

# **SAN DIEGO COUNTY**

Audit Report

## **RACIAL AND IDENTITY PROFILING PROGRAM**

Chapter 466, Statutes of 2015;  
and Chapter 328, Statutes of 2017

*July 1, 2018, through June 30, 2022*



**MALIA M. COHEN**  
CALIFORNIA STATE CONTROLLER

January 2025



MALIA M. COHEN  
CALIFORNIA STATE CONTROLLER

January 29, 2025

**CERTIFIED MAIL—RETURN RECEIPT REQUESTED**

Ms. Tracy Drager, Auditor and Controller  
San Diego County  
5530 Overland Avenue, Suite 410  
San Diego, CA 92123

Dear Ms. Drager:

The State Controller's Office audited the costs claimed by San Diego County (the county) for the legislatively mandated Racial and Identity Profiling Program for the period of July 1, 2018, through June 30, 2022.

The county claimed and was paid \$2,397,058 for costs of the mandated program. Our audit found that \$348,180 is allowable and \$2,048,878 is unallowable. The costs are unallowable because the county overstated costs for collecting and reporting stop data, overstated the number of stops conducted, claimed unallowable and unsupported costs for training and for developing and/or testing software, and claimed unallowable related indirect costs.

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 finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission). Pursuant to the Commission's regulations, outlined in Title 2, California Code of Regulations, section 1185.1(c), 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than three years following the date of this report, regardless of whether this report is subsequently supplemented, superseded, or otherwise amended.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/forms/IRCForm.pdf](http://www.csm.ca.gov/forms/IRCForm.pdf).

Ms. Tracy Drager

January 29, 2025

Page 2 of 2

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

Attachment

Copy: Ebony Shelton, Chief Administrative Officer

San Diego County

The Honorable Kelly Martinez, Sheriff

San Diego County

Terra Lawson-Remer, Acting Chair

Board of Supervisors

San Diego County

Lisa Keller-Chiodo, Finance Director

Public Safety Group

San Diego County

Christie Miller, Finance Officer

Sheriff's Office

San Diego County

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

# Contents

## **Audit Report**

<b>Summary .....</b>	<b>1</b>
<b>Background .....</b>	<b>1</b>
<b>Audit Authority.....</b>	<b>3</b>
<b>Objective, Scope, and Methodology .....</b>	<b>3</b>
<b>Conclusion .....</b>	<b>4</b>
<b>Follow-up on Prior Audit Findings.....</b>	<b>5</b>
<b>Views of Responsible Officials.....</b>	<b>5</b>
<b>Restricted Use .....</b>	<b>5</b>
<b>Schedule—Summary of Program Costs .....</b>	<b>6</b>
<b>Finding and Recommendation .....</b>	<b>8</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 San Diego County (the county) for the legislatively mandated Racial and Identity Profiling Program for the period of July 1, 2018, through June 30, 2022.

The county claimed and was paid \$2,397,058 for costs of the mandated program. Our audit found that \$348,180 is allowable and \$2,048,878 is unallowable. The costs are unallowable because the county overstated costs for collecting and reporting stop data, overstated the number of stops conducted, claimed unallowable and unsupported costs for training and for developing and/or testing software, and claimed unallowable related indirect costs.

## Background

Government Code (GC) section 12525.5, as added and amended by the Statutes of 2015, Chapter 466 and Statutes 2017, Chapter 328, and Title 11, California Code of Regulations, sections 999.224 through 999.229 established the state-mandated Racial and Identity Profiling Program.

The program requires a local law enforcement agency that employs peace officers—or that contracts for peace officers from another city or county for police protection services—to electronically report to the Attorney General, on an annual basis, data on all “stops” conducted by within its jurisdiction. For purposes of the program, “peace officer” does not include probation officers and officers in custodial settings.

On May 22, 2020, the Commission on State Mandates (Commission) found that GC section 12525.5 constitutes a reimbursable state-mandated program, beginning November 7, 2017, for local law enforcement agencies.

The Commission determined that each claimant is allowed to claim and be reimbursed for the following activities identified in the parameters and guidelines (Section IV., “Reimbursable Activities”):

### A. One-Time Activities

1. One-time training per peace officer employee and supervisor assigned to perform the reimbursable activities listed in section IV.B. of these Parameters and Guidelines.
2. One-time installation and testing of software necessary to comply with the state-mandated requirements for the collection and reporting of data on all applicable stops.

### B. Ongoing Activities

1. Identification of the peace officers required to report stops, and maintenance of a system to match individual officers to their Officer I.D. number. . . .

