CITY OF FRESNO

Final Audit Report

RACIAL AND IDENTITY PROFILING PROGRAM

Chapter 466, Statutes of 2015;

and Chapter 328, Statutes of 2017

July 1, 2018, through June 30, 2023

MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

July 2026

S25-MCC-0003

STATE CONTROLLER'S OFFICE | DIVISION OF AUDITS

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MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

July 14, 2026

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Mr. Santino Danisi, City Controller
City of Fresno
2600 Fresno Street
Fresno, CA 93721

Dear Mr. Danisi:

The State Controller's Office audited the costs claimed by the City of Fresno (the city) for the legislatively mandated Racial and Identity Program for the period of July 1, 2018, through June 30, 2023.

The city claimed and was paid $665,648 for costs of the Racial Identity and Profiling Program. Our audit found that $637,500 is allowable ($640,416 less $2,916 in penalties for filing late claims) and $28,148 is unallowable. The costs are unallowable because the city claimed unallowable and unsupported training costs 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 city of the adjustment to its claim via a system-generated letter for fiscal year 2018-19.

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

Copy: The Honorable Jerry P. Dyer, Mayor
City of Fresno
Kaleb Neufeld, Assistant Controller
City of Fresno
Chris Hill, Principal Program Budget Analyst
Local Government Unit
California Department of Finance
Kaily Yap, Finance Budget Analyst
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State Controller's Office
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SUMMARY

The State Controller's Office (SCO) audited the costs claimed by the City of Fresno (the city) for the legislatively mandated Racial and Identity Profiling (RID) Program for the period of July 1, 2018, through June 30, 2023.

The city claimed and was paid $665,648 for costs of the RID Program. Our audit found that $637,500 is allowable ($640,416 less $2,916 in penalties for filing late claims) and $28,148 is unallowable. The costs are unallowable because the city claimed unallowable and unsupported training costs 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 the Statutes of 2017, Chapter 328; and Title 11, California Code of Regulations, sections 999.224 through 999.229 established the state-mandated RID Program.

The RID 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 RID 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 RID Program's 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. . . .

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. <u>Ongoing Activities</u>

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 [California 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 RID Program's 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 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 while an officer is off-duty.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission on State Mandates adopted the RID Program's parameters and guidelines on September 25, 2020, and amended them on March 24, 2023. 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 reimbursable costs.

AUDIT AUTHORITY

We conducted this audit in accordance with GC sections 17558.5 and 17561, which authorize the SCO to audit the city's records to verify the actual amount of the mandated costs. In addition, GC section 12410 provides the SCO with general authority to audit the disbursement of state money for correctness, legality, and sufficient provisions of law for payment.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective was to determine whether claimed costs represent increased costs resulting from the legislatively mandated RID Program during the period of July 1, 2018, through June 30, 2023. Specifically, we conducted this audit to determine whether claimed costs were supported by appropriate source documents, not funded by another source, and not unreasonable and/or excessive. Unreasonable and/or excessive costs include ineligible costs that are not identified in the RID Program's parameters and guidelines as reimbursable costs. To achieve our objective, we performed the following procedures:

- We reviewed the annual mandated cost claims filed by the city for the audit period and identified the significant cost components of each claim as salaries and benefits, and related indirect costs. We then determined whether there were any errors, or unusual or unexpected variances from year to year. We also reviewed the claimed activities to determine whether they adhered to the SCO's *Mandated Cost Manual* and the RID Program's parameters and guidelines.

- We completed an internal control questionnaire by interviewing the city's key staff members. We discussed the claim preparation process with the city's staff members to determine what information was obtained, who obtained it, and how it was used.

- We assessed the reliability of data (stop data and payroll, revenue, and expenditure records) generated by the city's records management system by interviewing the city's staff members and examining supporting documentation. We determined that the data was sufficiently reliable to address the audit objective.

- We reviewed and analyzed the claimed one-time training costs to verify that the costs were properly supported and were mandate-related. We verified that the claimed costs did not include duplicate employees and that the Racial and Identity Profiling Act training course was completed by all employees (see the Finding).

- We obtained the city's system-generated lists of stop data—which the city had collected and reported to the DOJ—from its RID Program application to verify the existence, completeness, and accuracy of 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. No errors were found.

- We designed a statistical sampling plan to test approximately 15–25 percent of claimed salary and benefit costs, based on a moderate level of detection (audit) risk. We judgmentally selected the city's filed claims for fiscal year (FY) 2019-20, which included salary and benefit costs of $118,005 or 26 percent of the total $457,153 in salary and benefit costs claimed during the audit period. We describe the sampling plan in the Finding and Recommendation section.

- We used a random number table to select 149 out of 25,886 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 RID Program's parameters and guidelines.

  - We determined whether any stops occurred at the residences of known felons with outstanding arrest warrants.

