

SAN LUIS OBISPO COUNTY

Audit Report

SEXUALLY VIOLENT PREDATORS PROGRAM

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

July 1, 2003, through June 30, 2008



JOHN CHIANG
California State Controller

April 2011



JOHN CHIANG
California State Controller

April 29, 2011

The Honorable Adam Hill, Chairperson
San Luis Obispo County
Board of Supervisors
1055 Monterey Street, Room D220
San Luis Obispo, CA 93408

Dear Mr. Hill:

The State Controller's Office audited the costs claimed by San Luis Obispo County for the legislatively mandated Sexually Violent Predators Program (Chapter 762, Statutes of 1995, Chapter 763, Statutes of 1995, and Chapter 4, Statutes of 1996) for the period of July 1, 2003, through June 30, 2008.

The county claimed \$728,171 for the mandated program. Our audit disclosed that \$417,148 is allowable and \$311,023 is unallowable. The costs are unallowable primarily because the county claimed ineligible and unsupported costs. The State paid the county \$546,348. The amount paid exceeds allowable costs claimed by \$129,200.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk

cc: The Honorable Gere Sibbach
Auditor-Controller
San Luis Obispo County
Andrea McGarvey, CPA
Principal Accountant-Auditor
Auditor-Controller's Office
San Luis Obispo County
Gerald T. Shea, District Attorney
Office of the District Attorney
San Luis Obispo County
Susan DeMaria, Administrative Service Manager
Office of the District Attorney
San Luis Obispo County
Daniel A. Hilford, Assistant District Attorney
Office of the District Attorney
San Luis Obispo County
Patti Clemetson, Office Administrator
MaGuire & Ashbaugh
Jeff Carosone, Principal Program Budget Analyst
Cor-Gen Unit, Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Contents

Audit Report

Summary	1
Background	1
Objective, Scope, and Methodology	1
Conclusion	2
Views of Responsible Official	2
Restricted Use	3
Schedule 1—Summary of Program Costs	4
Findings and Recommendations	7
Attachment—County’s Response to Draft Audit Report	

Audit Report

Summary

The State Controller’s Office (SCO) audited the costs claimed by San Luis Obispo County for the legislatively mandated Sexually Violent Predators Program (Chapter 762, Statutes of 1995; Chapter 763, Statutes of 1995; and Chapter 4, Statutes of 1996) for the period of July 1, 2003, through June 30, 2008.

The county claimed \$728,171 for the mandated program. Our audit disclosed that \$417,148 is allowable and \$311,023 is unallowable. The costs are unallowable primarily because the county claimed ineligible and unsupported costs. The State paid the county \$546,348. The amount paid exceeds allowable costs claimed by \$129,200.

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) establish new civil commitment procedures for the continued detention and treatment of sexually violent offenders following their completion of a prison term 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 if the inmate is a sexually violent predator. If the inmate accused of being a sexually violent predator is indigent, the test claim legislation requires counties to provide the indigent with the assistance of counsel and experts necessary to prepare a defense.

On June 25, 1998, the Commission on State Mandates (CSM) determined that Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996, imposed a reimbursable state mandate under Government Code section 17561.

The program’s parameters and guidelines establish the state mandate and define reimbursement criteria. The CSM adopted the parameters and guidelines on September 24, 1998. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Legislatively Mandated Sexually Violent Predators Program for the period of July 1, 2003, through June 30, 2008.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the county's financial statements. We conducted the 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, San Luis Obispo County claimed \$728,171 and was paid \$546,348 for costs of the Sexually Violent Predators Program. Our audit disclosed that \$417,148 is allowable and \$311,023 is unallowable.

For the fiscal year (FY) 2003-04 claim, the State made no payment to the county. Our audit disclosed that \$84,746 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$84,746, contingent upon available appropriations.

For the FY 2005-06 claim, the State paid the county \$229,039. Our audit disclosed that \$143,450 is allowable. The State will offset \$85,589 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

For the FY 2006-07 claim, the State paid the county \$201,452. Our audit disclosed that \$115,169 is allowable. The State will offset \$86,283 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

For the FY 2007-08 claim, the State paid the county \$115,857. Our audit disclosed that \$73,783 is allowable. The State will offset \$42,074 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

Views of Responsible Official

We issue a draft audit report on January 20, 2011. James P. Erb, CPA, Assistant Auditor-Controller, responded by letter dated March 21, 2011 (Attachment), agreeing with the audit results. This final audit report includes the county's response.

