

LOS ANGELES 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, 2002, through June 30, 2007



JOHN CHIANG
California State Controller

May 2010



JOHN CHIANG
California State Controller

May 28, 2010

Gloria Molina, Chair
Los Angeles County Board of Supervisors
856 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Ms. Molina:

The State Controller's Office audited the costs claimed by Los Angeles 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, 2002, through June 30, 2007.

The county claimed \$20,755,880 for the mandated program. Our audit disclosed that \$20,137,471 is allowable and \$618,409 is unallowable. The costs are unallowable primarily because the county overstated productive hourly rates and claimed ineligible costs. The State paid the county \$12,786,487. The State will pay allowable costs claimed that exceed the amount paid, totaling \$7,350,984, contingent upon available appropriations.

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 Wendy L. Watanabe, Auditor-Controller
Los Angeles County
Hasmik Yaghobyan, SB 90 Administrator
Accounting Division, Auditor-Controller's Office
Los Angeles County
Jeff Carosone, Principal Program Budget Analyst
Cor-Gen Unit, Department of Finance
Angie Teng, Section Supervisor
Division of Accounting and Reporting
State Controller's Office

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Los Angeles County for the legislatively mandated Sexually Violent Predators Program (Chapter 762, Statutes of 1995; Chapter 766, Statutes of 1995; and Chapter 4, Statutes of 1996) for the period of July 1, 2002, through June 30, 2007.

The county claimed \$20,755,880 for the mandated program. Our audit disclosed that \$20,137,471 is allowable and \$618,409 is unallowable. The costs are unallowable primarily because the county overstated productive hourly rates and claimed ineligible costs. The State paid the county \$12,786,487. The State will pay allowable costs claimed that exceed the amount paid, totaling \$7,350,984, contingent upon available appropriations.

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. 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 Sexually Violent Predators Program for the period of July 1, 2002, through June 30, 2007.

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, Los Angeles County claimed \$20,755,880 for costs of the Sexually Violent Predators Program. Our audit disclosed that \$20,137,471 is allowable and \$618,409 is unallowable.

For the fiscal year (FY) 2002-03 claim, the State made no payment to the county. Our audit disclosed that \$3,570,233 is allowable. The State will pay allowable costs claimed, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the county. Our audit disclosed that \$4,124,430 is allowable. The State will pay allowable costs claimed, contingent upon available appropriations.

For the FY 2004-05 claim, the State paid the county \$4,028,437. Our audit disclosed that \$3,923,908 is allowable. The State will offset \$104,529 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

For the FY 2005-06 claim, the State paid the county \$3,979,627. Our audit disclosed that \$3,898,206 is allowable. The State will offset \$81,466 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 \$4,778,378. Our audit disclosed that \$4,620,694 is allowable. The State will offset \$157,684 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

**Views of
Responsible
Officials**

We issued a draft audit report on April 22, 2010. Wendy Watanabe, Auditor-Controller, responded by letter dated May 26, 2010 (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 Los Angeles 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