2. Collection and reporting data on all stops, as defined, conducted by that agency's peace officers for the preceding calendar year in accordance with sections 999.226(a) and 999.227 of the regulations. . . .
3. Electronic submission of data to DOJ [Department of Justice] and retention of stop data collected. . . .
4. Audits and validation of data collected. . . .
5. For stop data collected, ensure that the name, address, social security number, or other unique personally identifiable information of the individual stopped, searched, or subjected to property seizure, and the badge number or other unique identifying information of the peace officer involved, is not transmitted to the Attorney General in an open text field. . . .

The parameters and guidelines describe the 16 types of stop data and all applicable data elements, data fields, and narrative explanation fields that peace officers must collect for every stop.

The following stops are not reportable:

- Interactions with passengers in a stopped vehicle who have not been observed or suspected of violating the law;
- Stops made during public safety mass evacuations;
- Stops made during active shooter incidents;
- Stops resulting from routine security screenings to enter a building or special event;
- Interactions during traffic control of vehicles due to a traffic accident or emergency, crowd control requiring pedestrians to remain in a fixed location for public safety reasons, persons detained at residences so officers can check for proof of age while investigating underage drinking, and checkpoints and roadblocks where officers detain a person based on a blanket activity or neutral formula;
- Interactions with a person who is subject to a warrant or search condition at his or her residence;
- Interactions with a person who is subject to home detention or house arrest;
- Stops in a custodial setting; and
- Stops that occur while an officer is off-duty.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. 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.

## 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 audit 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 Racial and Identity Profiling 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, 2018, 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, contract services, and indirect costs. We determined whether there were any errors or unusual or unexpected variances from year to year. We reviewed the claimed activities to determine whether they adhered to the SCO's *Mandated Cost Manual* and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key 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 (stop data, productive hourly rate support, and expenditure records) generated by the county's records management system by interviewing county staff members and examining the supporting documentation. We determined that the data provided was sufficiently reliable to address the audit objective.
- We obtained system-generated lists of stop data—which the county had collected and reported to the Department of Justice (DOJ)—from the county's records management system to verify the existence, completeness, and accuracy of unduplicated counts for each fiscal year of the audit period. We recalculated the costs based on the allowable number of stops reported for each fiscal year in the audit period.
- We designed a statistical sampling plan to test approximately 15–25% of claimed salary and benefit costs, based on a moderate level of detection (audit) risk. We judgmentally selected the county's filed claim for fiscal year (FY) 2019-20, which included salary and benefit costs of \$469,727 or 25% of the total \$1,849,559 in salary and benefit costs claimed during the audit period.

- We used a random number table to select 150 of 50,593 stops from FY 2019-20. We tested the stop data as follows:
  - We determined whether data collected for each stop included all of the required elements to be reported to the DOJ according to the program's parameters and guidelines.
  - We obtained copies of the county's law enforcement services contracts and any other agreements to provide law enforcement services that were in effect during the audit period. We then determined whether any stops were performed by peace officers in a jurisdiction covered by a law enforcement services agreement or other agreement, or funded by outside funding sources such as Federal grants.
  - We determined whether any stops occurred at the residences of known felons with outstanding arrest warrants.
- We expanded our testing after the sample for FY 2019-20 revealed that the county had claimed stops conducted in all nine of its contract cities. We tested the total population of stops for each year of the audit period to determine the number of unallowable stops claimed for contract cities. We then calculated allowable costs by multiplying the allowable counts of stops by the audited average time increments needed to perform the reimbursable activities, and multiplying the product by the weighted productive hourly rates of the county employees who performed the stops.
- We reviewed the county's single audit reports to identify any offsetting savings or reimbursements from federal or pass-through programs applicable to the Racial and Identity Profiling Program.

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 Finding and Recommendation section.

For the audit period, the county claimed and was paid \$2,397,058 for costs of the legislatively mandated Racial and Identity Profiling Program. Our audit found that \$348,180 is allowable and \$2,048,878 is unallowable.



Following issuance of this 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**

We have not previously conducted an audit of the county's legislatively mandated Racial and Identity Profiling Program.