Restricted Use

This report is solely for the information and use of San Luis Obispo 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 report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

April 29, 2011

**Schedule 1—
Summary of Program Costs
July 1, 2003, through June 30, 2008**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2003, through June 30, 2004</u>				
District Attorney:				
Salaries	\$ 14,435	\$ 14,435	\$ —	
Benefits	5,215	5,215	—	
Materials and supplies	4,745	4,745	—	
Total direct costs	24,395	24,395	—	
Indirect costs	6,236	6,236	—	
Subtotal, District Attorney	30,631	30,631	—	
Public Defender:				
Salaries	56,826	—	(56,826)	Finding 1
Benefits	22,551	—	(22,551)	Finding 1
Contract services	—	54,115	54,115	Findings 2, 3
Materials and supplies	63,877	—	(63,877)	Finding 3
Total direct costs	143,254	54,115	(89,139)	
Indirect costs	7,938	—	(7,938)	Finding 1
Subtotal, Public Defender	151,192	54,115	(97,077)	
Total program costs	\$ 181,823	84,746	\$ (97,077)	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		\$ 84,746		
<u>July 1, 2005, through June 30, 2006</u>				
District Attorney:				
Salaries	\$ 33,889	\$ 33,889	\$ —	
Benefits	15,073	15,073	—	
Total direct costs	48,962	48,962	—	
Indirect costs	12,485	12,485	—	
Subtotal, District Attorney	61,447	61,447	—	
Public Defender:				
Salaries	77,767	—	(77,767)	Finding 1
Benefits	34,591	—	(34,591)	Finding 1
Contract services	—	82,003	82,003	Findings 2, 3
Materials and supplies	43,998	—	(43,998)	Finding 3
Total direct costs	156,356	82,003	(74,353)	
Indirect costs	11,236	—	(11,236)	Finding 1
Subtotal, Public Defender	167,592	82,003	(85,589)	
Total program costs	\$ 229,039	143,450	\$ (85,589)	
Less amount paid by the State		(229,039)		
Allowable costs claimed in excess of (less than) amount paid		\$ (85,589)		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2006, through June 30, 2007</u>				
District Attorney:				
Salaries	\$ 29,470	\$ 29,470	\$ —	
Benefits	13,116	13,116	—	
Total direct costs	42,586	42,586	—	
Indirect costs	10,857	10,857	—	
Subtotal, District Attorney	53,443	53,443	—	
Public Defender:				
Salaries	73,504	—	(73,504)	Finding 1
Benefits	32,497	—	(32,497)	Finding 1
Contract services	—	61,726	61,726	Findings 2, 3
Materials and supplies	31,408	—	(31,408)	Finding 3
Total direct costs	137,409	61,726	(75,683)	
Indirect costs	10,600	—	(10,600)	Finding 1
Subtotal, Public Defender	148,009	61,726	(86,283)	
Total program costs	<u>\$ 201,452</u>	115,169	<u>\$ (86,283)</u>	
Less amount paid by the State		(201,452)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (86,283)</u>		
<u>July 1, 2007, through June 30, 2008</u>				
District Attorney:				
Salaries	\$ 12,808	\$ 12,808	\$ —	
Benefits	5,693	5,693	—	
Total direct costs	18,501	18,501	—	
Indirect costs	5,974	5,974	—	
Subtotal, District Attorney	24,475	24,475	—	
Public Defender:				
Salaries	34,884	—	(34,884)	Finding 1
Benefits	15,509	—	(15,509)	Finding 1
Contract services	—	49,308	49,308	Findings 2, 3
Materials and supplies	35,950	—	(35,950)	Finding 3
Total direct costs	86,343	49,308	(37,035)	
Indirect costs	5,039	—	(5,039)	Finding 1
Subtotal, Public Defender	91,382	49,308	(42,074)	
Total program costs	<u>\$ 115,857</u>	73,783	<u>\$ (42,074)</u>	
Less amount paid by the State		(115,857)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (42,074)</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2003, through June 30, 2008</u>				
District Attorney:				
Salaries	\$ 90,602	\$ 90,602	\$ —	
Benefits	39,097	39,097	—	
Materials and supplies	4,745	4,745	—	
Total direct costs	134,444	134,444	—	
Indirect costs	35,552	35,552	—	
Subtotal, District Attorney	169,996	169,996	—	
Public Defender:				
Salaries	242,981	—	(242,981)	
Benefits	105,148	—	(105,148)	
Contract services	—	247,152	247,152	
Materials and supplies	175,233	—	(175,233)	
Total direct costs	523,362	247,152	(276,210)	
Indirect costs	34,813	—	(34,813)	
Subtotal, Public Defender	558,175	247,152	(311,023)	
Total program costs	\$ 728,171	417,148	\$ (311,023)	
Less amount paid by the State		(546,348)		
Allowable costs claimed in excess of (less than) amount paid		\$ (129,200)		