May 28, 2010

**Schedule 1—
Summary of Program Costs
July 1, 2002, through June 30, 2007**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
Salaries	\$ 1,516,404	\$ 1,485,132	\$ (31,272)	Findings 1, 2
Benefits	473,517	464,365	(9,152)	Findings 1, 2
Services and supplies	7,212	7,212	—	
Travel and training	<u>1,090,875</u>	<u>1,059,416</u>	<u>(31,459)</u>	Findings 3, 4
Total direct costs	3,088,008	3,016,125	(71,883)	
Indirect costs	<u>564,309</u>	<u>554,108</u>	<u>(10,201)</u>	Findings 1, 2
Total program costs	<u>\$ 3,652,317</u>	3,570,233	<u>\$ (82,084)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 3,570,233</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
Salaries	\$ 1,691,653	\$ 1,604,024	\$ (87,629)	Findings 1, 2
Benefits	702,344	663,682	(38,662)	Findings 1, 2
Services and supplies	19,514	19,514	—	
Travel and training	<u>1,297,300</u>	<u>1,263,887</u>	<u>(33,413)</u>	Findings 3, 4
Total direct costs	3,710,811	3,551,107	(159,704)	
Indirect costs	<u>606,265</u>	<u>573,323</u>	<u>(32,942)</u>	Findings 1, 2
Total program costs	<u>\$ 4,317,076</u>	4,124,430	<u>\$ (192,646)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 4,124,430</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
Salaries	\$ 1,505,905	\$ 1,449,667	\$ (56,238)	Findings 1, 2
Benefits	676,969	651,713	(25,256)	Findings 1, 2
Services and supplies	13,100	13,100	—	
Travel and training	<u>1,321,228</u>	<u>1,314,636</u>	<u>(6,592)</u>	Finding 4
Total direct costs	3,517,202	3,429,116	(88,086)	
Indirect costs	<u>511,235</u>	<u>494,792</u>	<u>(16,443)</u>	Findings 1, 2
Total program costs	<u>\$ 4,028,437</u>	3,923,908	<u>\$ (104,529)</u>	
Less amount paid by the State		<u>(4,028,437)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (104,529)</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
Salaries	\$ 1,508,655	\$ 1,467,088	\$ (41,567)	Findings 1, 2
Benefits	702,260	682,848	(19,412)	Findings 1, 2
Services and supplies	17,807	17,807	—	
Travel and training	<u>1,194,395</u>	<u>1,188,126</u>	<u>(6,269)</u>	Finding 4
Total direct costs	3,423,117	3,355,869	(67,248)	
Indirect costs	<u>556,555</u>	<u>542,337</u>	<u>(14,218)</u>	Findings 1, 2
Total program costs	<u>\$ 3,979,672</u>	3,898,206	<u>\$ (81,466)</u>	
Less amount paid by the State		<u>(3,979,672)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (81,466)</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs:				
Salaries	\$ 2,111,261	\$ 2,028,358	\$ (82,903)	Findings 1, 2
Benefits	1,014,187	974,291	(39,896)	Findings 1, 2
Travel and training	<u>908,682</u>	<u>902,541</u>	<u>(6,141)</u>	Finding 4
Total direct costs	4,034,130	3,905,190	(128,940)	
Indirect costs	<u>744,248</u>	<u>715,504</u>	<u>(28,744)</u>	Findings 1, 2
Total program costs	<u>\$ 4,778,378</u>	4,620,694	<u>\$ (157,684)</u>	
Less amount paid by the State		<u>(4,778,378)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (157,684)</u>		
<u>Summary: July 1, 2002, through June 30, 2007</u>				
Direct costs:				
Salaries	\$ 8,333,878	\$ 8,034,269	\$ (299,609)	
Benefits	3,569,277	3,436,899	(132,378)	
Services and supplies	57,633	57,633	—	
Travel and training	<u>5,812,480</u>	<u>5,728,606</u>	<u>(83,874)</u>	
Total direct costs	17,773,268	17,257,407	(515,861)	
Indirect costs	<u>2,982,612</u>	<u>2,880,064</u>	<u>(102,548)</u>	
Total program costs	<u>\$ 20,755,880</u>	20,137,471	<u>\$ (618,409)</u>	
Less amount paid by the State		<u>(12,786,487)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 7,350,984</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Overstated productive hourly rates

The county overstated salary and benefit costs by \$359,162 during the audit period (\$89,216 by the District Attorney’s Office and \$269,946 by the Public Defender’s Office). The overstatement occurred because some attorneys reported more annual work hours than the number of county-wide annual productive hours that were used in the county’s productive hourly rate calculations. As a result, understated productive hours used to develop productive hourly rates resulted in overstated productive hourly rates. The related unallowable indirect costs totaled \$79,288.

The following table summarizes the unallowable costs by department and fiscal year:

