

RIVERSIDE COUNTY

Audit Report

SEXUALLY VIOLENT PREDATORS PROGRAM

Chapters 762 and 763, Statutes of 1995;
Chapter 4, Statutes of 1996; and Welfare and Institutions
Code Sections 6250 and 6600 through 6608

July 1, 2002, through June 30, 2007



JOHN CHIANG
California State Controller

June 2010



JOHN CHIANG
California State Controller

June 28, 2010

The Honorable Marion Ashley, Chairman
Board of Supervisors
Riverside County
4080 Lemon Street
Riverside, CA 92501

Dear Mr. Ashley:

The State Controller's Office audited the costs claimed by Riverside County for the legislatively mandated Sexually Violent Predators Program (Chapters 762 and 763, Statutes of 1995; Chapter 4, Statutes of 1996; and Welfare and Institutions Code sections 6250 and 6600 through 6608) for the period of July 1, 2002, through June 30, 2007.

The county claimed \$2,950,883 for the mandated program. Our audit disclosed that \$2,346,222 is allowable and \$604,661 is unallowable. The costs are unallowable primarily because the county claimed unsupported costs, claimed costs that were ineligible for reimbursement, and underclaimed eligible costs. The State paid the county \$1,432,544. Allowable costs claimed exceed the amount paid by \$913,678.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at the CSM's Web site at www.csm.ca.gov/docs/IRCForm.pdf.

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

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/sk

cc: The Honorable Robert E. Byrd, CGFM
Riverside County Auditor-Controller
Michael Alexander, Deputy Auditor-Controller
Riverside County Auditor-Controller's Office
Dale Mangram, Senior Accountant
Riverside County Auditor-Controller's Office
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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by Riverside County for the legislatively mandated Sexually Violent Predators Program (Chapters 762 and 763, Statutes of 1995; Chapter 4, Statutes of 1996; and Welfare and Institutions Code sections 6250 and 6600 through 6608) for the period of July 1, 2002, through June 30, 2007.

The county claimed \$2,950,883 for the mandated program. Our audit disclosed that \$2,346,222 is allowable and \$604,661 is unallowable. The costs are unallowable primarily because the county claimed unsupported costs, claimed costs that were ineligible for reimbursement, and underclaimed eligible costs. The State paid the county \$1,432,554. Allowable costs claimed exceed the amount paid by \$913,678.

Background

In 1996, the legislature established civil procedures for the continued detention and treatment of sexually violent offenders following their completion of a prison term for certain sex-related offenses through the enactment of Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996.

Welfare and Institutions Code sections 6250 and 6600 through 6608 (added by Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996) establish new civil commitment procedures for the continued detention and treatment of sexually violent offenders following their completion of a prison term for certain sex-related offenses. Before detention and treatment are imposed, the county attorney is required to file a petition for civil commitment. A trial is then conducted to determine if the inmate is a sexually violent predator beyond a reasonable doubt. If the inmate accused of being a sexually violent predator is indigent, the test claim legislation requires counties to provide the indigent with the assistance of counsel and experts necessary to prepare a defense.

On June 25, 1998, the Commission on State Mandates (CSM) determined that Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996, imposed a reimbursable state mandate under Government Code section 17561.

The parameters and guidelines establish the state mandate and define reimbursement criteria. CSM adopted the parameters and guidelines on September 24, 1998. In compliance with Government Code section 17558, the State Controller's Office issues claiming instructions to assist local agencies in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Sexually Violent Predators Program for the period of July 1, 2002, through June 30, 2007.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and were not unreasonable and/or excessive.

We conducted this performance audit under the authority of Government Code sections 12410, 17558.5, and 17561. We did not audit the county's financial statements. We conducted the 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We limited our review of the county's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, Riverside County claimed \$2,950,883 for costs of the Sexually Violent Predators Program. Our audit disclosed that \$2,346,222 is allowable and \$604,661 is unallowable.

For the fiscal year (FY) 2002-03 claim, the State made no payment to the county. Our audit disclosed that \$370,018 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$370,018, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the county. Our audit disclosed that \$602,363 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$602,363, contingent upon available appropriations.

For the FY 2004-05 claim, the State paid the county \$735,155. Our audit disclosed that \$704,685 is allowable. The State will offset \$30,470 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

For the FY 2005-06 claim, the State paid the county \$450,893. Our audit disclosed that \$422,660 is allowable. The State will offset \$28,233 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

**Views of
Responsible
Officials**

We issued a draft audit report on March 2, 2010. Robert E. Byrd, Auditor-Controller, responded by letter dated April 13, 2010 (Attachment). Attached to Mr. Byrd's letter were letters prepared by the three county departments involved with the audit. These include a letter dated April 13, 2010, from the District Attorney's Office signed by Eric Woolery, Deputy Director, Administration; a letter dated March 31, 2010, from the Sheriff's Department signed by Lee Wagner, Assistant Sheriff; and a letter dated April 7, 2010, from the Public Defender's Office signed by Helen Hyder-Barnes, Administrative Services Manager II. The responses received from the Sheriff's Department and the Public Defender's Office noted agreement with the audit findings. The District Attorney's Office disagreed with the portion of Finding 1 relating to FY 2003-04 and FY 2004-05. This final audit report includes the county's response.

Restricted Use

This report is solely for the information and use of Riverside County, 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 report, which is a matter of public record.