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Unallowable salaries
and benefits—Public
Defender’s Office**

The county claimed \$242,981 for salaries and \$105,148 for benefits during the audit period for the Public Defender’s Office. The related indirect costs claimed totaled \$34,813. We determined that the entire amount is unallowable.

The county contracted with a private legal firm for public defender services. As the employees of the firm are not employed by the county, it is inappropriate for the county to claim costs for employee salaries, benefits, and related indirect costs for their services. We reclassified the costs to contract services (see Finding 2).

In addition, the county’s claim included indirect costs based on 10% of claimed salaries and benefits for the Public Defender’s Office. Even if the indirect costs were allowable, the parameters and guidelines allow use of the optional 10% default rate only based on direct labor, exclusive of fringe benefits.

The following table summarizes the unallowable costs:

	Fiscal Year				Total
	2003-04	2005-06	2006-07	2007-08	
Salaries	\$ 56,826	\$ 77,767	\$ 73,504	\$ 34,884	\$ 242,981
Benefits	22,551	34,591	32,497	15,509	105,148
Subtotal	79,377	112,358	106,001	50,393	348,129
Indirect costs	7,938	11,236	10,600	5,039	34,813
Audit adjustment	\$ 87,315	\$ 123,594	\$ 116,601	\$ 55,432	\$ 382,942

The parameters and guidelines (section V.A.1–Claim Preparation and Submission–Supporting Documentation–Salaries and Benefits) state:

Reimbursement for personal services include compensation paid for salaries, wages, and employee fringe benefits.

The parameters and guidelines (section V.B–Claim Preparation and Submission–Supporting Documentation–Indirect Costs) state:

Indirect costs are defined as costs which are incurred for a common or joint purpose, benefiting more than one program and are not assignable to a particular department or program without efforts disproportionate to result achieved. Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the OMB A-87. Claimants have the option of using 10% of indirect labor, excluding fringe benefits, or preparing an indirect cost rate proposal (ICRP) for the department if the indirect cost rate exceeds 10%.

Recommendation

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

County’s Response

The County concurs and has implemented a method to accurately calculate and report the Public Defender’s hourly rates.

**FINDING 2—
Misclassified contract
services—Public
Defender’s Office**

As noted in Finding 1, the county claimed costs for the Public Defender’s Office as salaries, benefits, and indirect costs rather than as contract services costs. We analyzed allowable costs for the Public Defender’s Office and reclassified them as contract services costs. We determined that \$91,702 of contract services costs is allowable.

Supporting documents provided by the Public Defender’s Office during the audit for time spent by Public Defender’s Office attorneys on mandated activities consisted of court dockets for various sexually violent predator (SVP) cases with penciled-in total numbers of hours on the various court dates. We were advised that the hours posted on these court docket pages were based on estimates. There was no indication of what specific reimbursable activities were performed, though time was claimed for a variety of activities including review of reports, preparation for trials, pretrial hearings, and actual trials or hearings. The Public Defender’s Office has been unable to provide any further documentation to support how it derived the claimed time spent by its attorneys on the county’s SVP cases (e.g., employee time records, worksheets, and/or calendars). Therefore, we concluded that the time claimed was estimated and is unallowable.

The Public Defender’s Office provided adequate supporting documentation for time spent on various SVP cases by most of its paralegals and investigators. For the most part, the logs and monthly statistical forms provided indicated the dates, case numbers, types of activities performed, and the amount of time spent that adequately supports the hours claimed for these employee classifications. However, some hours claimed for paralegal services were supported only by the number of hours penciled-in on sticky notes. These appear to be estimates of time spent performing mandated activities and are unallowable.