	Fiscal Year					Totals
	2002-03	2003-04	2004-05	2005-06	2006-07	
Salaries and benefits:						
District Attorney	\$ (2,709)	\$ (69,122)	\$ —	\$ —	\$ (17,385)	\$ (89,216)
Public Defender	<u>(34,357)</u>	<u>(38,557)</u>	<u>(68,954)</u>	<u>(45,169)</u>	<u>(82,909)</u>	<u>(269,946)</u>
Subtotal	<u>(37,066)</u>	<u>(107,679)</u>	<u>(68,954)</u>	<u>(45,169)</u>	<u>(100,294)</u>	<u>(359,162)</u>
Related indirect costs:						
District Attorney	(931)	(18,961)	—	—	(5,922)	(25,814)
Public Defender	<u>(8,116)</u>	<u>(8,875)</u>	<u>(12,498)</u>	<u>(8,831)</u>	<u>(15,154)</u>	<u>(53,474)</u>
Subtotal	<u>(9,047)</u>	<u>(27,836)</u>	<u>(12,498)</u>	<u>(8,831)</u>	<u>(21,076)</u>	<u>(79,288)</u>
Total audit adjustment	<u>\$ (46,113)</u>	<u>\$ (135,515)</u>	<u>\$ (81,452)</u>	<u>\$ (54,000)</u>	<u>\$ (121,370)</u>	<u>\$ (438,450)</u>

The county developed countywide annual productive hours that were used to claim salary and benefit costs during the audit period. We concur with the number of countywide annual productive hours used by the county during each year of the audit period. However, some exempt employees worked more than the number of countywide annual productive hours on mandated activities and these hours were used to claim costs in the county’s claims. Using a productive hourly rate based on countywide annual hours and then claiming costs for more than countywide annual hours means that the county was recovering salary and benefits costs that it did not incur. Accordingly, we adjusted the productive hourly rates for these employees based on the number of hours actually worked on mandated activities during any one fiscal year. During the audit exit conference, we provided county representatives with a sample calculation illustrating how costs were overclaimed in this manner.

The following table breaks down this audit finding by salaries and benefits and individual county department by fiscal year:

	Overstated Productive Hourly Rate (PHR)					Totals
	Fiscal Year					
	2002-03	2003-04	2004-05	2005-06	2006-07	
Salaries:						
District Attorney	\$ (2,005)	\$ (46,396)	\$ —	\$ —	\$ (11,921)	\$ (60,322)
Public Defender	(26,783)	(28,740)	(47,595)	(30,727)	(55,551)	(189,396)
Total audit adjustment, salaries	\$ (28,788)	\$ (75,136)	\$ (47,595)	\$ (30,727)	\$ (67,472)	\$ (249,718)
Benefits:						
District Attorney	\$ (704)	\$ (22,726)	\$ —	\$ —	\$ (5,464)	\$ (28,894)
Public Defender	(7,574)	(9,817)	(21,359)	(14,442)	(27,358)	(80,550)
Total audit adjustment, benefits	\$ (8,278)	\$ (32,543)	\$ (21,359)	\$ (14,442)	\$ (32,822)	\$ (109,444)

The program’s parameters and guidelines (section V.A.1–Salaries and Benefits) require that the claimants identify the employees and/or show the classification of the employees involved; describe the reimbursable activities performed; and specify the actual time devoted to each reimbursable activity by each employee, productive hourly rate, and fringe benefits. Reimbursement for personal services includes compensation paid for salaries, wages, and employee fringe benefits.

The parameters and guidelines (section VI–Supporting Data) require that all costs be traceable to source documents showing evidence of the validity of such costs and their relationship to the state mandated program.

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

The county agreed with the audit finding.

**FINDING 2—
Ineligible training,
District Attorney’s
Office**

The county overstated salary and benefit costs totaling \$72,825 because it claimed ineligible training and meeting costs incurred by the District Attorney’s Office. The related indirect costs totaled \$23,260.

The following table summarizes the audit adjustment by fiscal year and cost component:

Fiscal Year	Cost Component			Totals
	Salaries	Benefits	Indirect Costs	
2002-03	\$ (2,484)	\$ (874)	\$ (1,154)	\$ (4,512)
2003-04	(12,493)	(6,119)	(5,106)	(23,718)
2004-05	(8,643)	(3,897)	(3,945)	(16,485)
2005-06	(10,840)	(4,970)	(5,387)	(21,197)
2006-07	(15,431)	(7,074)	(7,668)	(30,173)
Total audit adjustment	\$ (49,891)	\$ (22,934)	\$ (23,260)	\$ (96,085)

The misstatements occurred for the following two reasons:

- One-time training costs: The parameters and guidelines (section IV.A.2–Reimbursable Activities) specify that reimbursement is allowable for one-time training for each employee who normally works on the Sexually Violent Predator Program on the county’s internal policies and procedures. However, the department claimed ongoing training costs that go beyond the requirements of this mandate.
- Departmental meeting costs: The costs claimed under the county’s training code included hours spent for training hours and also for meeting hours. The parameters and guidelines do not identify time spent in meetings as reimbursable activities.