  - We projected the audit results of the sample year tested by multiplying the allowable counts of stops by the audited average time increments needed to perform the reimbursable activities, and multiplied the product by the weighted productive hourly rates of the city employees who performed them.

- We reviewed the city's single audit reports to identify potential sources of offsetting savings or reimbursements from federal or pass-through programs applicable to the RID 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 found that the city's claimed costs were supported and were not funded by another source; however, some costs are ineligible, as quantified in the Schedule and described in the Finding and Recommendation section.

For the audit period, the city claimed and was paid $665,648 for costs of the legislatively mandated RID Program. Our audit found that $637,500 is allowable ($640,416 less $2,916 in penalties for filing late claims) and $28,148 is unallowable.

Following issuance of this audit report, the SCO's Local Government Programs and Services Division will notify the city of the adjustment to its claim via a system-generated letter for FY 2018-19.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

The first year that the city was eligible to file a reimbursement claim for the RID Program was FY 2018-19. Therefore, no claims were filed prior to FY 2018-19.

VIEWS OF RESPONSIBLE OFFICIALS

We issued a draft audit report on June 10, 2026. The city's representative responded by email dated June 30, 2026 agreeing with the audit results.

RESTRICTED USE

This report is solely for the information and use of the city, the California Department of Finance, and 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 and is available on the SCO website at www.sco.ca.gov.

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

July 14, 2026

SCHEDULE—SUMMARY OF PROGRAM COSTS

July 1, 2018, through June 30, 2023

The following notes provide context for the Schedule:

- Payment amounts shown below are current as of May 26, 2026.
- The city filed its initial FY 2018-19 reimbursement claim for $266,750 by the due date specified in GC section 17560, and amended it to $299,518 after the due date. The city filed its initial FY 2019-20 reimbursement claim for $150,944 by the due date specified in GC section 17560, and amended it to $178,617 after the due date. Pursuant to GC section 17561(d)(3), the State assessed a late filing penalty equal to 10 percent of the allowable, timely filed claim amount, with no maximum penalty amount.

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment
July 1, 2018, through June 30, 2019			
Direct costs:			
Salaries and benefits:			
Train peace officers and supervisors	$61,986	$39,961	-$22,025
Collect and report data	148,942	148,942	0
Total direct costs	210,928	188,903	-22,025
Indirect costs	88,590	79,339	-9,251
Total direct and indirect costs	299,518	268,242	-31,276
Less: offsetting revenues and other reimbursements	0	0	0
Total RID Program costs	299,518	268,242	-31,276
Less: late filing fee	-3,277	-149	3,128
Total reimbursable cost	$296,241	268,093	-$28,148
Less: amount paid by the State		-296,241	
Amount paid in excess of allowable costs		-$28,148	

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment
July 1, 2019, through June 30, 2020			
Direct costs:			
Salaries and benefits:			
Collect and report data	$118,055	$118,055	$0
Total direct costs	118,055	118,055	0
Indirect costs	60,562	60,562	0
Total direct and indirect costs	178,617	178,617	0
Less: offsetting revenues and other reimbursements	0	0	0
Total RID Program costs	178,617	178,617	0
Less: late filing fee	-2,767	-2,767	0
Total reimbursable cost	$175,850	175,850	$0
Less: amount paid by the State		-175,850	
Amount paid in excess of allowable costs		$0	
July 1, 2020, through June 30, 2021			
Direct costs:			
Salaries and benefits:			
Collect and report data	$50,124	$50,124	$0
Total direct costs	50,124	50,124	0
Indirect costs	25,513	25,513	0
Total direct and indirect costs	75,637	75,637	0
Less: offsetting revenues and other reimbursements	0	0	0
Total RID Program costs	$75,637	75,637	$0
Less: amount paid by the State		-75,637	
Amount paid in excess of allowable costs		$0	
July 1, 2021, through June 30, 2022			
Direct costs:			
Salaries and benefits:			
Collect and report data	$37,483	$37,483	$0
Total direct costs	37,483	37,483	0
Indirect costs	20,241	20,241	0
Total direct and indirect costs	57,724	57,724	0
Less: offsetting revenues and other reimbursements	0	0	0

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment
Total RID Program costs	$57,724	57,724	$0
Less: amount paid by the State		-57,724	
Allowable costs claimed in excess of amount paid		$0	
July 1, 2022, through June 30, 2023			
Direct costs:			
Salaries and benefits:			
Collect and report data	$40,563	$40,563	$0
Total direct costs	40,563	40,563	0
Indirect costs	19,633	19,633	0
Total direct and indirect costs	60,196	60,196	0
Less: offsetting revenues and other reimbursements	0	0	0
Total RID Program costs	$60,196	60,196	$0
Less: amount paid by the State		-60,196	
Amount paid in excess of allowable costs		$0	
Summary: July 1, 2018, through June 30, 2023			
Direct costs:			
Salaries and benefits:			
Train peace officers and supervisors	$61,986	$39,961	-$22,025
Collect and report data	395,167	395,167	0
Total direct costs	457,153	435,128	-22,025
Indirect costs	214,539	205,288	-9,251
Total direct and indirect costs	671,692	640,416	-31,276
Less: offsetting revenues and other reimbursements	0	0	0
Total RID Program costs	671,692	640,416	-31,276
Less: late filing fee	-6,044	-2,916	3,128
Total reimbursable cost	$665,648	637,500	-$28,148
Less: amount paid by the State		-665,648	
Amount paid in excess of allowable costs		-$28,148	

FINDING AND RECOMMENDATION

Finding—Unsupported Training Costs

The city overstated salaries and benefits by $31,276 for the RID Program, because it claimed unsupported training costs and unallowable related indirect costs.

