CITY OF MORENO VALLEY

Review Report

RACIAL AND IDENTITY PROFILING PROGRAM

Chapter 466, Statutes of 2015;

and Chapter 328, Statutes of 2017

July 1, 2017, through June 30, 2024

MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

March 2026

S25-MCC-9015

STATE CONTROLLER'S OFFICE | DIVISION OF AUDITS

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MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

March 6, 2026

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Ms. Dena Heald, Chief Financial Officer
City of Moreno Valley
14177 Frederick Street
Moreno Valley, CA 92552

Dear Ms. Heald:

The State Controller's Office reviewed the costs claimed by the City of Moreno Valley (the city) for the legislatively mandated Racial and Identity Profiling Program for the period of July 1, 2017, through June 30, 2024. We conducted our review under the authority of Government Code sections 12410, 17558.5, and 17561. Our review was limited to validating the claimed contract services costs and hourly rates.

The city claimed $682,158 for costs of the mandated program. Our review found that $589,168 is allowable and $92,990 is unallowable ($88,982 plus a $4,008 penalty for filing a late claim). The costs are unallowable because the city claimed costs for collecting and reporting stop data for fiscal year 2017-18, which was before the required reporting period began. The State paid the city $678,150.

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If you have any questions regarding this report, please contact Lisa Kurokawa, Chief, Compliance Audits Bureau, by telephone at 916-327-3138 or email at lkurokawa@sco.ca.gov. Thank you.

Sincerely,

Original signed by
Kimberly A. Tarvin, CPA
Chief, Division of Audits

Attachments:
Attachment 1—Summary of Program Costs
Attachment 2—Review Results

Copy: The Honorable Ulises Cabrera, Mayor
City of Moreno Valley
Chris Hill, Principal Program Budget Analyst
Local Government Unit
California Department of Finance
Kaily Yap, Finance Budget Analyst
Local Government Unit
California Department of Finance
Darryl Mar, Manager
Local Reimbursements Section
State Controller's Office
Everett Luc, Supervisor
Local Reimbursements Section
State Controller's Office

ATTACHMENT 1—SUMMARY OF PROGRAM COSTS

July 1, 2017, through June 30, 2024

Payment amounts shown below are current as of December 31, 2025.

The city amended its fiscal year 2018-19 claim after the due date. Pursuant to Government Code section 17568, the State assessed a late filing penalty equal to 10 percent of allowable costs that exceed the timely filed claim amount, with no maximum penalty amount.

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustments
July 1, 2017, through June 30, 2018			
Direct costs:			
Salaries and benefits:			
Collect and report data	$88,982	$0	-$88,982
Total program costs	$88,982	0	-$88,982
Less: amount paid by the State		-88,982	
Amount paid in excess of allowable costs		-$88,982	
July 1, 2018, through June 30, 2019			
Direct costs:			
Salaries and benefits:			
Collect and report data	$137,298	$0	-$137,298
Contract services:			
Collect and report data	0	137,298	137,298
Total direct costs	137,298	137,298	0
Less: late filing penalty	0	-4,008	-4,008
Total program costs	$137,298	133,290	-$4,008
Less: amount paid by the State		-133,290	
Allowable costs claimed in excess of amount paid		$0	

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustments
July 1, 2019, through June 30, 2020			
Direct costs:			
Salaries and benefits:			
Collect and report data	$77,737	$0	-$77,737
Contract services:			
Collect and report data	0	77,737	77,737
Total program costs	$77,737	77,737	$0
Less: amount paid by the State		-77,737	
Allowable costs claimed in excess of amount paid		$0	
July 1, 2020, through June 30, 2021			
Direct costs:			
Salaries and benefits:			
Collect and report data	$121,229	$0	-$121,229
Contract services:			
Collect and report data	0	121,229	121,229
Total program costs	$121,229	121,229	$0
Less: amount paid by the State		-121,229	
Allowable costs claimed in excess of amount paid		$0	
July 1, 2021, through June 30, 2022			
Direct costs:			
Salaries and benefits:			
Collect and report data	$121,098	$0	-$121,098
Contract services:			
Collect and report data	0	121,098	121,098
Total program costs	$121,098	121,098	$0
Less: amount paid by the State		-121,098	
Allowable costs claimed in excess of amount paid		$0	

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustments
July 1, 2022, through June 30, 2023			
Direct costs:			
Salaries and benefits:			
Collect and report data	$89,414	$0	-$89,414
Contract services:			
Collect and report data	0	89,414	89,414
Total program costs	$89,414	89,414	$0
Less: amount paid by the State		-89,414	
Allowable costs claimed in excess of amount paid		$0	
July 1, 2023, through June 30, 2024			
Direct costs:			
Salaries and benefits:			
Collect and report data	$46,400	$0	-$46,400
Contract services:			
Collect and report data	0	46,400	46,400
Total program costs	$46,400	46,400	$0
Less: amount paid by the State		-46,400	
Allowable costs claimed in excess of amount paid		$0	
Summary: July 1, 2017, through June 30, 2024			
Direct costs: Salaries and benefits			
Collect and report data	$682,158	$0	-$682,158
Direct costs: Contract services			
Collect and report data	0	593,176	593,176
Total direct costs	682,158	593,176	-88,982
Less: late filing penalty	0	-4,008	-4,008
Total program costs	$682,158	589,168	-$92,990
Less: amount paid by the State		-678,150	
Amount paid in excess of allowable costs		-$88,982	

ATTACHMENT 2—REVIEW RESULTS

Background

Government Code (GC) section 12525.5, as added and amended by Chapter 466, Statutes of 2015; Chapter 328, Statutes of 2017; 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 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 found that GC section 12525.5 constitutes a reimbursable state-mandated program, beginning November 7, 2017, for local law enforcement agencies.

