RIVERSIDE COUNTY

Final Audit Report

RACIAL AND IDENTITY PROFILING PROGRAM

Chapter 466, Statutes of 2015;

and Chapter 328, Statutes of 2017

July 1, 2017, through June 30, 2023

MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

July 2026

S24-MCC-0018

STATE CONTROLLER'S OFFICE | DIVISION OF AUDITS

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MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

July 17, 2026

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

The Honorable Ben J. Benoit, Auditor-Controller
Riverside County
4080 Lemon Street, 6th Floor
Riverside, CA 92501

Dear Auditor-Controller Benoit:

The State Controller's Office audited the costs claimed by Riverside County (the county) for the legislatively mandated Racial and Identity Profiling Program for the period of July 1, 2017, through June 30, 2023.

The county claimed and was paid $268,541 ($269,100 less a $559 penalty for filing a late claim) for costs of the mandated Racial and Identity Profiling Program. Our audit found that $227,349 is allowable and $41,192 is unallowable. The costs are unallowable primarily because the county overstated salaries and benefits, related indirect costs, and indirect cost rates.

Following issuance of this audit report, the Local Government Programs and Services Division of the State Controller's Office will notify the county of the adjustment to its claim via a system-generated letter for each fiscal year in the audit period.

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 Karen Spiegel, Chair
Riverside County Board of Supervisors
Jeff Van Wagenen, County Executive Officer
Riverside County
Tanya Harris, DPA, CPA, Assistant Auditor-Controller
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SUMMARY

The State Controller's Office (SCO) audited the costs claimed by Riverside County (the county) for the legislatively mandated Racial and Identity Profiling (RID) Program for the period of July 1, 2017, through June 30, 2023.

The county claimed and was paid $268,541 ($269,100 less a $559 penalty for filing a late claim) for costs of the mandated RID Program. Our audit found that $227,349 is allowable and $41,192 is unallowable. The costs are unallowable primarily because the county overstated salaries and benefits, related indirect costs, and indirect cost rates.

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 (Commission) found that GC section 12525.5 constitutes a reimbursable state-mandated program, beginning November 7, 2017, for local law enforcement agencies.

The Commission determined that each claimant is allowed to claim and be reimbursed for the following activities identified in the 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 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. <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 the 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 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 when an officer is off-duty.

The program's parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission 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 county'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, 2017, 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 county for the audit period and identified the significant cost components of each claim as salaries and benefits, and 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 county's key staff members. We discussed the claim preparation process with the county's staff members to determine what information was obtained, who obtained it, and how it was used.

- We assessed the reliability of data (stop and payroll data, and revenue and expenditure records) generated by the county's records management system (RMS) by interviewing the county's staff members and examining supporting documentation. We determined that the data provided 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 mandate related. We found records of employees who attended a Racial and Identity Profiling Act (RIPA) training course more than once. Additionally, we found that Clark Training Center Academy Cadets who attended a RIPA training course did not perform any of the reimbursable activities for this mandated RID Program and are therefore, unallowable (see Finding 1).

- We obtained the county's system-generated list of stop data—which the county 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.

- We designed a statistical sampling plan to test salary and benefit costs claimed for the collection and reporting of stop data for each fiscal year, (FY) 2018-19 through FY 2022-23, based on a moderate level of detection (audit) risk. We describe the sampling plan in the Findings and Recommendations section.

- We used a random number table to select 732 out of 38,324 stops from the five fiscal years sampled. 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 sampled stops were performed by peace officers who were covered by a law enforcement services agreement, other memorandum of understanding, or funded by an outside funding source.
  - We determined whether any stops occurred at the residence of a known felon with an outstanding arrest warrant.
- We reviewed and analyzed the average time increments (ATI) claimed by the county to verify that the hours spent performing the reimbursable activities by the Deputy Sheriff employee classification were reasonable and properly supported. We determined that the county's methodology for calculating the ATIs was reasonable and was properly applied to calculate the county's costs for collecting and reporting stop data.
- We traced the county's claimed average productive hourly rate (PHR) and benefit rate calculations to supporting salary reports. We determined that the PHRs and benefit rates were adequately supported and reasonable.
- We projected the audit results for each of the five fiscal years tested by multiplying the allowable count of stops by the ATIs needed to perform the reimbursable activities and multiplying the product by the PHRs of the county employees who performed them (see Finding 1).
- We reviewed and analyzed the claimed costs for electronic submission of data to the DOJ and retention of stop data collected. We determined that the claimed costs were reasonable.

