

CITY OF TEMECULA

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

September 2025



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

September 3, 2025

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

Ms. Jennifer Hennessy, Director
Temecula Finance Department
41000 Main Street
Temecula, CA 92590

Dear Director Hennessy:

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

The city claimed \$650,800 for costs of the mandated program. Our audit found that \$558,268 is allowable (\$561,042 less a \$2,774 penalty for filing a late claim) and \$92,532 is unallowable. The costs are unallowable because the city misclassified contract services costs as salary and benefit costs, and overstated its costs for collecting and reporting stop data. The State paid the city \$648,026.

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 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

KAT/rs

Ms. Jennifer Hennessy

September 3, 2025

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Copy: The Honorable Brenden Kalfus, Mayor
City of Temecula
Brigitta Bartha, Fiscal Services Manager
Temecula Finance Department
Lauren Garcia, Accountant I
Temecula Finance Department
Victor Pierson, Lieutenant
Southwest Station – Temecula City Hall Office
Riverside County Sheriff's Department
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

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Audit Report

Summary

The State Controller’s Office (SCO) audited the costs claimed by the City of Temecula (the city) for the legislatively mandated Racial and Identity Profiling Program for the period of July 1, 2017, through June 30, 2023.

The city claimed \$650,800 for costs of the mandated program. Our audit found that \$558,268 is allowable (\$561,042 less a \$2,774 penalty for filing a late claim) and \$92,532 is unallowable. The costs are unallowable because the city misclassified contract services costs as salary and benefit costs, and overstated its costs for collecting and reporting stop data. The State paid the city \$648,026.

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 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 or 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. One-Time Activities

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 valuation 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 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. 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 mandated program reimbursable costs.

Audit Authority

We conducted this performance 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

The objective of our audit was to determine whether claimed costs represent increased costs resulting from the legislatively mandated Racial and Identity Profiling Program. Specifically, we conducted this audit to determine whether claimed costs were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

The audit period was July 1, 2017, through June 30, 2023.

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. We determined whether there were any errors or unusual or unexpected variances from year to year. We reviewed the claimed activities to determine whether they adhered to the SCO's *Mandated Cost Manual* and the program's parameters and guidelines.
- We completed an internal control questionnaire by interviewing key city staff. We discussed the claim preparation process with city staff to determine what information was obtained, who obtained it, and how it was used.
- We assessed the reliability of data (stop data, contract hourly rate support, and expenditure records) generated by the city's records management system by interviewing city staff members and examining the supporting documentation. We determined that the data provided was sufficiently reliable to address the audit objective.
- We reviewed the law enforcement services agreement executed between the Riverside County Sheriff's Department (RCSd) and the city to determine the contracted employee classifications involved in performing the reimbursable activities. We confirmed that the Sheriff's Patrol Officer Supported Undedicated Productive – Blended (SUP-B) classification supported the reimbursable activities.
- We obtained system-generated lists of stop data—which the city had collected and reported to the DOJ—from the city's records management system to verify the existence, completeness, and accuracy of unduplicated 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 approximately 25–50% of claimed salary and benefit costs, based on a low level of detection (audit) risk. We judgmentally selected the city's filed claims for fiscal year (FY) 2018-19 through FY 2022-23, which included salary and benefit costs of \$561,042, or 86.2% of the total \$650,800 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 741 of 63,280 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 program's parameters and guidelines.
 - We obtained copies of the city's law enforcement services contracts and any other agreements to provide law enforcement services that were in effect during the audit period. We then determined whether any stops were performed by peace officers in a jurisdiction covered by a law enforcement services agreement or other agreement, or funded by outside funding sources such as Federal grants.
 - We determined whether any stops occurred at the residences of known felons with outstanding arrest warrants.
- We projected the audit results of the five years tested by multiplying the allowable counts of stops by the allowable average time increments needed to perform the reimbursable activities and multiplying the product by the contract hourly rates of RCSD employees who performed them.
- We inquired with city staff members and reviewed the city's single audit reports (with accompanying financial statements) and revenue reports to identify potential sources of offsetting savings or reimbursements from federal or pass-through programs applicable to the Racial and Identity Profiling Program. We determined that the claimed costs were not funded by another source.

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 did not find that the city claimed costs that were funded by other sources; however, we did find that it claimed unsupported and ineligible costs, as quantified in the Schedule and described in the Finding and Recommendation section.