The Commission on State Mandates 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. <u>One-Time Activities</u>

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 occurring during traffic control of vehicles in response 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 that officers can check for proof of age while investigating underage drinking, and checkpoints and roadblocks where officers detain a person as the result of regulatory activity that is general and not based on individualized suspicion or personal characteristics;
- 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 when an officer is off duty.

Finding—Overstated Racial and Identity Profiling Program Costs

The City of Moreno Valley (the city) claimed $88,982 in costs for collecting and reporting stop data to the DOJ for fiscal year (FY) 2017-18. The costs are unallowable because the requirement to report the city's stop data did not begin until FY 2018-19.

We also found that the city misclassified its contract services costs as salary and benefit costs. The city contracts with the Riverside County Sheriff's Department (RCSD) for its law enforcement services; therefore, the city did not incur any salary and benefit costs, but rather incurred contract services costs. We reallocated these costs to the appropriate cost category of contract services.

The city used the correct methodology to calculate its salary and benefit costs: it multiplied the number of stops by the average time required to perform the reimbursable activity, then multiplied the total by the hourly rate obtained from the city's contract with the RCSD. However, because no city staff members performed the reimbursable activities, these costs should have been classified as contract services costs, not as salary and benefit costs.

The following table summarizes the claimed, allowable, and review adjustment amounts by fiscal year:

Fiscal Year	Salaries and Benefits Claimed [A]	Salaries and Benefits Allowable [B]	Review Adjustment [C] = [B] − [A]	Allowable Contract Services [D]	Total Review Adjustment [E] = [D] − [C]
2017-18	$88,982	$0	-$88,982	$0	-$88,982
2018-19	137,298	0	-137,298	137,298	0
2019-20	77,737	0	-77,737	77,737	0
2020-21	121,229	0	-121,229	121,229	0
2021-22	121,098	0	-121,098	121,098	0
2022-23	89,414	0	-89,414	89,414	0
2023-24	46,400	0	-46,400	46,400	0
Total	$682,158	$0	-$682,158	$593,176	-$88,982

Contract Services Costs

The city contracted with the RCSD to perform its law enforcement services during the review period. The “Police Department” page of the city’s website states, in part:

> The Moreno Valley Police Department provides law enforcement services including patrol, traffic enforcement, crime prevention and community engagement, detective services, and special enforcement. Law-enforcement services are contracted by the Riverside County.

These services included the reimbursable activities claimed for the mandated program. Each fiscal year, the city contracted with the RCSD for various staff positions; however, only the Sheriff’s Patrol (Supported Undedicated Productive – Blended) classification performed the reimbursable activities. No city staff member performed any of the reimbursable activities under this program; therefore, the city did not incur salary and benefit costs as claimed, but rather incurred contract services costs. We reallocated the costs to the appropriate cost category of contract services.

Ongoing Activity B.2 – Collecting and Reporting Data

The city claimed a total of $682,158 for collecting and reporting data on all stops during the review period. We found that $593,176 is allowable and $88,982 is unallowable. The costs are unallowable because the city claimed costs for collecting and reporting stop data for FY 2017-18. During discussions with a representative of the RCSD, we found that the RCSD advised the city that it had submitted data for 9,287 city stops to the DOJ for FY 2017-18. This was in error, as the RCSD was in its implementation and testing phase for the Racial and Identity Profiling Program during that fiscal year. The RCSD began reporting city stops to the DOJ beginning on July 1, 2018. Therefore, all costs claimed for FY 2017-18 are unallowable.

Contract Hourly Rates

The city's claims included copies of Attachment A from the RCSD's Law Enforcement Services Contract, which lists the RCSD's contract law enforcement rates for each fiscal year of the review period. We found that the claimed contract hourly rates for the classification of Sheriff's Patrol Officer were properly applied to calculate the costs for the collection and reporting of data for all stops for each fiscal year of the review period. The following table summarizes the calculation of allowable contract services costs for each fiscal year:

Fiscal Year	Number of Allowable Stops [A]	Average Time Increment (in minutes) [B]	Total Allowable Hours Worked [C] = ([A] × [B]) ÷ 60	Allowable Contract Hourly Rate [D]	Total Allowable Costs [E] = [C] × [D]
2017-18	0	3.20	0.00	$179.65	$0
2018-19	14,335	3.13	747.81	183.60	137,298
2019-20	9,605	2.57	411.41	188.95	77,737
2020-21	14,191	2.59	612.58	197.90	121,229
2021-22	13,112	2.69	587.85	206.00	121,098
2022-23	9,218	2.78	427.10	209.35	89,414
2023-24	6,152	2.11	216.35	214.47	46,400
Total			3,003.10		$593,176

Criteria

Section IV., "Reimbursable Activities," of the parameters and guidelines begins:

> To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Item 2.a.(1) of Section IV.B., "Ongoing Activities," of the parameters and guidelines states:

> An agency that employs 1,000 or more peace officers shall begin collecting data on or before July 1, 2018, and shall issue its first round of reports on or before April 1, 2019.

Section V.A.3., "Contracted Services," of the parameters and guidelines states:

> Report the name of the contractor and services performed to implement the reimbursable activities. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the services that were performed during the period covered by the reimbursement claim. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

Recommendation

We recommend that the city:

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