- We reviewed and analyzed the claimed costs for audits and validation of data collected to determine whether they were based on actual costs and were adequately supported by source documents. We determined that the claimed costs were based on estimates and that no source documentation was provided (see Finding 1).

- We verified that the claimed indirect costs for each fiscal year of the audit period were for common or joint purposes and that indirect cost rates were properly calculated, supported, and applied. However, the county misclassified some of its salary line items as part-time wages and overtime when preparing its indirect cost rate proposals; these line items should have been classified as regular salaries and wages (see Finding 2).

- We inquired with the county's staff members and reviewed the county's single audit reports and revenue reports to identify potential sources of offsetting savings or reimbursements from federal or pass-through programs applicable to the RID Program. A county representative confirmed that the county did not receive any offsetting revenues applicable to the mandated RID Program during the audit period. However, during our review of the statistical sample, we found several stops for which an officer's salary was reimbursed to the county through contracts or grants. Rather than reporting the applicable amounts as offsetting revenues, we have accounted for them in the audit adjustments for direct and indirect costs related to Activity B.2., collecting and reporting stop data (see Finding 1).

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 county claimed costs that are ineligible, unsupported, and funded by another source, as quantified in the Schedule and described in the Findings and Recommendations section.

For the audit period, the county claimed and was paid $268,541 ($269,100 less a $559 penalty for filing a late claim) for costs of the legislatively mandated RID Program. Our audit found that $227,349 is allowable and $41,192 is unallowable.

Following issuance of this audit report, the SCO's Local Government Programs and Services Division will notify the county of the adjustment to its claims via a system-generated letter for each fiscal year in the audit period.

FOLLOW-UP ON PRIOR AUDIT FINDINGS

The first year that the county was eligible to file a reimbursement claim for the RID Program was FY 2017-18. Therefore, no claims were filed prior to FY 2017-18.

VIEWS OF RESPONSIBLE OFFICIALS

We provided our audit results to the county's representatives on February 27, 2026. The county responded via email on March 18, 2026, that it did not need to further discuss the findings. On June 24, 2026, the county's representative stated that the county will not submit a response to our findings, and agreed that we could issue the report as final.

RESTRICTED USE

This report is solely for the information and use of the county, 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 audit 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 17, 2026

SCHEDULE—SUMMARY OF PROGRAM COSTS

July 1, 2017, through June 30, 2023

The following notes provide context for this Schedule:

- Payment amounts shown below are current as of June 30, 2026.
- For FY 2018-19 through FY 2022-23, we found salaries and benefits that were reimbursed to the county through contracts or grants. Rather than reporting the applicable amounts as offsetting revenues, we have accounted for them in the audit adjustments for direct and indirect costs related to Activity B.2., collecting and reporting stop data. Please see Finding 1 for the specifics of this adjustment.
- GC section 17568 stipulates that the State will not reimburse any claim more than one year after the filing deadline specified in the SCO's claiming instructions. That deadline has expired for FY 2018-19, FY 2020-21, and FY 2022-23.
- The county filed its FY 2018-19 initial reimbursement claim for $23,877 by the due date specified in GC section 17560 and amended it to $29,468 after the due date. Pursuant to GC 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 (for claims amended on or after September 30, 2002).