**Views of  
Responsible  
Officials**

We issued a draft audit report on October 29, 2024. The county's representative responded by letter dated November 13, 2024, agreeing with some components of the audit finding, partially agreeing with others, and wholly disagreeing with one component of the finding. 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

January 29, 2025

**Schedule—**  
**Summary of Program Costs**  
**July 1, 2018, through June 30, 2022**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2018, through June 30, 2019</u>			
Direct costs:			
Salaries and benefits			
Train peace officers and supervisors	\$ 246,338	\$ 121,097	\$ (125,241)
Install and test software	115,351	-	(115,351)
Collect and report data	150,012	54,004	(96,008)
Electronic submission of data	53,467	239	(53,228)
Total direct costs	565,168	175,340	(389,828)
Indirect costs	163,899	50,849	(113,050)
Total program costs	<u>\$ 729,067</u>	226,189	<u>\$ (502,878)</u>
Less amount paid by the State <sup>2</sup>		729,067	
Allowable costs claimed in excess of amount paid		<u>(\$502,878)</u>	
<u>July 1, 2019, through June 30, 2020</u>			
Direct costs:			
Salaries and benefits			
Train peace officers and supervisors	\$ 258,945	\$ -	\$ (258,945)
Collect and report data	153,944	55,420	(98,524)
Electronic submission of data	56,837	163	(56,674)
Total direct costs	469,726	55,583	(414,143)
Indirect costs	136,221	16,119	(120,102)
Rounding error <sup>3</sup>	1	-	(1)
Total program costs	<u>\$ 605,948</u>	71,702	<u>\$ (534,246)</u>
Less amount paid by the State <sup>2</sup>		605,948	
Allowable costs claimed in excess of amount paid		<u>\$ (534,246)</u>	
<u>July 1, 2020, through June 30, 2021</u>			
Direct costs:			
Salaries and benefits			
Train peace officers and supervisors	\$ 270,718	\$ -	\$ (270,718)
Collect and report data	87,418	27,974	(59,444)
Electronic submission of data	60,757	102	(60,655)
Total direct costs	418,893	28,076	(390,817)
Indirect costs	129,438	8,675	(120,763)
Rounding error <sup>3</sup>	(1)	-	1
Total program costs	<u>\$ 548,330</u>	36,751	<u>\$ (511,579)</u>
Less amount paid by the State <sup>2</sup>		548,330	
Allowable costs claimed in excess of amount paid		<u>\$ (511,579)</u>	

## Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment <sup>1</sup>
<u>July 1, 2021, through June 30, 2022</u>			
Direct costs:			
Salaries and benefits			
Train peace officers and supervisors	\$ 276,734	\$ -	\$ (276,734)
Collect and report data	41,544	10,386	(31,158)
Electronic submission of data	77,494	44	(77,450)
Total direct costs	395,772	10,430	(385,342)
Indirect costs	117,940	3,108	(114,832)
Rounding error <sup>3</sup>	1	-	(1)
Total program costs	<u>\$ 513,713</u>	13,538	<u>\$ (500,175)</u>
Less amount paid by the State <sup>2</sup>		<u>513,713</u>	
Allowable costs claimed in excess of amount paid		<u>\$ (500,175)</u>	
<u>Summary July 1, 2018, through June 30, 2022</u>			
Direct costs:			
Salaries and benefits			
Train peace officers and supervisors	\$ 1,052,735	\$ 121,097	\$ (931,638)
Install and test software	115,351	-	(115,351)
Collect and report data	432,918	147,784	(285,134)
Electronic submission of data	248,555	548	(248,007)
Total direct costs	1,849,559	269,429	(1,580,130)
Indirect costs	547,498	78,751	(468,747)
Rounding error <sup>3</sup>	1	-	(1)
Total program costs	<u>\$ 2,397,058</u>	348,180	<u>(\$2,048,878)</u>
Less amount paid by the State <sup>2</sup>		<u>2,397,058</u>	
Allowable costs claimed in excess of amount paid		<u>(\$2,048,878)</u>	

<sup>1</sup> See the Finding and Recommendation section.

<sup>2</sup> Payment information current as of December 6, 2024.

<sup>3</sup> We identified claim rounding errors with a net total of \$1 in the FY 2019-20, FY 2020-21, and FY 2021-22 claims.

# Finding and Recommendation

## **FINDING— Overstated Racial and Identity Profiling Program costs**

The county claimed \$2,397,058 for the mandated program. We found that \$348,180 is allowable and \$2,048,878 is unallowable.

The costs are unallowable because the county overstated costs for collecting and reporting stop data, overstated the number of stops conducted, claimed overstated and unsupported costs for training and for software installation and testing, and claimed unallowable related indirect costs.

