



**BETTY T. YEE**  
**California State Controller**

March 22, 2016

John Naimo, CPA, Auditor-Controller  
Los Angeles County  
500 West Temple Street, Room 525  
Kenneth Hahn Hall of Administration  
Los Angeles, CA 90012

Dear Mr. Naimo:

The State Controller's Office performed a desk review of costs claimed by Los Angeles County for the legislatively mandated Peace Officers Procedural Bill of Rights Program (Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178, Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980; Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165, Statutes of 1989; and Chapter 675, Statutes of 1990) for the period of July 1, 2010, through June 30, 2011; and July 1, 2012, through June 30, 2014. We conducted our review under the authority of Government Code sections 12410, 17558.5, and 17561. Our review was limited to ensuring that the county properly reported the number of full-time sworn peace officers.

The county claimed \$1,736,643 for the mandated program. Our review found that \$1,203,668 is allowable (\$1,203,813 less a \$145 penalty for filing a late claim) and \$532,975 is unallowable. The costs are unallowable because the county overstated the number of full-time sworn peace officers reported to the Department of Justice. The State made no payments to the county. The State will pay \$1,203,668, contingent upon available appropriations.

We informed Hasmik Yaghobyan, Program Specialist, of the review finding via email on January 28, 2016. On March 3, 2016, Ms. Yaghobyan responded by email that the county respectfully disagrees with the finding.

If you disagree with the review finding, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (Commission). The IRC must be filed within three years following the date of this report. You may obtain IRC information at the Commission's website at [www.csm.ca.gov/forms/IRCForm.pdf](http://www.csm.ca.gov/forms/IRCForm.pdf).

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, by telephone at (916) 323-5849.

Sincerely,

*Original signed by*

JEFFREY V. BROWNFIELD, CPA  
Chief, Division of Audits

JVB/as

Attachments

RE: S15-MCC-9019

cc: Connie Yee, Division Chief  
Auditor-Controller's Office, Division of Accounting  
Los Angeles County  
Edward Jewik, Program Specialist  
Auditor-Controller's Office, Division of Accounting  
Los Angeles County  
Hasmik Yaghobyan, J.D., Program Specialist  
Auditor-Controller's Office, Division of Accounting  
Los Angeles County  
Mary Halterman, Principal Program Budget Analyst  
Mandates Unit, California Department of Finance  
Jay Lal, Manager  
Division of Accounting and Reporting  
State Controller's Office

**Attachment 1—  
Summary of Program Costs  
July 1, 2010, through June 30, 2011;  
and July 1, 2012, through June 30, 2014**

Cost Elements	Actual Costs Claimed	Allowable per Review	Review Adjustment <sup>1</sup>
<u>July 1, 2010, through June 30, 2011</u>			
Unit cost per full-time sworn peace officer	\$ 41.64	\$ 41.64	\$ 41.64
Number of full-time sworn peace officers	× 13,881	× 9,501	× (4,380)
Total program costs	<u>\$ 578,005</u>	395,622	<u>\$ (182,383)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 395,622</u>	
<u>July 1, 2012, through June 30, 2013</u>			
Unit cost per full-time sworn peace officer	\$ 43.92	\$ 43.92	\$ 43.92
Number of full-time sworn peace officers	× 13,234	× 9,274	× (3,960)
Total direct costs	581,237	407,314	(173,923)
Less late filing penalty <sup>2</sup>	-	(145)	(145)
Total program costs	<u>\$ 581,237</u>	407,169	<u>\$ (174,068)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 407,169</u>	
<u>July 1, 2013, through June 30, 2014</u>			
Unit cost per full-time sworn peace officer	\$ 43.64	\$ 43.64	\$ 43.64
Number of full-time sworn peace officers	× 13,231	× 9,186	× (4,045)
Total program costs	<u>\$ 577,401</u>	400,877	<u>\$ (176,524)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 400,877</u>	
<u>Summary: July 1, 2010, through June 30, 2011; and July 1, 2012, through June 30, 2014</u>			
Total direct and indirect costs	\$ 1,736,643	\$ 1,203,813	\$ (532,830)
Less late filing penalty	-	(145)	(145)
Total program costs	<u>\$ 1,736,643</u>	1,203,668	<u>\$ (532,975)</u>
Less amount paid by the State		-	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,203,668</u>	

<sup>1</sup> See Attachment 2, Review Results.

<sup>2</sup> The county filed its fiscal year 2012-13 annual reimbursement claim for \$405,865 by the due date specified in Government Code section 17560, and amended it to \$581,237 after the due date. Pursuant to Government Code section 17568, the State assessed a late filing penalty equal to 10% of allowable costs that exceed the timely filed claim amount, not to exceed \$10,000 (for claims amended on or after August 24, 2007).