For the audit period, the city claimed \$650,800 for costs of the legislatively mandated Racial and Identity Profiling Program. Our audit found that \$558,268 is allowable (\$561,042 less a \$2,774 penalty for filing a late claim) and \$92,532 is unallowable. The State paid the city \$648,026.

Following issuance of this audit report, the SCO's Local Government Programs and Services Division will notify the city 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**

We have not previously conducted an audit of the city's legislatively mandated Racial and Identity Profiling Program.

**Views of
Responsible
Officials**

We issued a draft audit report on June 9, 2025. The city's representative responded by letter dated June 19, 2025, agreeing with the audit results. This final audit report includes the city's response as an attachment.

Restricted Use

This audit report is solely for the information and use of the city, 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 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

September 3, 2025

Schedule—
Summary of Program Costs
July 1, 2017, through June 30, 2023

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2017, through June 30, 2018</u>			
Direct costs:			
Salaries and benefits:			
Collect and report data	\$ 89,758	\$ -	\$ (89,758)
Total direct costs	89,758	-	(89,758)
Indirect costs	-	-	-
Total program costs	<u>\$ 89,758</u>	-	<u>\$ (89,758)</u>
Less amount paid by the State ²		(89,758)	
Allowable costs claimed in excess of amount paid		<u>\$ (89,758)</u>	
<u>July 1, 2018, through June 30, 2019</u>			
Direct costs:			
Salaries and benefits:			
Collect and report data	\$ 130,909	\$ -	\$ (130,909)
Contract services:			
Collect and report data	-	141,130	141,130
Total direct costs	130,909	141,130	10,221
Indirect costs	-	-	-
Total direct and indirect costs	130,909	141,130	10,221
Less allowable costs that exceed costs claimed ³	-	(10,221)	(10,221)
Subtotal	130,909	130,909	-
Less late filing penalty ⁴	-	(2,774)	(2,774)
Total program costs	<u>\$ 130,909</u>	128,135	<u>\$ (2,774)</u>
Less amount paid by the State ²		(128,135)	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2019, through June 30, 2020</u>			
Direct costs:			
Salaries and benefits:			
Collect and report data	\$ 87,190	\$ -	\$ (87,190)
Contract services:			
Collect and report data	-	90,346	90,346
Total direct costs	87,190	90,346	3,156
Indirect costs	-	-	-
Total direct and indirect costs	87,190	90,346	3,156
Less allowable costs that exceed costs claimed ³	-	(3,156)	(3,156)
Total program costs	<u>\$ 87,190</u>	87,190	<u>\$ -</u>
Less amount paid by the State ²		(87,190)	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	
<u>July 1, 2020, through June 30, 2021</u>			
Direct costs:			
Salaries and benefits:			
Collect and report data	\$ 101,086	\$ -	\$ (101,086)
Contract services:			
Collect and report data	-	101,086	101,086
Total direct costs	101,086	101,086	-
Indirect costs	-	-	-
Total program costs	<u>\$ 101,086</u>	101,086	<u>\$ -</u>
Less amount paid by the State ²		(101,086)	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	
<u>July 1, 2021, through June 30, 2022</u>			
Direct costs:			
Salaries and benefits:			
Collect and report data	\$ 118,688	\$ -	\$ (118,688)
Contract services:			
Collect and report data	-	118,688	118,688
Total direct costs	118,688	118,688	-
Indirect costs	-	-	-
Total program costs	<u>\$ 118,688</u>	118,688	<u>\$ -</u>
Less amount paid by the State ²		(118,688)	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	

Schedule (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment ¹
<u>July 1, 2022, through June 30, 2023</u>			
Direct costs:			
Salaries and benefits:			
Collect and report data	\$ 123,169	\$ -	\$ (123,169)
Contract services:			
Collect and report data	-	123,169	123,169
Total direct costs	123,169	123,169	-
Indirect costs	-	-	-
Total program costs	<u>\$ 123,169</u>	123,169	<u>\$ -</u>
Less amount paid by the State ²		(123,169)	
Allowable costs claimed in excess of amount paid		<u>\$ -</u>	
<u>Summary: July 1, 2017, through June 30, 2023</u>			
Direct costs:			
Salaries and benefits:			
Collect and report data	\$ 650,800	\$ -	\$ (650,800)
Contract services:			
Collect and report data	-	574,419	574,419
Total direct costs	650,800	574,419	(76,381)
Indirect costs	-	-	-
Total direct and indirect costs	650,800	574,419	(76,381)
Less allowable costs that exceed costs claimed ³	-	(13,377)	(13,377)
Subtotal	650,800	561,042	(89,758)
Less late filing penalty ⁴	-	(2,774)	(2,774)
Total program costs	<u>\$ 650,800</u>	558,268	<u>\$ (92,532)</u>
Less amount paid by the State ²		(648,026)	
Allowable costs claimed in excess of amount paid		<u>\$ (89,758)</u>	