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference
July 1, 2017, through June 30, 2018				
Direct costs – Salaries and benefits:				
Train peace officers and supervisors	$33,737	$7,719	-$26,018	Finding 1
Total direct costs	33,737	7,719	-26,018	
Indirect costs	17,154	3,754	-13,400	Findings 1 and 2
Total RID Program costs	$50,891	11,473	-$39,418	
Less: amount paid by the State		-50,891		
Amount paid in excess of allowable costs		-$39,418		
July 1, 2018, through June 30, 2019				
Direct costs – Salaries and benefits:				
Train peace officers and supervisor	$0	$9,411	$9,411	Finding 1
Collect and report data	17,753	17,387	-366	Finding 1
Electronic submission of data	85	85	0	
Audit and validate data	1,217	0	-1,217	Finding 1
Total direct costs	19,055	26,883	7,828	
Indirect costs	10,413	14,372	3,959	Findings 1 and 2
Total direct and indirect costs	29,468	41,255	11,787	
Less: allowable costs that exceed costs claimed	0	-11,787	-11,787	
Less: late filing penalty	-559	-559	0	
Total RID Program costs	$28,909	28,909	$0	
Less: amount paid by the State		-28,909		
Allowable costs claimed in excess of amount paid		$0		

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference
July 1, 2019, through June 30, 2020				
Direct costs – Salaries and benefits:				
Train peace officers and supervisor	$0	$1,381	$1,381	Finding 1
Collect and report data	11,714	11,306	-408	Finding 1
Electronic submission of data	89	89	0	
Audit and validate data	1,255	0	-1,255	Finding 1
Total direct costs	13,058	12,776	-282	
Indirect costs	6,252	5,876	-376	Findings 1 and 2
Total RID Program costs	$19,310	18,652	-$658	
Less: amount paid by the State		-19,310		
Amount paid in excess of allowable costs		-$658		
July 1, 2020, through June 30, 2021				
Direct costs – Salaries and benefits:				
Train peace officers and supervisor	$0	$4,363	$4,363	Finding 1
Collect and report data	27,984	27,410	-574	Finding 1
Electronic submission of data	93	93	0	
Audit and validate data	1,389	0	-1,389	Finding 1
Total direct costs	29,466	31,866	2,400	
Indirect costs	13,326	13,940	614	Findings 1 and 2
Total direct and indirect costs	42,792	45,806	3,014	
Less: allowable costs that exceed costs claimed[1]	0	-3,014	-3,014	
Total RID Program costs	$42,792	42,792	$0	

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference
Less: amount paid by the State		-42,792		
Allowable costs claimed in excess of amount paid		$0		
July 1, 2021, through June 30, 2022				
Direct costs – Salaries and benefits:				
Train peace officers and supervisor	$0	$2,291	$2,291	Finding 1
Collect and report data	40,988	39,883	-1,105	Finding 1
Electronic submission of data	96	96	0	
Audit and validate data	1,391	0	-1,391	Finding 1
Total direct costs	42,475	42,270	-205	
Indirect costs	18,969	18,058	-911	Findings 1 and 2
Total RID Program costs	$61,444	60,328	-$1,116	
Less: amount paid by the State		-61,444		
Amount paid in excess of allowable costs		-$1,116		
July 1, 2022, through June 30, 2023				
Direct costs – Salaries and benefits:				
Train peace officers and supervisor	$0	$2,703	$2,703	Finding 1
Collect and report data	43,756	43,532	-224	Finding 1
Electronic submission of data	101	101	0	
Audit and validate data	1,411	0	-1,411	Finding 1
Total direct costs	45,268	46,336	1,068	
Indirect costs	19,927	19,634	-293	Findings 1 and 2
Total direct and indirect costs	65,195	65,970	775	
Less: allowable costs that exceed costs claimed	0	-775	-775	

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference
Total RID Program costs	$65,195	65,195	$0	
Less: amount paid by the State		-65,195		
Allowable costs claimed in excess of amount paid		$0		
Summary: July 1, 2017, through June 30, 2023				
Direct costs – Salaries and benefits:				
Train peace officers and supervisors	$33,737	$27,868	-$5,869	Finding 1
Collect and report data	142,195	139,518	-2,677	Finding 1
Electronic submission of data	464	464	0	
Audit and validate data	6,663	0	-6,663	Finding 1
Total direct costs	183,059	167,850	-15,209	
Indirect costs	86,041	75,634	-10,407	Findings 1 and 2
Total direct and indirect costs	269,100	243,484	-25,616	
Less: allowable costs that exceed costs claimed	0	-15,576	-15,576	
Less: late filing penalty	-559	-559	0	
Total RID Program costs	$268,541	227,349	-$41,192	
Less: amount paid by the State		-268,541		
Amount paid in excess of allowable costs		-$41,192		

