claim in accordance with the program's parameters and guidelines.

The Sheriff's Office agrees with this finding and acknowledges that inmate movement and direct supervision during court appearances are not allowable costs. Going forward the Sheriff's Office will not make any claim for this movement of SVP inmates. Regarding the Sheriff Records Officer II position, while these costs are allowable, the Sheriff's Office will no longer claim them due to the unacceptable time study submitted. Tracking time for each case would be burdensome, so these costs are not planned to be claimed in the future.

The District Attorney's (DA's) Office respectfully disagrees with the overstated hours. On December 7, 2023, the Office of State Controller Division of Audits requested the following: "As discussed in our last email, attached you will find a list of employees that worked more than 8 hours per day. Please let me know if any of these employees are not limited to working 8 hours per day and provide its support." The DA's Office indicated that employees are not limited to working 8 hours per day. The DA's Office provided copies of the Memorandum of Understanding (MOU) Attorney Agreement (020) (021) that covered the subject fiscal years. These MOU agreements outline specific guidelines under Article X, "Attorney Time and Alternate Work Hours," including the following provisions:

**10.1 Attorney Time**

- a. Attorneys are expected to work as necessary to fulfill their job duties.
- b. Attorneys do not earn overtime pay and, except as outlined in Article V, do not accrue compensating time off.
- c. Attorneys, with their supervisor's approval, may take reasonable personal time during regular working hours without loss of compensation.

The Productive Hourly Rates (PHR) and Fringe Benefit Rates are based on 1,800 annual work hours, not an 8-hour workday. Attorneys not assigned to the SVP unit

for an entire year cannot exceed the annual cap of 1,800 billed hours or a proportional cap, if assigned to the SVP unit part-time.

Finding #1 stated employees claimed hours excess of 8 hours per day. The MOU allows for the attorneys to work the hours necessary to fulfill their job duties without receiving overtime and take reasonable time off to compensate them for the additional time worked. The State Controller's Office Mandated Cost Manual for Local Agencies section 7, Direct Costs notes, "Actual Annual Productive Hourly Rate... the annual productive hours to be used is 1,800 for the computation of the PHR." The manual does not specify a maximum on the number of hours per day, only the number of hours annually. As detailed in the above summary, none of the staff working on SVP exceeded the 1,800 hour limit.

The DA's Office requests that the 290.91 hours previously claimed as exceeding the 8-hour daily limit be deemed allowable. Furthermore, the office acknowledges the miscoding of hours attributed to probable cause hearings and has implemented corrective measures to ensure accurate recording and assignment of time to the correct program moving forward.

### **Finding 2 – Materials and Supplies**

The County claimed a total of \$1,843,752 in materials and supplies costs for the audit period. We found that \$24,171 is allowable and \$1,819,581 is unallowable.

**Management Response:** County partially agrees with the finding.

The Conflict Criminal Defenders (CCD) Office, PD's Office, and Sheriff's Office agree with this finding and acknowledges that "materials and supplies" were inadvertently misclassified. This will be corrected going forward by reporting them in the appropriate section.

The DA's Office respectively disagrees with Finding #2, as all identified costs for Services and Supplies (20 Objects) and Internal County Costs (60 Objects) align with Section IV: Reimbursable Activities of the mandate guidelines. These costs are necessary, traceable, and represent increased expenses incurred as a result of the mandate.

The Services and Supplies category includes costs directly tied to mandated activities. Tuition reimbursement (General Ledger (GL) 20203700) is necessary to fulfill professional development requirements for staff engaged in mandated activities, as required by the MOU (Article VII, Sections 7.4 & 7.5). These expenses are traceable through reimbursement requests and supporting documentation and are directly linked to educational and professional requirements for mandated roles.

Insurance liability (GL 20205100) is an expense that arises from additional Full-Time Equivalent (FTE) positions created specifically for fulfilling mandated activities. The allocation methodology ensures that these costs are accurately linked to mandate-related personnel, and these insurance expenses would not be incurred in the absence of the mandate.

Membership dues (GL 20206100) for the State Bar of California, California District Attorneys Association (CDAA), and California District Attorneys Investigators Association (CDAIA) are essential to maintain the professional licensing and eligibility of attorneys and investigators working on mandated activities. These dues

enable access to legal resources, training, and compliance updates required for fulfilling mandated obligations under the State Targeted Offenders Program (STOP). Payment records validate the connection between these expenses and mandate-related staff.

Office supplies (GL 20207600) such as paper, toner, and materials are directly consumed in preparing case files, reports, and correspondence required under the mandate. Invoices and usage records verify their exclusive use for mandated activities. Office equipment maintenance supplies (GL 20226200) are necessary to support workspaces for staff engaged in mandated activities, with purchase orders and maintenance logs providing documentation.

Other operational costs (GL 20289900) include bottled water service for staff in leased facilities where water quality is inadequate, ensuring health and productivity, and consulting services (Dirt & HVAC) to maintain safe, functional workspaces. These expenses are supported by invoices and service agreements.