¹ See the Finding and Recommendation section.

² Payment amount current as of July 23, 2025.

³ 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 *Mandated Cost Manual*. That deadline has expired for FY 2018-19 and FY 2019-20.

⁴ The city filed its FY 2018-19 initial reimbursement claim for \$103,172 by the due date specified in GC section 17560, and amended it to \$130,909 after the due date. Pursuant to GC section 17568, the State assessed a late filing penalty equal to 10% of allowable costs that exceed the timely filed claim amount, with no maximum penalty amount (for claims amended on or after September 30, 2002).

Finding and Recommendation

FINDING— Overstated Racial and Identity Profiling Program costs

The city claimed \$650,800 for the Racial and Identity Profiling Program. We found that \$574,419 is allowable and \$76,381 is unallowable.¹ The city incorrectly classified its claimed costs as salary and benefit costs because it contracted with Riverside County (the county) for law enforcement services provided by the RCSD during the audit period. Therefore, the city did not incur any salary and benefit costs, but rather incurred contract services costs. We reallocated the 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 recorded by the average time required to perform the reimbursable activities, then multiplied the total by the hourly rates obtained from the city's contract with the county. 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 costs are unallowable because the city claimed misclassified costs and overstated its costs for collecting and reporting stop data.

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

Fiscal Year	(A) Salary and Benefit Costs			(B) Contract Services	(C)=(A)+(B) Total Audit
	Amount Claimed	Amount Allowable	Audit Adjustment	Adjustment	Adjustment
2017-18	\$ 89,758	\$ -	\$ (89,758)	\$ -	\$ (89,758)
2018-19	130,909	-	(130,909)	141,130	10,221
2019-20	87,190	-	(87,190)	90,346	3,156
2020-21	101,086	-	(101,086)	101,086	-
2021-22	118,688	-	(118,688)	118,688	-
2022-23	123,169	-	(123,169)	123,169	-
Total	<u>\$ 650,800</u>	<u>\$ -</u>	<u>\$ (650,800)</u>	<u>\$ 574,419</u>	<u>\$ (76,381)</u>

Contract Services Costs

The city contracted with the RCSD to provide law enforcement services during the audit period. These services included the reimbursable activities claimed for the mandated program. The city contracted for various RCSD

¹ For FY 2018-19, the city claimed \$130,909; we found that \$141,130 is allowable (\$10,221 in excess of claimed costs). For FY 2019-20, the city claimed \$87,190; we found that \$90,346 is allowable (\$3,156 in excess of claimed costs). Although the city's allowable costs exceeded costs claimed for those fiscal years by a total of \$13,377, 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 *Mandated Cost Manual*; that deadline has expired for FY 2018-19 and FY 2019-20. Therefore, total allowable costs for the audit period are \$561,042 (\$574,419 less \$13,377 in excess of claimed costs for FY 2018-19 and FY 2019-20).

staff positions for each fiscal year; however, only the Sheriff's Patrol Officer SUP-B 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 \$650,800 for collecting and reporting data on all stops for the audit period. We found that \$574,419 is allowable and \$76,381 is unallowable. The costs are unallowable primarily because the city claimed costs for ongoing activities during FY 2017-18, which was their implementation and testing phase.

The city provided a copy of the RCSD Department Directive Number 18-037, dated March 26, 2018, regarding "The Racial and Identity Profiling Act of 2015 – Preparation & Implementation." The document states the following:

... Based on our size, the Riverside County Sheriff's Department will be in the first group of law enforcement agencies to start collecting stop data information. In anticipation of the July 1, 2018 start, the Department has been preparing new policies, procedures, training classes and necessary supporting documents as well as a process to collect the required data. ...