FINDINGS AND RECOMMENDATIONS

Finding 1—Overstated Salaries and Benefits

The county claimed $183,059 in salaries and benefits for the audit period. We found that $167,850 is allowable and $15,209 is unallowable. Unallowable related indirect costs total $7,519, for a total adjustment of $22,728. The costs are unallowable because the county misstated the number of employees who attended one-time staff training, overstated the number of stops conducted, estimated the number of hours claimed for audits and validation, and overstated related indirect costs.

The county overstated these costs because it did not claim costs in accordance with the RID Program's parameters and guidelines or the SCO's *Mandated Cost Manual*.

The following table summarizes the audit adjustment by fiscal year for salaries and benefits:

Fiscal Year	Salaries and Benefits Claimed [A]	Salaries and Benefits Allowable [B]	Salaries and Benefits Audit Adjustment [C] = [B] − [A]	Unallowable Related Indirect Costs [D]	Total Audit Adjustment [E] = [C] + [D]
2017-18	$33,737	$7,719	-$26,018	-$13,235	-$39,253
2018-19	19,055	26,883	7,828	4,300	12,128
2019-20	13,058	12,776	-282	-120	-402
2020-21	29,466	31,866	2,400	1,135	3,535
2021-22	42,475	42,270	-205	-71	-276
2022-23	45,268	46,336	1,068	472	1,540
Total	$183,059	$167,850	-$15,209	-$7,519	-$22,728

Training

The RID Program's parameters and guidelines identify one-time activities, including Activity A.1., training for peace officers and supervisors. The county claimed costs for one-time staff training only once during the audit period; it included salary and benefit costs totaling $33,737 in its FY 2017-18 claim. However, the county provided documentation to support training costs that it incurred during the entire audit period. Based on our analysis of the supporting documentation, we found that $27,868 is allowable and $5,869 is unallowable. Unallowable related indirect costs total $3,158, for a total adjustment of $9,027.

Based on our review of the supporting documentation, we found the following issues:

- The county claimed training costs for 140 employees (16 in FY 2018-19, eight in FY 2019-20, 13 in FY 2020-21, 32 in FY 2021-22, and 71 in FY 2022-23) who attended a RIPA training course more than once.

- The county claimed training costs for 166 Clark Training Center Academy Cadets (14 in FY 2017-18, 58 in FY 2018-19, 48 in FY 2019-20, 14 in FY 2020-21, eight in FY 2021-22, and 24 in FY 2022-23) who attended a RIPA training course. However, the county confirmed that these cadets did not perform any reimbursable activities during the audit period because their sole assignment was the training academy.

The following table summarizes the audit adjustment by fiscal year for one-time staff training:

Fiscal Year	Salaries and Benefits Claimed [A]	Salaries and Benefits Allowable [B]	Salaries and Benefits Audit Adjustment [C] = [B] − [A]	Unallowable Related Indirect Costs [D]	Total Audit Adjustment [E] = [C] + [D]
2017-18	$33,737	$7,719	-$26,018	-$13,235	-$39,253
2018-19	0	9,411	9,411	5,152	14,563
2019-20	0	1,381	1,381	671	2,052
2020-21	0	4,363	4,363	2,012	6,375
2021-22	0	2,291	2,291	1,042	3,333
2022-23	0	2,703	2,703	1,200	3,903
Total	$33,737	$27,868	-$5,869	-$3,158	-$9,027

Collecting and Reporting Data

The RID Program's parameters and guidelines identify ongoing activities, including Activity B.2., collecting and reporting stop data. The county claimed $142,195 in salaries and benefits for collecting and reporting stop data. We found that $139,518 is allowable and $2,677 is unallowable. Unallowable related indirect costs total $1,246, for a total adjustment of $3,923. The costs are unallowable because the county claimed stops performed by officers who were covered by law enforcement services agreements or funded by federal or state grants; and it claimed residential stops without verifying that the stops did not occur at the residences of persons who were the subject of a warrant or search condition, or of home detention or house arrest.