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

Fiscal Year	Direct Costs			Related Indirect Cost Adjustment	Total Audit Adjustment
	Amount Claimed	Amount Allowable	Audit Adjustment		
2017-18	\$ 565,168	\$ 175,340	\$ (389,828)	\$ (113,050)	\$ (502,878)
2018-19	469,727	55,583	(414,144)	(120,102)	(534,246)
2019-20	418,892	28,076	(390,816)	(120,763)	(511,579)
2020-21	395,773	10,430	(385,343)	(114,832)	(500,175)
<b>Total</b>	<b>\$ 1,849,560</b>	<b>\$ 269,429</b>	<b>\$ (1,580,131)</b>	<b>\$ (468,747)</b>	<b>\$ (2,048,878)</b>

### **One-Time Activities**

The parameters and guidelines identify the following one-time activities:

- Activity A.1. – One-time training for each peace officer employee and supervisor assigned to perform the reimbursable activities; and
- Activity A.2. – One-time installation and testing of software necessary to comply with the requirements for collecting and reporting stop data.

### **Training**

The county claimed salary and benefit costs totaling \$1,052,735 for one-time staff training. We found that \$121,097 is allowable and \$931,638 is unallowable. The costs are unallowable because the county claimed duplicate and unsupported hours for training staff in its claims for FY 2019-20 through FY 2021-22. Therefore, these costs are unallowable.

We noted that the county claimed the same number of hours for the same staff for all four years of the audit period; the claimed hours, in addition to being duplicative, were also unsupported. When we inquired about the lack of supporting documentation, county representatives provided supporting documentation, corrected salary and benefit amounts for this cost component, and advised that the county only incurred training costs in FY 2018-19.

The following table presents the claimed, allowable, and audit adjustment amounts for Activity A.1. by fiscal year:

Fiscal Year	Salaries and Benefits Claimed	Salaries and Benefits Allowable	Audit Adjustment
2018-19	\$ 246,338	\$ 121,097	\$ (125,241)
2019-20	258,945	-	(258,945)
2020-21	270,718	-	(270,718)
2021-22	276,734	-	(276,734)
Totals	<u>\$ 1,052,735</u>	<u>\$ 121,097</u>	<u>\$ (931,638)</u>

***Installing and Testing Software***

The county claimed salary and benefit costs totaling \$115,351 for installing and testing software (Activity A.2.) in its claim for FY 2018-19. We found that the entire amount is unallowable. The costs are unallowable because the county did not provide any support for the claimed costs. Therefore, the costs are unallowable.

**Ongoing Activities**

The parameters and guidelines identify the following ongoing activities:

- Activity B.1. – Identifying the peace officers required to report stops, and maintaining a system to match individual officers to their Officer I.D. numbers;
- Activity B.2. – Collecting and reporting data on all reportable stops;
- Activity B.3. – Submitting electronic stop data to DOJ and retaining collected stop data;
- Activity B.4. – Audits and validation of data collected; and
- Activity B.5. – Ensuring that personally identifiable information of the individuals stopped and unique identifying information of the peace officers involved are not transmitted to DOJ in an open text field.

***Collecting and Reporting Data***

The county claimed salary and benefit costs totaling \$432,918 for collecting and reporting stop data. We found that \$147,784 is allowable and \$285,134 is unallowable. The costs are unallowable because the county claimed costs for conducting stops in all nine of its contract cities. We adjusted the stop data to remove contract city stops and recalculated allowable costs.

***Number of Stops Reported***

The county did not include the number of stops reported by peace officers in its claims during the audit period. We obtained the stop data from the

DOJ public records Open Justice data portal (<https://openjustice.doj.ca.gov/data>).

The spreadsheets that we obtained from the DOJ contained (but was not limited to) the following information:

- stop ID number,
- stop date and time,
- type of peace officer (by code number), and
- stop location.

To test the accuracy of the data, we examined each year of the audit period and identified the stops where the location was one of the cities that contracts with the county for police services.

The following table summarizes the counts of claimed, supported, and allowable stops, and the audit adjustment by fiscal year:

Fiscal Year	(A)	(B)	(C)	(D)=(C)-(A)	Percent Allowable	Percent Unallowable
	Stops Conducted per DOJ	Audited Population	Allowable Stops	Audit Adjustment		
2018-19	72,726	72,726	26,487	(46,239)	36%	-64%
2019-20	54,254	54,254	19,446	(34,808)	36%	-64%
2020-21	29,385	29,385	9,415	(19,970)	32%	-68%
2021-22	19,507	19,507	4,903	(14,604)	25%	-75%
Total stops	175,872	175,872	60,251	(115,621)		

The following table summarizes the claimed, allowable, and audit adjustment amounts by fiscal year for Activity B.2.:

Fiscal Year	Salaries and Benefits Claimed	Percent Adjustment	Salaries and Benefits Allowable	Audit Adjustment
2018-19	\$ 150,012	-64%	\$ 54,004	\$ (96,008)
2019-20	153,944	-64%	55,420	(98,524)
2020-21	87,418	-68%	27,974	(59,444)
2021-22	41,544	-75%	10,386	(31,158)
Total	\$ 432,918		\$ 147,784	\$ (285,134)

**Submitting Electronic Stop Data**

The county claimed salary and benefit costs totaling \$248,555 for submitting electronic stop data to the DOJ (reimbursable Activity B.3). We found that \$548 is allowable and \$248,007 is unallowable. The county claimed the same number of hours for the same staff for all four years of the audit period; in addition to being duplicative, the claimed hours were also unsupported.