Analysis Performed—Time Spent by Attorneys on Mandated Activities

We performed an alternate methodology in order to derive allowable time spent by Public Defender’s Office attorneys on mandated activities. We realized that the court docket information mentioned above identified Public Defender’s Office attorneys in court on specific dates for the purposes of the mandated program. However, as also noted above, the time claimed for these dates was based on estimates. We noted that attorneys from the District Attorney’s Office were also named in these court docket pages on the same court dates. We also have case log information adequately documenting time spent on SVP cases by these attorneys. Therefore, we concluded that the hours charged by District Attorney’s Office attorneys on specific dates could also be applied as allowable time spent by Public Defender’s Office attorneys.

The methodology we used to capture allowable hours for Public Defender’s Office attorneys was as follows:

1. Trace court dates from District Attorney case logs to court dockets;
2. Verify subjects by name and county case number to District Attorney logs;

3. Verify each case in the fiscal year; and
4. Allow hours claimed per case from District Attorney logs for Public Defender's Office attorneys.

The parameters and guidelines (Section IV.B.–Reimbursable Activities) allow reimbursement for time spent by indigent defense counsel on the following activities per defendant:

- Preparation and attendance at the probable cause hearing,
- Preparation and attendance at pre-trial and trial hearings, and
- Preparation and attendance at subsequent hearings regarding the condition of the sexually violent predator.

Hourly Billing Rates

We noted that the county's contract with the legal firm performing public defender services did not specify an hourly billing rate for such services. Instead, per the terms of the contract, the county is billed a flat amount each month for all services performed, whether mandate-related or non-mandate related. In addition, monthly reports are required to be sent to the County Administrative Office detailing the time spent by the Public Defender's Office on various types of cases.

The Auditor-Controller's Office prepared an analysis for each year of the audit period in order to derive an hourly billing rate for time spent by various Public Defender's Office employees (attorneys, paralegals, investigators, and clerical staff). We accepted the methodology used for determining these hourly billing rates and used the rates to compute reimbursable contract services costs for allowable time spent by Public Defender's Office employees.

The following table presents the allowable contract services costs for the Public Defender's Office by fiscal year:

Allowable Costs	Fiscal Year				Total
	2003-04	2005-06	2006-07	2007-08	
Attorney hours	205.50	473.25	296.24	155.50	
Billing rate	× \$56.13	× \$61.61	× \$66.83	\$73.72	
Total attorney costs	\$ 11,535	\$ 29,157	\$ 19,798	\$ 11,463	\$ 71,953
Investigator hours	96.50	137.55	66.00	35.00	
Billing rate	× \$28.15	× \$33.89	× \$35.47	\$40.44	
Total investigator costs	\$ 2,716	\$ 4,662	\$ 2,341	\$ 1,415	11,134
Paralegal hours	24.00	139.25	94.50	15.75	
Billing rate	× \$27.82	× \$30.06	× \$34.72	\$30.48	
Total paralegal costs	\$ 668	\$ 4,186	\$ 3,281	\$ 480	8,615
Audit adjustment	\$ 14,919	\$ 38,005	\$ 25,420	\$ 13,358	\$ 91,702

The parameters and guidelines (Section V.A.3–Claim Preparation and Submission–Direct Costs–Contract Services) require the claimant to:

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.

The parameters and guidelines (Section VI–Supporting Data) state:

For audit purposes, all costs shall be traceable to source documents (e.g., employee time records, invoices, receipts, purchase orders, contracts, worksheets, calendars’ and declarations) that show evidence of the validity of such costs and their relationship to the state mandate.

Recommendation

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

County’s Response

The County concurs with the finding and has worked with the Public Defender’s Office on a method that captures actual hours worked on mandated programs.

FINDING 3— Misstated materials and supplies–Public Defender’s Office

The county claimed \$175,233 during the audit period for materials and supplies costs incurred by the county for the Public Defender’s Office. The costs were misclassified and should have been claimed under contract services. We determined that \$155,450 was allowable and \$19,783 was unallowable. The unallowable costs occurred because costs were claimed for the wrong fiscal year, costs were unsupported, and costs were unclaimed.

For fiscal year (FY) 2003-04, costs were overstated by \$24,681. Costs were overstated because the county claimed \$15,626 for costs incurred for FY 2002-03. In addition, \$12,952 was included on the SVP summary costs sheet as expert witness costs for an SVP inmate; however, expert witness receipts provided for that inmate supported only actual costs of \$3,897, an overstatement of \$9,055.

For FY 2006-07, costs were understated by the net amount of \$4,898. The county claimed \$3,005 in costs that were already allowable in the county’s SVP claim for FY 2005-06 and did not claim allowable expert witness costs for one inmate totaling \$7,903, resulting in understated costs of \$4,898.