The following table summarizes the audit adjustment by fiscal year for collecting and reporting data:

Fiscal Year	Salaries and Benefits Claimed [A]	Salaries and Benefits Allowable [B]	Salaries and Benefits Audit Adjustment [C] = [B] − [A]	Unallowable Related Indirect Costs [D]	Total Audit Adjustment [E] = [C] + [D]
2018-19	$17,753	$17,387	-$366	-$201	-$567
2019-20	11,714	11,306	-408	-195	-603
2020-21	27,984	27,410	-574	-259	-833
2021-22	40,988	39,883	-1,105	-494	-1,599
2022-23	43,756	43,532	-224	-97	-321
Total	$142,195	$139,518	-$2,677	-$1,246	-$3,923

Number of Stops Reported

The county reported 38,324 stops in its claims during the audit period. We found that the county overstated the number of stops by 752, and that 37,572 stops are allowable.

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

Fiscal Year	Claimed Stops [A]	Allowable Stops [B]	Audit Adjustment [C] = [B] − [A]
2018-19	4,745	4,647	-98
2019-20	3,621	3,495	-126
2020-21	7,750	7,592	-158
2021-22	10,858	10,565	-293
2022-23	11,350	11,273	-77
Total	38,324	37,572	-752

During the audit, we requested and the county provided a system-generated list of stop data from its RMS to support the number of stops claimed. The list contained, but was not limited to, the following information:

- Record ID;
- Report date and time;
- User Profile ID number;
- Location;
- Riverside County Sheriff's Office's station name; and
- Average time in minutes (based on the entire population, which includes stop data from unincorporated areas and contract cities).

The number of stops reported in the county's mandated cost claims reconciled to the county's list for each fiscal year of the audit period.

We verified the accuracy of the stop data recorded in the county's RMS by determining whether each stop:

- Included all required elements according to the RID Program's parameters and guidelines;
- Was not performed by a peace officer in a jurisdiction covered by a law enforcement services agreement or other agreement, or funded by federal or state grants; and
- Did not occur at the residence of a person who was the subject of a warrant, search condition, home detention, or house arrest.

For FY 2018-19 through FY 2022-23, we selected a statistical sample from the documented number of stops reported by peace officers (the population) based on a 95 percent confidence level, a precision rate of plus or minus eight percent, and an expected error rate of 50 percent.

We used statistical samples in order to project the results to the population for each fiscal year. We selected for review a total random sample of 732 of 38,324 reported stops.

Our review of the sampled stop data disclosed the following:

- For FY 2018-19, we found that three of 145 reported stops were unallowable. One stop was conducted by an officer whose salary was partially funded by a federal or state grant. The second stop was conducted by an officer under contract to provide law enforcement services to a school district. Lastly, the third stop was based on a residence search warrant, although the county did not verify whether it took place at the residence of a person who was the subject of a warrant or search condition, or of home detention or house arrest. Based on these results, we calculated an error rate of 2.07 percent for FY 2018-19.

- For FY 2019-20, we found that five of 144 reported stops were unallowable. Four of the five stops were conducted by officers whose salaries were partially funded by four separate federal or state grants. The county confirmed that the remaining stop took place at a residence resulting from an executed search warrant. However, the county did not have a copy of the search warrant and, therefore, couldn't verify whether the person stopped resided at that residence. Based on these results, we calculated an error rate of 3.47 percent for FY 2019-20.

- For FY 2020-21, we found that three of 147 reported stops were unallowable. One stop was conducted by an officer whose salary was partially funded by a federal or state grant. The second stop was conducted by an officer under contract to provide law enforcement services to a school district. The county confirmed that the third stop likely took place at a residence, although the county did not verify whether the person stopped resided at that residence. Based on these results, we calculated an error rate of 2.04 percent for FY 2020-21.