When we explained to county representatives that the costs were unsupported, the county subsequently provided a spreadsheet documenting time spent by a San Diego County Sheriff's Department (SDCSD) Captain to prepare stop data reports for the DOJ. We determined that the time documented in the county's spreadsheet appeared reasonable for the activity involved.

The following table presents the claimed, allowable, and audit adjustment amounts for Activity B.3. by fiscal year.

Fiscal Year	Salaries and Benefits Claimed	Salaries and Benefits Allowable	Audit Adjustment
2018-19	\$ 53,467	\$ 239	\$ (53,228)
2019-20	56,837	163	(56,674)
2020-21	60,757	102	(60,655)
2021-22	77,494	44	(77,450)
Totals	\$ 248,555	\$ 548	\$ (248,007)

### Indirect costs

The county provided support for its indirect cost rates for the audit period. Using those rates, the county claimed \$547,498 for related indirect costs. We found that \$78,751 is allowable and \$468,747 is unallowable. The costs are unallowable because they are related to unallowable salaries and benefits for each year of the audit period. To recalculate indirect costs, we applied the claimed indirect cost rates to the corresponding eligible direct costs.

The following table summarizes the claimed, allowable, and audit adjustments for indirect costs by fiscal year:

Fiscal Year	Salaries and Benefits Allowable	Indirect Cost Rate	Indirect Costs		
			Amount Claimed	Amount Allowable	Audit Adjustment
2018-19	\$ 175,340	29.0%	\$ 163,899	\$ 50,849	\$ (113,050)
2019-20	55,583	29.0%	136,221	16,119	(120,102)
2020-21	28,076	30.9%	129,438	8,675	(120,763)
2021-22	10,430	29.8%	117,940	3,108	(114,832)
Total	\$ 269,429		\$ 547,498	\$ 78,751	\$ (468,747)

### Criteria

Item 1 of Section III., "Period of Reimbursement," of the parameters and guidelines states, "Actual costs for one fiscal year shall be included in each claim."

Section II., “Eligible Claimants,” of the parameters and guidelines ends:

. . . Cities and counties may not claim the costs of their peace officers that are incurred while they are assigned out to work for other government or private entities based on a contract or memorandum of understanding.

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 sheet, invoices, and receipts.

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

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

Section V.A.5., “Training,” of the parameters and guidelines states, in part:

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. . . .

Section V.B., “Indirect Cost Rates,” of the parameters and guidelines states, in part:

. . . Indirect costs may include both: (1) overhead costs of the unit performing the mandate; and (2) the costs of the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

Section VII., “Offsetting Revenues and Reimbursements,” of the parameters and guidelines states:

Any offsetting revenue the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, service fees collected, federal funds, and other applicable state funds, shall be identified and deducted from any claim submitted for reimbursement.



### Recommendation

We recommend that the county:

- Adhere to the program's parameters and guidelines and the SCO's *Mandated Cost Manual* when claiming reimbursement for mandated costs; and
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

### County's Response

The county responded as follows to the finding related to unallowable training costs:

#### **The Sheriff's Office agrees with the finding.**

The Sheriff's Office acknowledges that the training per peace officer employee and supervisor assigned to perform the reimbursable activities listed in section IV.B of the Parameters and Guidelines is one-time only. The Sheriff's Office will ensure [that] training costs [are not] included in future claims.

The county responded as follows to the finding related to unallowable costs for installing and testing software:

#### **The Sheriff's Office partially agrees with the finding.**

The Sheriff's Office information technology costs were based on the salaries and benefits of the Sheriff's Office employees that designed and built an application to comply with the Racial and Identity Profiling Act (RIPA) state mandate. While the Sheriff's Office did not track the employees' hours in our time keeping system, the hours claimed support time spent on designing the application, based [on] how long the development cycle took to get the application implemented.