Countywide IT services (GL 20291000) and WAN charges (20291600) are critical for secure data storage, communication, and technical support for staff performing mandated duties. The cost allocation is based on FTE positions and technology use, ensuring direct traceability to mandated tasks.

Facility use costs (GL 20294200) and leased property expenses (20294300) support workspaces and storage areas for STOP unit staff exclusively performing mandated responsibilities. These costs are substantiated through lease agreements and usage records. Surplus property costs (20298300) are incurred due to resource management requirements tied to mandate-related operations.

The Internal County Costs category covers administrative and operational services supporting mandated activities. Intrafund employee health services (GL 60654101), benefit administration (GL 60654102), and employment services (GL 60654103) support staff assigned to mandated programs, and their costs are allocated based on FTE positions dedicated to these programs.

Training services (GL 60654104) ensure that employees performing mandated activities receive necessary instruction and compliance training. These costs are traceable through participation records.

The Department of Personnel Services (DPS) Department Services Teams (GL 60654106), 401A plan administration (GL 60654107), and safety program services (GL 60654400) are necessary for the management, benefits administration, and workplace safety of staff assigned to mandated responsibilities. These costs are directly attributable to the mandate, as evidenced by supporting documentation.

The County Executive Cabinet - Allocated Cost Package (GL 60691400) provides oversight, policy development, and coordination essential to fulfilling the mandate. These expenses are documented through cost allocation methodologies and budget records.

The 2 CFR 200 Cost Plan ensures the equitable distribution of central service costs such as accounting, human resources, IT infrastructure, and facility maintenance. These costs are documented in the approved cost allocation plan and are necessary for supporting staff engaged in mandated responsibilities.

Additionally, State Unemployment Insurance (SUI) and Workers' Compensation (WC) costs are incurred due to staffing requirements for mandated activities, with costs allocated based on FTE positions. Pension Obligation Bond (POB) debt (GL

10121100) and POB services (GL 10121200) cover pension obligations tied to employees fulfilling mandated duties, as verified through payroll records and cost allocation reports.

All Services and Supplies and Internal County Costs expenses meet the traceability, necessity, and increased cost requirements for reimbursement under Section IV of the mandate guidelines. The County respectfully requests full reimbursement for these documented, mandate-specific expenses in accordance with established criteria.

### **Finding 3 – Contract Services**

The county claimed total contract services costs of \$1,771,548 for the audit period. We found that the CCD Office overstated its claims by \$1,482 and the PD's Office understated its claims by \$3,055. As a result, \$1,773,121 is allowable.

**Management Response:** County agrees with the finding.

County will ensure that future claimed costs will be classified in the correct section as per the program's parameters and guidelines. County will ensure that claimed costs include only eligible costs that are based on actual costs, and are properly supported.

### **Finding 4 – Travel and Training Costs**

The County claimed \$3,460 in travel and training costs for the audit period. We found that the PD's Office and the CCD's Office overstated their claims by a total of \$564; and the Sheriff's Office understated its claims by \$1,465,334. As a result, the county understated its travel and training costs by \$1,464,770.

**Management Response:** County agrees with the finding.

Finding #4 mainly pertains to the Sheriff's Office. The Sheriff's Office agrees with the understated travel and training costs which were listed under the wrong section (Materials and Supplies, see Finding #2) and will ensure future claims are listed in the correct section.

### **Finding 5 – ICRP Calculation**

The County overstated and understated its indirect cost rates, which resulted in a net overstatement of \$49,189. The overstatement occurred because the DA's Office and PD's Office incorrectly calculated their ICRPs.

**Management Response:** County agrees with the finding.

The DA's Office and PD's Office agree with Audit Finding #5 and acknowledge the need for improved accuracy in calculating indirect cost rates. To address the issue, the DA's Office will calculate benefit rates based on Fund Center rather than a department-wide approach. This program-specific method will ensure compliance

with 2 CFR Part 200 by properly accounting for programs with unique characteristics or funding requirements.

**Finding 6 – Mathematical Error**

The DA's Office did not calculate the related indirect costs, totaling \$3,808, for two job classifications (Supervising Legal Secretary and Legal Secretary 2) included in its claim for FY 2020-21. The employees in these two job classifications claimed time spent for the preparation and attendance at probable cause hearings.

**Management Response:** County agrees with the finding.

The DA's Office acknowledges the audit finding regarding the calculation of related indirect costs for the two job classifications. Moving forward, the DA's office commits to thoroughly review all claim details for mathematical accuracy and completeness prior to submission.

The DA's office will implement additional review procedures to ensure indirect costs are appropriately calculated and aligned with applicable standards. These measures will prevent similar oversights and strengthen cost reporting practices.

**State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250**

**[www.sco.ca.gov](http://www.sco.ca.gov)**