The following table summarizes the audit adjustments for salaries, benefits, and related indirect costs by activity description and fiscal year:

	Fiscal Year					Totals
	2002-03	2003-04	2004-05	2005-06	2006-07	
Training	\$ (4,232)	\$ (19,292)	\$ (12,683)	\$ (13,618)	\$ (21,719)	\$ (71,544)
Meetings	(280)	(4,426)	(3,802)	(7,579)	(8,454)	(24,541)
Total	\$ (4,512)	\$ (23,718)	\$ (16,485)	\$ (21,197)	\$ (30,173)	\$ (96,085)

The parameters and guidelines (section V.A.1–Salaries and Benefits) require that claimants identify the employees and/or show the classification of the employees involved, describe the reimbursable activities performed, and specify the actual time devoted to each reimbursable activity by each employee.

The parameters and guidelines (section VI–Supporting Data) require that all costs be traceable to source documents showing evidence of the validity of such costs and their relationship to the state mandated program.

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

The county agreed with the audit finding.

**FINDING 3—
Ineligible housing
detention costs,
Sheriff’s Department**

For fiscal year (FY) 2002-03 and FY 2003-04, the Sheriff’s Department claimed detention costs totaling \$59,763 (\$29,033 for FY 2002-03 and \$30,730 for FY 2003-04) that were unallowable for reimbursement because they did not represent increased costs incurred by the county to comply with the mandated program. Specifically, the unallowable detention costs related to housing non-sexually violent predator prisoners for the portion of the detention time claimed. The county claimed these costs under the Travel and Training cost component.

The parameters and guidelines (section IV.B.6–Reimbursable Activities) state that costs eligible for reimbursement include housing costs incurred for each potential sexually violent predator at a secured facility while the individual awaits trial on the issue whether he or she is a sexually violent predator.

The parameters and guidelines (section VI–Supporting Data) require that all costs be traceable to source documents showing evidence of the validity of such costs and their relationship to the state mandated program.

The following table summarizes the audit adjustments for travel and training by fiscal year:

<u>Cost Component</u>	<u>Fiscal Year</u>		<u>Total</u>
	<u>2002-03</u>	<u>2003-04</u>	
Travel and training	<u>\$ (29,033)</u>	<u>\$ (30,730)</u>	<u>\$ (59,763)</u>

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

The county agreed with the audit finding.

**FINDING 4—
Unallowable
transportation costs,
Sheriff’s Department**

The Sheriff’s Department claimed transportation costs totaling \$24,111 for the audit period that were unallowable for reimbursement because they did not represent increased costs incurred by the county to comply with the mandated program. The county claimed these costs under Travel and Training.

The county claimed mileage costs for transporting sexually violent predator prisoners. The prisoners were transported to/from the Sheriff’s detention facility and the point of pick up and/or drop off with State/Intrastate State Hospitals or other incarceration facilities per court order, for probable cause or trial hearings.

The parameters and guidelines (section IV.B.7–Reimbursable Activities) allow reimbursement of transportation costs incurred while the individual awaits trial on the issue of whether he or she is a sexually violent predator. However, Government Code section 17514 states, “‘Costs mandated by the state’ means any increased costs which a local agency or school district is *required* [emphasis added] to incur. . . .” To the extent that the county transported sexually violent predator prisoners with other prisoners in the same vehicle, at the same time, and with the same correctional officers for security, the county did not incur any increased costs.

The following table summarizes the audit adjustment for unallowable mileage costs:

<u>Fiscal Year</u>	<u>Travel and Training</u>
2002-03	\$ (2,426)
2003-04	(2,683)
2004-05	(6,592)
2005-06	(6,269)
2006-07	<u>(6,141)</u>
Total	<u>\$ (24,111)</u>

Recommendation

We recommend that the county ensure that costs claimed are eligible increased costs incurred as a result of the mandate and that they are supported by appropriate documentation.