The county responded as follows to the finding related to unallowable costs for collecting and reporting data:

#### **The Sheriff's Office disagrees wholly with the finding.**

The Sheriff's Office contracts with our nine incorporated cities were already in place when the State mandate for RIPA reporting was enacted. The Sheriff's Office did not add positions to support the requirement of RIPA. Section II., "Eligible Claimants," of the parameters and guidelines states "Cities and counties may not claim the costs of their peace officers that are incurred while they are assigned out to work for other government or private entities based on a contract or memorandum of understanding." Unlike a municipal police department that might contract with a city or county to provide peace officers to staff its own municipal police department, in which case the municipality would be an Eligible Claimant under the program's parameters and guidelines, Sheriff's deputies who provide law enforcement services in the nine contract cities are not "assigned out" to work for another government entity. Sheriff's deputies providing law enforcement services in the nine

contract cities work for the Sheriff, remain Sheriff's employees, are supervised by Sheriff's supervisors and have their work directed by Sheriff's supervisors. They do not work for a city police department, in any of the nine contract cities, that staffs its own police department with contracted peace officers provided by the Sheriff. As such, the County of San Diego is the appropriate Eligible Claimant for Sheriff's deputies providing law enforcement services in the nine contract cities.

The county responded as follows to the finding related to unallowable costs for submitting electronic stop data:

**The Sheriff's Office partially agrees with the finding.**

The Sheriff's Office costs for reporting electronic stop data to the DOJ were based [on] the hours Sheriff's Captains and Sheriff's Commanders spent on reviewing and implementing the state guidelines. While the Sheriff's Office did not track the employees' hours in our time keeping system, the hours claimed support time spent on all entries, training, deconfliction, and rejected entries.

The county responded as follows to the finding related to unallowable indirect costs:

**The Sheriff's Office agrees with the finding.**

The Sheriff's Office will ensure [that] only allowable salaries and benefits for eligible personnel are claimed, which will result in allowable indirect costs.

SCO Comment

Our finding and recommendation remain unchanged.

**Installing and Testing Software**

We agree that county staff spent time performing the reimbursable activity of installing and testing software to comply with the RIPA. The county's claim for FY 2018-19 included 936 hours spent by four staff members in the SDCSD's IT Department to install and test software. In its response, the county states that "the hours claimed support time spent on designing the application." We disagree.

During the audit, we asked how the county had determined the number of hours claimed. The parameters and guidelines provide guidance for the kinds of documentation required to support mandated costs. However, the county did not provide any support documents or an explanation of how the claimed hours were derived; therefore, the claimed costs are unallowable.

**Collecting and Reporting Data**

During the audit, we found that the SDCSD contracts with nine cities within San Diego County to provide law enforcement services. We also found that seven of those cities filed mandated cost claims under the Racial

and Identity Profiling Program based on the costs each one incurred to contract with the SDCSD to perform the reimbursable activities. The county's position is that it should be able to claim stops performed within the jurisdictions of the contract cities because the contracts are not between the county and a city law enforcement agency, but between the SDCSD and the cities themselves. The county also states that SDCSD officers are not "assigned" to a specific contract city for work assignments.

Regardless of how the contracts are worded, the parties to those contracts, or how SDCSD employees are deployed to work within the jurisdiction of contract cities, the county's position is inconsistent with one of the overarching principles of mandated costs, which is the eligibility of claimed costs. 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* [emphasis added] to implement the mandated activities.

To the extent that the county received revenues from its contract cities for the law enforcement services provided by SDCSD staff, it has not incurred a mandated cost eligible for reimbursement by the State.

Each of the county's contracts for law enforcement services includes a document labeled "Attachment B," which itemizes the number of law enforcement personnel that the SDCSD provides to each contract city and the total costs (including personnel costs and administrative costs) for providing those personnel. For each SDCSD law enforcement Officer that performs law enforcement services on behalf of and/or within the jurisdiction of a contract city, the county has already been reimbursed for the personnel and administrative costs of providing that law enforcement Officer to the city.

As the county has already been reimbursed by each of its contracting cities for performing the reimbursable activities, it is inappropriate for the county to claim mandated cost reimbursement from the State for performing the same mandated activities. However, it is appropriate for each contracting city to claim reimbursement from the State for the costs that it incurred to contract with the SDCSD for its law enforcement Officers to perform the reimbursable activities.

Section VII., "Offsetting Revenues and Reimbursements," of the parameters and guidelines states, in part:

. . . Reimbursement for this mandate received from any source, including, but not limited to, *service fees collected* [emphasis added], federal funds, and other applicable state funds, shall be identified and deducted from any claim submitted for reimbursement.