Over the next several weeks, additional Supplemental Directives will be issued to provide more information and training assignments. Several updates will be in the form of DocRead tasks.

Number of Stops Reported

The city claimed that it reported a total of 71,192 stops for the audit period. We found that the city overstated the number of stops reported by 7,912, and that 63,280 stops are allowable.

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

Fiscal Year	(A) Claimed Stops	(B) Audited Population	(C) Allowable Reports	(D)=(C)-(A) Audit Adjustment
2017-18	9,368	335	-	(9,368)
2018-19	13,669	14,735	14,735	1,066
2019-20	10,773	11,163	11,163	390
2020-21	11,833	11,833	11,833	-
2021-22	12,851	12,851	12,851	-
2022-23	12,698	12,698	12,698	-
Total	71,192	63,615	63,280	(7,912)

The city provided a system-generated list of stop data from its records management system to support the number of stops claimed for each fiscal year of the audit period. This list contained, but was not limited to, the following information:

- stop ID number,
- stop date and time,
- stop location,
- officer unique ID number, and
- type of assignment of officer.

For FY 2017-18 through FY 2019-20, the number of stops claimed did not reconcile to the number of stops in the city's list. The city overstated the number of stops for FY 2017-18, and understated the number of stops for FY 2018-19 and FY 2019-20. The number of stops reported in the city's mandated cost claims for FY 2020-21 through FY 2022-23 reconciled to the city's list.

The listing for FY 2017-18 supported a total of 335 stops, with the first stop date beginning on May 16, 2018. However, based on the county's Department Directive document, all stops reported during FY 2017-18 should be unallowable, as FY 2017-18 was during the county's implementation and testing phase.

We then verified the accuracy of stop data recorded in the city's records management system by determining whether each stop:

- Included all required elements according to the program's parameters and guidelines; and
- Did not occur at the residence of a known felon with an outstanding arrest warrant.

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% confidence level, a precision rate of $\pm 8\%$, and an expected error rate of 50%. 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 741 out of 63,280 reported stops.

We reviewed and tested the stop data for the sample selection. We did not find any unallowable or ineligible data.

Time Increments

The city claimed the following average time increments to collect and report data on all stops during the audit period:

- 3.20 minutes for FY 2017-18;

- 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.

The RCSD calculated its average time increments based on RCSD's full stop data listing, which includes contract cities and unincorporated areas of the county. We determined that the time increments are reasonable and, therefore, allowable as claimed.

Contract Hourly Rates

The city's claims included copies of RCSD's approved contract law enforcement rates for each fiscal year of the audit period. We requested, and the city provided, copies of the signed Law Enforcement Services Agreement that it negotiated with the county. The hourly rates in the contract include, but are not limited to, salaries and benefits of patrol officers, sworn and classified support personnel, administration, personnel recruiting, information services, central dispatch, technical services, and field training costs. We determined that the claimed contract hourly rate for the Sheriff's Patrol Officer SUP-B position was not unreasonable and/or excessive and was properly applied to calculate the costs for the collection and reporting of the required data for all stops for each fiscal year of the audit period.

The following table summarizes the claimed and allowable contract hourly rates for the Sheriff's Patrol Officer SUP-B during the audit period, and the difference between those rates:

Fiscal Year	Claimed Hourly Rate	Allowable Hourly Rate	Rate Difference
2017-18	\$ 179.65	\$ 179.65	\$ -
2018-19	183.60	183.60	-
2019-20	188.95	188.95	-
2020-21	197.90	197.90	-
2021-22	206.00	206.00	-
2022-23	209.35	209.35	-

For FY 2018-19 through FY 2022-23, we calculated allowable contract services costs based on the audited population, allowable time increments, and contract hourly rates.

The following table summarizes the calculation of allowable contract services costs for each fiscal year:

	A	B	$C=(A \times B) \div 60$	D	$E=C \times D$
Fiscal Year	Audited Population	Average Time Increment (in minutes)	Total Allowable Hours Worked	Allowable Contract Hourly Rate	Total Allowable Costs
2017-18	-	3.20	-	\$ 179.65	\$ -
2018-19	14,735	3.13	768.68	183.60	141,130
2019-20	11,163	2.57	478.15	188.95	90,346
2020-21	11,833	2.59	510.79	197.90	101,086
2021-22	12,851	2.69	576.15	206.00	118,688
2022-23	12,698	2.78	588.34	209.35	123,169
Total	63,280		2,922.11		\$ 574,419

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 created at or near the same time the actual costs 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 sheet, 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.