County’s Response

The county agreed with the audit finding.

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



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

WENDY L. WATANABE
AUDITOR-CONTROLLER

MARIA M. OMS
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ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JUDI E. THOMAS

May 26, 2010

Mr. Jeffrey V. Brownfield, Chief
Division of Audits
State Controller's Office
300 Capitol Mall, Suite 518
Sacramento, California 95814

Dear Mr. Brownfield:

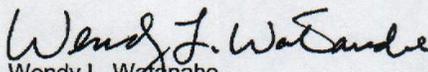
**LOS ANGELES COUNTY'S RESPONSE
TO STATE CONTROLLER'S DRAFT AUDIT REPORT
CHAPTER 762, STATUTES OF 1995, SEXUALLY VIOLENT PREDATORS**

The County of Los Angeles has reviewed the State's draft audit report dated April 22, 2010 for the Sexually Violent Predator's (SVP) program, for the period July 1, 2002 through June 30, 2007. The draft audit report concluded that, of the \$20,755,880 claimed under SVP, \$20,137,471 is allowable. The remaining \$618,409 is not allowable pursuant to the Parameters and Guidelines adopted by the Commission on State Mandates on September 24, 1998.

The County's attached response indicates agreement with the audit findings. The County will take the necessary corrective actions to implement policies and procedures to ensure that the productive hourly rates are not overstated and costs claimed under SVP are eligible. We also recognize that if the County subsequently provides additional information to support its \$618,409 of unallowable costs, or if there are any changes in the laws and regulations, the State will revise the final audit report to include such additional allowable costs.

If you have any questions, please contact Hasmik Yaghobyan at (213) 893-0792 or via e-mail at hyaghobyan@auditor.lacounty.gov.

Very truly yours,


Wendy L. Watanabe
Auditor-Controller

WLW:MMO:JN:CY:hy
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Attachment

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**LOS ANGELES COUNTY'S RESPONSE TO
STATE CONTROLLER'S DRAFT AUDIT REPORT
CHAPTER 762, STATUTES OF 1995, SEXUALLY VIOLENT PREDATORS (SVP)
JULY 1, 2002 THROUGH JUNE 30, 2007**

Finding # 1- Overstated Productive Hourly Rates, District Attorney and Public Defender

The County overstated salary and benefit costs by \$359,162 during the audit period. The overstatement occurred because some of the District Attorney and Public Defender's attorneys reported more annual work hours than the number of Countywide annual productive hours that were used in the County's productive hourly rate calculations. The related indirect costs totaled \$79,288.

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

We agree with the recommendation. The County will review and establish policies and procedures to ensure that claimed costs are eligible, are based on actual costs, and are properly supported.

Finding # 2- Ineligible Training Costs, District Attorney's Office

The County overstated salary and benefits costs totaling \$72,825 because it claimed ineligible training and meeting costs incurred by the District Attorney's Office. The related indirect costs totaled \$23,260.

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

We agree with the recommendation. The County will review and establish policies and procedures to ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

**LOS ANGELES COUNTY'S RESPONSE TO
STATE CONTROLLER'S DRAFT AUDIT REPORT
CHAPTER 762, STATUTES OF 1995, SEXUALLY VIOLENT PREDATORS (SVP)
JULY 1, 2002 THROUGH JUNE 30, 2007**

Finding # 3- Ineligible Housing and Detention Costs, Sheriff's Department

For Fiscal Year 2002-03 and Fiscal Year 2003-04, the Sheriff's Department claimed detention costs totaling \$59,763 that were unallowable for reimbursement because they did not represent increased costs incurred by the County to comply with the mandated program. Specifically, the unallowable detention costs were related to the housing of non-sexually violent predator prisoners for the portion of the detention time claimed. The County claimed these costs under travel and training.

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

We agree with the recommendation. The County will review and establish policies and procedures to ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

Finding # 4- Unallowable Transportation Costs, Sheriff's Department

The Sheriff's Department claimed transportation costs totaling \$24,111 for the audit period that were unallowable for reimbursement because they did not represent increased costs incurred by the County to comply with the mandated program. The County claimed these costs under travel and training.

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

We agree with the recommendation. The County will review and establish policies and procedures to ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

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

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