The county did not include any of the offsetting revenues that it received from contracting cities in its claims for reimbursement. The county could have excluded stops conducted within its contract cities from the populations of stops claimed during the audit period. This would have the

same result as including offsetting reimbursements in the county's claims. This is the approach that we took to calculate the county's allowable costs.

### **Submitting Electronic Stop Data**

We agree that county staff spent time performing the reimbursable activity of reporting electronic stop data to the DOJ to comply with the RIPA. For each year of the audit period, the county claimed 327 hours (221 hours spent by a Captain and 106 hours spent by a Commander) for electronic submission of data to the DOJ and retention of the stop data collected. In its response, the county stated that "the hours claimed support time spent on all entries, training, deconfliction, and rejected entries." We disagree.

During the audit, we asked how the county had determined the number of hours claimed. As explained in the finding, the county provided a spreadsheet to support the claimed costs for this activity. Although the county claimed 327 hours for each year of the audit period, the spreadsheet supports only 92 hours per year, and we determined that 92 hours per year are reasonable based on the type of reimbursable activity performed.

The parameters and guidelines provide guidance for the kinds of documentation required to support mandated costs. However, the county did not provide any supporting documents other than the spreadsheet, which, as stated above and earlier in the finding, supports only 92 hours per year; therefore, 235 hours per year are unallowable.

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

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**TRACY DRAGER**  
AUDITOR AND CONTROLLER

**AUDITOR AND CONTROLLER**  
5530 OVERLAND AVE, SUITE 410, SAN DIEGO, CA 92123-1261  
(858) 694-2176 FAX: (858) 694-2296

November 13, 2024

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

Dear Lisa Kurokawa:

COUNTY OF SAN DIEGO RESPONSE TO DRAFT AUDIT REPORT OF THE RACIAL AND  
IDENTITY PROFILING PROGRAM: FISCAL YEARS 2018/19 THROUGH 2021/2022.

Thank you for giving the County the opportunity to review your draft audit report. Enclosed is the Sheriff Office's response which includes their views concerning the findings and corrective actions.

The County reserves the right to file an "Incorrect Reduction Claim" with the Commission on State Mandates for the disallowance of costs within three years of the State Controller's Office notification of adjustment.

If you have any questions, please contact Christie Miller, Finance Officer for the Sheriff's Office at (858) 974-2235.

Sincerely,

F: TRACY DRAGER  
Auditor and Controller

Attachment

c: Lisa Keller-Chiodo, Group Finance Director, Public Safety  
Kelly A. Martinez, Sheriff, Sheriff's Office  
Rich Williams, Undersheriff, Sheriff's Office  
Frank Motley, Management Services Bureau Executive Director, Sheriff's Office  
Eunice Ramos, Chief Finance Officer, Sheriff's Office  
Christie Miller, Finance Officer, Sheriff's Office  
Michele Wilroy, Manager, Auditor & Controller

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**SAN DIEGO COUNTY SHERIFF'S OFFICE**

***Kelly A. Martinez, Sheriff***

*Rich Williams, Undersheriff*

November 13, 2024

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

Dear Chief Kurokawa,

**SAN DIEGO COUNTY SHERIFF'S OFFICE RACIAL AND IDENTITY PROFILING PROGRAM AUDIT**

The following is my response to the State Controller's Office (SCO) audit of the San Diego County Sheriff's Office (Sheriff's Office) Racial and Identity Profiling Program.

**SAN DIEGO COUNTY SHERIFF'S OFFICE**

**Finding – Overstated Racial and Identity Profiling Program Costs**

*The county claimed \$2,397,058 for the mandated program. The SCO found that \$348,180 is allowable and \$2,048,878 is unallowable as outlined below.*

**One-Time Activities:**

***Training***

*The county claimed salary and benefit costs totaling \$1,052,735 for one-time staff training. SCO found that \$121,097 is allowable and \$931,638 is unallowable. The costs are unallowable because the county claimed duplicate and unsupported hours for training staff in its claims for FY 2019-20 through FY 2021-22. Therefore, these costs are unallowable.*

**Response: The Sheriff's Office agrees with the finding.**

The Sheriff's Office acknowledges that the training per peace officer employee and supervisor assigned to perform the reimbursable activities listed in section IV.B of the Parameters and Guidelines is one-time only. The Sheriff's Office will ensure training costs will not be included in future claims.