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## **Attachment 2— Review Results July 1, 2010, through June 30, 2011; and July 1, 2012, through June 30, 2014**

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### **BACKGROUND—**

Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178, Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980; Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165, Statutes of 1989; and Chapter 675, Statutes of 1990 added and amended Government Code sections 3300 through 3310. This legislation, known as the Peace Officers Procedural Bill of Rights (POBOR) was enacted to ensure stable employer-employee relations and effective law enforcement services.

This legislation provides procedural protections to peace officers employed by local agencies when a peace officer is subject to an interrogation by the employer, is facing punitive action, or receives an adverse comment in his or her personnel file. The protections required apply to peace officers classified as permanent employees, peace officers who serve at the pleasure of the agency and are terminable without cause (“at will” employees), and peace officers on probation who have not reached permanent status.

On November 30, 1999, the Commission on State Mandates (Commission) determined that this legislation imposed a state mandate reimbursable under Government Code section 17561 and adopted the Statement of Decision. The Commission determined that the POBOR law constitutes a partially reimbursable state mandated program within the meaning of the California Constitution, Article XII B, section 6, and Government Code section 17514. The Commission further defined that activities covered by due process are not reimbursable.

The program’s parameters and guidelines establish the state mandate and define the reimbursement criteria. The Commission adopted the parameters and guidelines on July 27, 2000, and corrected it on August 17, 2000. The parameters and guidelines categorize reimbursable activities into the following four components: Administrative Activities, Administrative Appeal, Interrogations, and Adverse Comments. In compliance with Government Code section 17558, the State Controller’s Office (SCO) issues claiming instructions to assist local agencies, school districts, and community college districts in claiming mandated program reimbursable costs.

On March 28, 2008, the parameters and guidelines were amended to provide claimants an opportunity to claim reimbursement for the activities by using either the reasonable reimbursement methodology (RRM) or by filing an actual cost claim. The RRM allows each eligible claimant to be reimbursed at a rate of \$37.25 per full-time sworn peace officer employed by the agency and reported to the Department of Justice (DOJ) for all direct and indirect costs of performing the activities. The rate per full-time

sworn peace officer is adjusted each year by the Implicit Price Deflator referenced in Government Code section 17523.

**FINDING—  
Overstated number of  
full-time sworn peace  
officers**

The county overstated the number of full-time sworn peace officers on its mandated cost claims for fiscal year (FY) 2010-11, FY 2012-13, and FY 2013-14. For the fiscal years in the review period, the county claimed \$1,736,643. We found that \$1,203,668 is allowable (\$1,203,813 less a \$145 penalty for filing a late claim) and \$532,975 is unallowable.

For FY 2010-11, FY 2012-13, and FY 2013-14, Los Angeles County claimed reimbursement using the Commission-adopted RRM. In reviewing the POBOR mandated cost claims, we found that the number of full-time sworn peace officers claimed by the county for each fiscal year was overstated.

The parameters and guidelines (section V. Claim Preparation and Submission, subsection A. 2. Formula) state:

Reimbursement is determined by multiplying the rate per full time sworn peace officer for the appropriate fiscal year by the number of full time sworn peace officers employed by the agency and reported to the Department of Justice.

Each October 31, the county reports to the DOJ the number of full-time law enforcement employees, both officers and civilians. Law enforcement officers are defined as individuals who ordinarily carry a firearm and a badge, have full arrest powers, and are paid from governmental funds set aside specifically to pay sworn law enforcement officers.

Reimbursement for POBOR activities is limited to sworn peace officers and does not include civilians. Civilian employees are not trained as peace officers. They do not carry guns, nor do they have arrest powers.

The following table summarizes the adjustment calculations for the review period:

	Fiscal Year			Total
	2010-11	2012-13	2013-14	
No. of full-time sworn peace officers claimed	13,881	13,234	13,231	
No. of full-time sworn peace officers reported to the DOJ	9,501	9,274	9,186	
Difference	(4,380)	(3,960)	(4,045)	
Unit cost per full-time sworn peace officer	\$ 41.64	\$ 43.92	\$ 43.64	
Total direct and indirect cost adjustment	(182,383)	(173,923)	(176,524)	\$ (532,830)
Less: late filing penalty	-	(145)	-	(145)
Review adjustment	\$ (182,383)	\$ (174,068)	\$ (176,524)	\$ (532,975)

**Recommendation**

We recommend that if the county continues to claim reimbursement using the RRM, it ensures that the number of full-time sworn peace officers reported on its mandated cost claims is the same number as reported to the DOJ.