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

Fiscal Year	Claimed Salaries and Benefits	Allowable Salaries and Benefits	Difference	Related Indirect Cost Adjustment	Total Audit Adjustment
2018-19	$210,928	$188,903	-$22,025	-$9,251	-$31,276
2019-20	118,055	118,055	0	0	0
2020-21	50,124	50,124	0	0	0
2021-22	37,483	37,483	0	0	0
2022-23	40,563	40,563	0	0	0
Total	$457,153	$435,128	-$22,025	-$9,251	-$31,276

Training

The city claimed $61,986 for the one-time reimbursable activity of training 821 staff members during FY 2018-19. We determined that $39,961 is allowable and $22,025 is unallowable.

The city's claims included 0.50 hour training sessions for 549 officers and 2.0 hour training sessions for another 272 officers. The 2.0 hour training sessions were described as "Train the Trainer" sessions held in October 2018. We noted that 272 police officers attending the "Train the Trainer" session represent approximately 33 percent of the city's total sworn Police Department staff. The city provided support for 80 of the 272 officers who attended the 2.0 hour training sessions. Costs for training the remaining 192 officers for 2.0 hours are unsupported. Therefore, we determined that 0.50 hours of training was allowable for these officers.

We also found that the city claimed training costs for the Police Chief, Deputy Police Chief, and Captain job classifications. Training claimed for the Police Chief is unallowable because that position is included in the city's indirect cost rate proposal as 100 percent indirect for that year. Costs claimed as 100 percent indirect cannot also be claimed as direct costs.

Training costs claimed for the Deputy Police Chief and Captain job classifications are unallowable because the city's job specifications indicate that these job classifications do not directly supervise officers performing the reimbursable activities. The RID Program's parameters and guidelines specify that training is allowable for peace officer employees and supervisors assigned to perform the reimbursable activities.

The following table summarizes the claimed and allowable amounts by job classification:

Job Classification	Quantity Claimed	Claimed Time per Person	Amount Claimed	Quantity Allowable	Allowable Time per person	Amount Allowable	Difference
Chief	1	0.25	$47	0	0.00	$0	-$47
Deputy Chief	5	0.25	187	0	0.00	0	-187
Captain	7	0.25	231	0	0.00	0	-231
Lieutenant	22	0.25	638	22	0.25	638	0
Sergeant	102	0.50	4,735	102	0.50	4,735	0
Officer	412	0.50	15,422	604	0.50	22,610	7,188
Training Officer	272	2.00	40,726	80	2.00	11,978	-28,748
Total	821		$61,986	808		$39,961	-$22,025

Indirect Costs

The city claimed $214,539 for related indirect costs. We found that $205,288 is allowable and $9,251 is unallowable. The costs are unallowable because they are based on the previously identified unallowable salaries and benefits.

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

Fiscal Year	Claimed Indirect Costs	Unallowable Indirect Costs	Allowable Indirect Costs
2018-19	$88,590	-$9,251	$79,339
2019-20	60,562	0	60,562
2020-21	25,513	0	25,513
2021-22	20,241	0	20,241
2022-23	19,633	0	19,633
Total	$214,539	-$9,251	$205,288

Criteria

Item 1 of Section III, “Period of Reimbursement,” of the RID Program’s parameters and guidelines states, “Actual costs for one fiscal year shall be included in each claim.”

Section IV., “Reimbursable Activities,” of the RID Program’s 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 1 of Section IV.A., “One-time activities,” of the RID Program’s parameters and guidelines states that costs are reimbursable for “one-time training per peace officer employee and supervisor assigned to perform the reimbursable activities . . .”

Section V.A.5, “Training,” of the RID Program’s 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 RID Program’s parameters and guidelines states that “Compensation for indirect costs is eligible for reimbursement in accordance with Office of Management and Budget 2 CFR [Code of Federal Regulations], Chapter I and Chapter II, Part 200 et al.”

Recommendation

We recommend that the city:

- Adhere to the RID 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.

City’s Response

> Management acknowledges the audit finding regarding unsupported training and related indirect costs. The City appreciates the State Controller’s review and will implement corrective actions to ensure [that] future claims include only eligible, properly supported costs. The City remains committed to accurate reporting and ongoing improvement.