*Keeping the Peace Since 1850*

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***Installing and Testing Software***

*The county claimed salary and benefit costs totaling \$115,351 for installing and testing software (Activity A.2) in its claim for FY 2018-19. We found that the entire amount is unallowable. The costs are unallowable because the county did not provide any support for the claimed costs. Therefore, the costs are unallowable.*

**Response: The Sheriff's Office partially agrees with the finding.**

The Sheriff's Office information technology costs were based on the salaries and benefits of the Sheriff's Office employees that designed and built an application to comply with the Racial and Identity Profiling Act (RIPA) state mandate. While the Sheriff's Office did not track the employees' hours in our time keeping system, the hours claimed support time spent on designing the application, based off how long the development cycle took to get the application implemented.

**Ongoing Activities:**

***Collecting and Reporting Data***

*The county claimed salary and benefit costs totaling \$432,918 for collecting and reporting stop data. We found that \$147,784 is allowable and \$285,134 is unallowable. The costs are unallowable because the county claimed costs for conducting stops in all nine of its contract cities. We adjusted the stop data to remove contract city stops and recalculated allowable costs.*

***Number of Stops Reported***

*The county did not include the number of stops reported by peace officers in its claims during the audit period. We obtained the stop data from the DOJ public records Open Justice data portal (<https://openjustice.doj.ca.gov/data>).*

*To test the accuracy of the data, we examined each year of the audit period and identified the stops where the location was one of the cities that contracts with the county for police services.*

**Response: The Sheriff's Office disagrees wholly with the finding.**

The Sheriff's Office contracts with our nine incorporated cities were already in place when the State mandate for RIPA reporting was enacted. The Sheriff's Office did not add positions to support the requirement of RIPA. Section II., "Eligible Claimants," of the parameters and guidelines states "Cities and counties may not claim the costs of their peace officers that are incurred while they are assigned out to work for other government or private entities based on a contract or memorandum of understanding." Unlike a municipal police department that might contract with a city or county to provide peace officers to staff its own municipal police department, in which case the municipality would be an Eligible Claimant under the program's parameters and guidelines, Sheriff's deputies who provide law enforcement services in the nine contract cities are not "assigned out" to work for another government entity. Sheriff's deputies providing law enforcement services in the nine contract cities work for the Sheriff, remain Sheriff's employees, are supervised by Sheriff's supervisors and have their work directed by Sheriff's supervisors. They do not work for a city police department, in any of the nine contract cities, that staffs its own police



department with contracted peace officers provided by the Sheriff. As such, the County of San Diego is the appropriate Eligible Claimant for Sheriff's deputies providing law enforcement services in the nine contract cities.

***Submitting Electronic Stop Data***

*The county claimed salary and benefit costs totaling \$248,555 for submitting electronic stop data to the DOJ (reimbursable Activity B.3). We found that \$548 is allowable and \$248,007 is unallowable. The county claimed the same number of hours for the same staff for all four years of the audit period; in addition to being duplicative, the claimed hours were also unsupported.*

**Response: The Sheriff's Office partially agrees with the finding.**

The Sheriff's Office costs for reporting electronic stop data to the DOJ were based off the hours Sheriff's Captains and Sheriff's Commanders spent on reviewing and implementing the state guidelines. While the Sheriff's Office did not track the employees' hours in our time keeping system, the hours claimed support time spent on all entries, training, deconfliction, and rejected entries.

**Indirect Costs:**

*The county provided support for its indirect cost rates for the audit period. Using those rates, the county claimed \$547,498 for related indirect costs. We found that \$78,751 is allowable and \$468,747 is unallowable. The costs are unallowable because they are related to unallowable salaries and benefits for each year of the audit period. To recalculate indirect costs, we applied the claimed indirect cost rates to the corresponding eligible direct costs.*

**Response: The Sheriff's Office agrees with the finding.**

The Sheriff's Office will ensure only allowable salaries and benefits for eligible personnel are claimed, which will result in allowable indirect costs.

**Recommendation**

*We recommend that the county:*

- *Adhere to the program's parameters and guidelines and the SCO's Mandated Cost Manual when claiming reimbursement for mandated costs; and*
- *Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.*

November 13, 2024

**Response: The Sheriff's Office agrees with the SCO's recommendation.**

The Sheriff's Office will adhere to the program's parameters and guidelines, along with the SCO's Mandated Cost Manual when claiming reimbursement for mandated costs. The Sheriff's Office will ensure claimed costs include only eligible costs, based on actuals, and which are properly supported. The Sheriff's Office will ensure staff responsible for preparing the claims are familiar with the program's parameters and guidelines, the SCO's Mandated Cost Manual, and attend training related to State mandated claims.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kelly A. Martinez". The signature is fluid and cursive, with the first name "Kelly" being the most prominent.

Kelly A. Martinez, Sheriff

KAM:cjm

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

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