- For FY 2021-22, we found that four of 148 reported stops were unallowable. One stop was conducted by an officer whose salary was partially funded by a federal or state grant.

Two stops were conducted by an officer under contract to provide law enforcement services to a school district. The county confirmed that the remaining stop took place at a residence, although the county did not verify whether the person stopped resided at that residence. Based on these results, we calculated an error rate of 2.70 percent for FY 2021-22.

- For FY 2022-23, we found that one of 148 reported stops was unallowable. The stop was conducted by an officer whose salary was partially funded by a federal or state grant. Therefore, we calculated an error rate of 0.68 percent for FY 2022-23.

In order to determine the allowable and unallowable stops for each fiscal year, we multiplied the error rates by the audited population of stops for FY 2018-19 through FY 2022-23.

The following table summarizes the number of allowable and unallowable stops by fiscal year:

Fiscal Year	Audited Population [A]	Error Rate [B]	Total Unallowable Stops [C] = [A] × [B]	Total Allowable Stops [D] = [A] − [C]
2018-19	4,745	2.07%	98	4,647
2019-20	3,621	3.47%	126	3,495
2020-21	7,750	2.04%	158	7,592
2021-22	10,858	2.70%	293	10,565
2022-23	11,350	0.68%	77	11,273
Total	38,324		752	37,572

Time Increments

The county claimed the following ATIs to collect and report data on all stops during the audit period:

- 3.13 minutes for FY 2018-19;
- 2.57 minutes for FY 2019-20;
- 2.59 minutes for FY 2020-21;
- 2.69 minutes for FY 2021-22; and
- 2.78 minutes for FY 2022-23.

Riverside County Sheriff's Office calculated its ATIs based on the entire population, which includes stop data from the unincorporated areas of the county and contract cities. We determined that the time increments are reasonable and, therefore, allowable as claimed.

Employee Classifications

The county claimed only the Deputy Sheriff classification for collecting and reporting stop data for each fiscal year of the audit period. During fieldwork, the county stated that—although there could be some rare instances where another rank, such as a Corporal, might conduct a stop—approximately 97 percent of the stops were conducted by Deputy Sheriffs. Therefore, the county calculated an average PHR and benefit rate for the Deputy Sheriff classification for each corresponding fiscal year. We determined that the claimed average PHRs and benefit rates were reasonable.

We calculated allowable salaries and benefits for the Deputy Sheriff classification based on the total allowable stops, ATIs, average PHRs, and benefit rates.

The following table shows the calculation of allowable salaries and benefits for the Deputy Sheriff classification for FY 2018-19:

Description	Amount
Total stops allowable [A]	4,647
ATI allowable [B]	3.13
Total minutes worked ([C] = [A] × [B])	14,545.11
Total hours worked ([D] = [C] ÷ 60)	242.42
PHR allowable [E]	$52.26
Salaries allowable ([F] = [D] × [E])	$12,669
Benefit rate allowable [G]	37.24%
Benefits allowable ([H] = [F] × [G])	$4,718
Salaries and benefits allowable ([I] = [F] + [H])	$17,387

<u>Audits and Validation of Data Collected</u>

The RID Program's parameters and guidelines identify ongoing activities, including Activity B.4., audits and validation of data collected. The county claimed $6,663 in salaries and benefits for the audits and validation of data collected. We found that the entire claimed amount is unallowable. Unallowable related indirect costs total $3,115, for a total adjustment of $9,778. The costs are unallowable because the county claimed hours that were based on estimates. Furthermore, the county did not provide any support for the claimed hours, such as which field commander reviewed the officer's stop reports and/or how many stops were reviewed during each fiscal year of the audit period.