On Schedule 1 (Summary of Program Costs), we reclassified the allowable costs under contract services and showed all materials and supplies costs claimed for the Public Defender’s Office as unallowable.

The following table presents the claimed, allowable, and unallowable costs by fiscal year:

	Fiscal Year				Total
	2003-04	2005-06	2006-07	2007-08	
Allowable costs:					
Contract services	\$ 39,196	\$ 43,998	\$ 36,306	\$ 35,950	\$ 155,450
Claimed costs:					
Materials and supplies	<u>(63,877)</u>	<u>(43,998)</u>	<u>(31,408)</u>	<u>(35,950)</u>	<u>(175,233)</u>
Audit adjustment	<u>\$ (24,681)</u>	<u>\$ —</u>	<u>\$ 4,898</u>	<u>\$ —</u>	<u>\$ (19,783)</u>

The parameters and guidelines (section V(A)–Claim Preparation and Submission–Supporting Documentation–Direct Costs) state:

Direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities, or functions

The parameters and guidelines (section V.A.2.–Claim Preparation and Submission–Supporting Documentation–Direct Costs–Materials and Supplies) state:

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

The parameters and guidelines (section VI–Supporting Data) state:

For audit purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, invoices, receipts, purchase orders, contracts, worksheets, calendars, and declarations) that show evidence of the validity of such costs and their relationship to the state mandated program.

Recommendation

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

County’s Response

The County concurs with the finding and has implemented additional oversight for the claim preparation process.

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

County of San Luis Obispo
Office of the Auditor-Controller
1055 Monterey Street Room D220
San Luis Obispo, California 93408
(805) 781-5040 FAX (805) 781-1220



GERE W. SIBBACH, CPA

JAMES P. ERB, CPA, Assistant
LYDIA CORR, CPA, Deputy
JAMES HAMILTON, CPA, Deputy
Email: auditor@co.slo.ca.us

March 21, 2011

Attn: Jim L. Spano, Chief, Mandated Cost Audits Bureau
California State Controller Office
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Spano:

Below are the responses to audit findings determined by the State Controller's staff during the audit of the San Luis Obispo County SVP reimbursement claims.

FINDING 1:

Unallowable salaries and benefits–Public Defender's Office

The county claimed \$242,981 for salaries and \$105,148 for benefits during the audit period for the Public Defender's Office. The related indirect costs claimed totaled \$34,813. We determined that the entire amount is unallowable.

COUNTY RESPONSE:

The County concurs and has implemented a method to accurately calculate and report the Public Defender's hourly rates.

FINDING 2:

Misclassified contract services–Public Defender's Office

Supporting documents provided by the Public Defender's Office during the audit for time spent by Public Defender's Office attorneys on mandated activities consisted of court dockets for various sexually violent predator (SVP) cases with penciled-in total numbers of hours on the various court dates. We were advised that the hours posted on these court docket pages were based on estimates. There was no indication of what specific reimbursable activities were performed, though time was claimed for a variety of activities including review of reports, preparation for trials, pretrial hearings, and actual trials or hearings. The Public Defender's Office has been unable to provide any further documentation to support how it derived the claimed time spent by its attorneys on the county's SVP cases (e.g., employee time records, worksheets, and/or calendars). Therefore, we concluded that the time claimed was estimated and is unallowable.

SVP Audit Response
March 21, 2011
Page 2

COUNTY RESPONSE:

The County concurs with the finding and has worked with the Public Defender's Office on a method that captures actual hours worked on mandated programs.

FINDING 3:

Misstated materials and supplies-Public Defender's Office

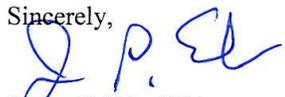
The county claimed \$175,233 during the audit period for materials and supplies costs incurred by the County for the Public Defender's Office. The costs were misclassified and should have been claimed under contract services. We determined that \$155,450 was allowable and \$19,783 was unallowable. The unallowable costs occurred because costs were claimed for the wrong fiscal year, costs were unsupported and costs were unclaimed.

COUNTY RESPONSE:

The County concurs with the finding and has implemented additional oversight for the claim preparation process.

The County appreciates the professionalism of the State Controller's Office staff during the course of the audit.

Sincerely,



James P. Erb, CPA
Assistant Auditor-Controller

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>