Item 2.b. of Section IV.B., “Ongoing Activities,” of the parameters and guidelines states:

The agency’s peace officers shall collect the following required categories of stop data, and all applicable “data elements,” “data values,” and narrative explanatory fields described in section 999.226(a) for every person stopped, and in accordance with section 999.227(a)(4)-(6), (b) and (d) of the regulations, and complete all stop reports for stops made during the officer’s shift by the end of the officer’s shift, or if exigent circumstances preclude doing so, as soon as practicable. . . .

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* 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

We acknowledge the audit's finding that certain contract services were misclassified under salary and benefit expenditures. Only the Sheriff’s Patrol Officer SUP-B classification performed the reimbursable activities. No City staff member performed any of the reimbursable activities, therefore, the City did not incur salary and benefit costs. This misclassification was unintentional and resulted from an internal coding error during the reporting process. The City will take the following corrective actions:

- Reallocate the cost to the appropriate cost category of Contract services.

. . . We recognize the concern regarding the overstatement of program costs. Our original cost included cost for ongoing activities during FY 2017-18, which was the implementation and testing phase. We agree that these costs were unallowable and inappropriately claimed. The City will take the following corrective actions:

- Future reporting will reflect only actual, eligible costs associated with [Racial and Identity Profiling Program] data collection and reporting.
- Adhere to the Racial and Identity Profiling Program’s parameters and guidelines and the SCO’s *Mandated Cost Manual* when claiming reimbursement for mandated costs.

**Attachment—
City's Response to Draft Audit Report**



City of Temecula

FINANCE DEPARTMENT

41000 Main Street • Temecula, CA 92590

Phone (951) 694-6430 • Fax (951) 694-6479 • www.cityoftemecula.org

June 18, 2025

Lisa Kurokawa
Chief, Compliance Audits Bureau
Division of Audits
State Controller's Office
PO Box 942850
Sacramento, CA 94250

Subject: Response to Audit Findings – Racial and Identity Profiling Program

Dear Ms. Kurokawa,

Thank you for the opportunity to respond to the audit findings concerning the Racial and Identity Profiling Program (RIPP) for the period of July 1, 2017, through June 30, 2023. We appreciate the thorough review conducted and take the findings seriously, as we are committed to ensuring transparency, equity, and compliance with all aspects of the RIPP mandate.

Summary of Findings

We understand the audit identified the following key areas of concern:

1. The City misclassified contract services costs as salary and benefit costs
2. The City overstated its costs for collecting and reporting stop data

Agency Response and Corrective Actions

Audit Finding 1: Misclassification of Contract Services as Salary and Benefit Costs

Response:

We acknowledge the audit's finding that certain contract services were misclassified under salary and benefit expenditures. Only the Sheriff's Patrol Officer SUP-B classification performed the reimbursable activities. No City staff member performed any of the reimbursable activities, therefore, the City did not incur salary and benefit costs. This misclassification was unintentional and resulted from an internal coding error during the reporting process. The City will take the following corrective actions:



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- Reallocate the cost to the appropriate cost category of Contract services.

Audit Finding 2: Overstatement of Costs for Collecting and Reporting Stop Data

Response:

We recognize the concern regarding the overstatement of program costs. Our original cost included cost for ongoing activities during FY 2017-18, which was the implementation and testing phase. We agree that these costs were unallowable and inappropriately claimed. The City will take the following corrective actions:

- Future reporting will reflect only actual, eligible costs associated with RIPP data collection and reporting.
- Adhere to the Racial and Identity Profiling Program's parameters and guidelines and the SCO's Mandated Cost Manual when claiming reimbursement for mandated costs.

Commitment to Improvement

We are fully committed to improving our practices. We will continue working with the audit team, the DOJ, and outside consultants to implement all recommendations and track progress.

We welcome any further guidance or clarification you may offer and look forward to continued collaboration to meet the program's intent and legal obligations.

Sincerely,

Jennifer Hennessy,
Director of Finance

jennifer.hennessy@TemeculaCA.gov

(951) 693-3945

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

www.sco.ca.gov