The following table summarizes the audit adjustment by fiscal year for audits and validation of data collected:

Fiscal Year	Salaries and Benefits Claimed [A]	Salaries and Benefits Allowable [B]	Audit Adjustment [C] = [B] − [A]	Unallowable Related Indirect Costs [D]	Total Audit Adjustment [E] = [C] + [D]
2018-19	$1,217	$0	-$1,217	-$651	-$1,868
2019-20	1,255	0	-1,255	-596	-1,851
2020-21	1,389	0	-1,389	-618	-2,007
2021-22	1,391	0	-1,391	-619	-2,010
2022-23	1,411	0	-1,411	-631	-2,042
Total	$6,663	$0	-$6,663	-$3,115	-$9,778

Criteria

Section II., "Eligible Claimants," of the RID Program's parameters and guidelines concludes:

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

Section IV., "Reimbursable Activities," of the 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. . . .

The RID Program's parameters and guidelines identify reimbursable activities including item 1 of Section IV.A., "One-Time Activities":

> 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.

Section V.A.1., "Salaries and Benefits," of the RID Program's parameters and guidelines states:

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

Section V.A.5., "Training," of the 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 VII., "Offsetting Revenues and Reimbursements," of the RID Program's parameters and guidelines states:

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

state funds, shall be identified and deducted from any claim submitted for reimbursement.

Recommendation

We recommend that the county:

- Adhere to the 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.

Finding 2—Overstated Indirect Cost Rates

The county overstated its indirect cost rates for each fiscal year of the audit period, which resulted in overstated indirect costs totaling $2,888. The overstatement occurred because the county's indirect cost rate proposal (ICRP) calculations included several line items that did not reconcile to the county's records and certain salary line items were misclassified as part-time wages and overtime.

The county provided expenditure reports to support the claimed indirect cost rates. During testing, we found that some of the expenses in the county's ICRPs did not reconcile to the amounts appearing in the expenditure reports. We also found that the county had inadvertently included the following line items as part-time wages and overtime, rather than regular salaries and wages:

- Payoff Permanent-Seasonal;
- Standby Pay;
- Shift Differential; and
- Bonus Pay.

The county claimed indirect costs using direct salaries as its base. We recalculated the indirect cost rates and applied the error rates to allowable salaries to determine the audit adjustment.

The following table summarizes the calculation of the indirect cost rate adjustments by fiscal year:

Fiscal Year	Indirect Cost Rate Claimed [A]	Indirect Cost Rate Allowable [B]	Error Rate [C] = [B] − [A]	Salaries Allowable [D]	Audit Adjustment [E] = [C] × [D]
2017-18	69.05%	66.14%	-2.91%	$5,679	-$165
2018-19	75.10%	73.36%	-1.74%	19,593	-341
2019-20	68.77%	65.90%	-2.87%	8,915	-256
2020-21	68.57%	66.10%	-2.47%	21,091	-521
2021-22	68.42%	65.38%	-3.04%	27,619	-840
2022-23	68.28%	65.72%	-2.56%	29,873	-765
Total					-$2,888

Criteria

Section IV., “Reimbursable Activities,” of the RID Program’s parameters and guidelines states, “Actual costs must be traceable and supported by source documents that show the validity of such costs.”

Section V.B., “Indirect Cost Rates,” of the RID Program’s parameters and guidelines begins:

> Indirect costs are costs that are incurred for a common or joint purpose, benefiting more than one program, and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both: (1) overhead costs of the unit performing the mandate; and (2) the costs of central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.
>
> Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in 2 CFR, Chapter I and Chapter II, Part 200, et al. [Title 2, Code of Federal Regulations, Part 200 et seq.]. . .

Section V.B. of the RID Program's parameters and guidelines continues:

> If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in 2 CFR Chapter I and Chapter II, Part 200 et al.) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in 2 CFR Chapter I and Chapter II, Part 200 et al.). . . .

Recommendation

We recommend that the county:

- Adhere to the RID Program's parameters and guidelines and the SCO's *Mandated Cost Manual* when claiming reimbursement for mandated costs;
- Ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported; and
- Allocate expenditures between direct, indirect, and unallowable costs based on the guidance in 2 CFR part 200 et seq. when calculating ICRPs.