Original signed by

JEFFREY V. BROWNFIELD
Chief, Division of Audits

June 28, 2010

**Schedule 1—
Summary of Program Costs
July 1, 2002, through June 30, 2007**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2002, through June 30, 2003</u>				
Direct costs:				
District Attorney:				
Salaries	\$ 276,119	\$ 18,496	\$ (257,623)	Finding 1
Benefits	78,418	5,324	(73,094)	Finding 1
Total direct costs	354,537	23,820	(330,717)	
Indirect costs	166,418	11,181	(155,237)	Finding 1
Subtotal, District Attorney	520,955	35,001	(485,954)	
Public Defender:				
Salaries	57,272	40,502	(16,770)	Finding 1
Benefits	16,035	11,341	(4,694)	Finding 1
Travel and training	71	71	—	
Services and supplies	3,368	3,368	—	
Total direct costs	76,746	55,282	(21,464)	
Indirect costs	17,595	12,442	(5,153)	Finding 1
Subtotal, Public Defender	94,341	67,724	(26,617)	
Sheriff's Department:				
Salaries	3,098	3,098	—	
Benefits	1,083	1,083	—	
Travel and training	1,958	1,958	—	
Services and supplies	252,111	258,532	6,421	Finding 2
Total direct costs	258,250	264,671	6,421	
Indirect costs	2,622	2,622	—	
Subtotal, Sheriff's Department	260,872	267,293	6,421	
Total program costs	<u>\$ 876,168</u>	370,018	<u>\$ (506,150)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 370,018</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Direct costs:				
District Attorney:				
Salaries	\$ 80,811	\$ 69,348	\$ (11,463)	Finding 1
Benefits	26,948	22,993	(3,955)	Finding 1
Total direct costs	107,759	92,341	(15,418)	
Indirect costs	45,981	39,459	(6,522)	Finding 1
Subtotal, District Attorney	153,740	131,800	(21,940)	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2003, through June 30, 2004 (continued)</u>				
Public Defender:				
Salaries	140,114	126,880	(13,234)	Finding 1
Benefits	50,162	45,428	(4,734)	Finding 1
Total direct costs	190,276	172,308	(17,968)	
Indirect costs	50,861	46,057	(4,804)	Finding 1
Subtotal, Public Defender	241,137	218,365	(22,772)	
Sheriff's Department:				
Salaries	3,615	3,615	—	
Benefits	1,468	1,468	—	
Travel and training	—	1,694	1,694	Finding 2
Services and supplies	240,229	243,439	3,210	Finding 2
Total direct costs	245,312	250,216	4,904	
Indirect costs	1,982	1,982	—	
Subtotal, Sheriff's Department	247,294	252,198	4,904	
Total program costs	\$ 642,171	602,363	\$ (39,808)	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		\$ 602,363		
<u>July 1, 2004, through June 30, 2005</u>				
Direct costs:				
District Attorney:				
Salaries	\$ 143,030	\$ 126,498	\$ (16,532)	Finding 1
Benefits	55,555	49,162	(6,393)	Finding 1
Total direct costs	198,585	175,660	(22,925)	
Indirect costs	78,094	69,068	(9,026)	Finding 1
Subtotal, District Attorney	276,679	244,728	(31,951)	
Public Defender:				
Salaries	85,518	82,464	(3,054)	Finding 1
Benefits	35,704	34,434	(1,270)	Finding 1
Services and supplies	479	—	(479)	Finding 2
Total direct costs	121,701	116,898	(4,803)	
Indirect costs	36,037	34,750	(1,287)	Finding 1
Subtotal, Public Defender	157,738	151,648	(6,090)	

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2004, through June 30, 2005 (continued)</u>				
Sheriff's Department:				
Salaries	3,278	3,278	—	
Benefits	1,413	1,413	—	
Travel and training	1,220	1,220	—	
Services and supplies	293,731	301,302	7,571	Finding 2
Total direct costs	299,642	307,213	7,571	
Indirect costs	1,096	1,096	—	
Subtotal, Sheriff's Department	300,738	308,309	7,571	
Total program costs	\$ 735,155	704,685	\$ (30,470)	
Less amount paid by the State		(735,155)		
Allowable costs claimed in excess of (less than) amount paid		\$ (30,470)		
<u>July 1, 2005, through June 30, 2006</u>				
Direct costs:				
District Attorney:				
Salaries	\$ 96,493	\$ 87,072	\$ (9,421)	Finding 1
Benefits	39,865	36,025	(3,840)	Finding 1
Travel and training	2,103	2,103	—	
Total direct costs	138,461	125,200	(13,261)	
Indirect costs	56,545	51,024	(5,521)	Finding 1
Subtotal, District Attorney	195,006	176,224	(18,782)	
Public Defender:				
Salaries	66,617	58,467	(8,150)	Finding 1
Benefits	29,551	25,940	(3,611)	Finding 1
Travel and training	113	113	—	
Services and supplies	744	—	(744)	Finding 2
Total direct costs	97,025	84,520	(12,505)	
Indirect costs	26,087	22,896	(3,191)	Finding 1
Subtotal, Public Defender	123,112	107,416	(15,696)	
Sheriff's Department:				
Salaries	5,987	5,987	—	
Benefits	2,767	2,767	—	
Travel and training	2,095	2,095	—	
Services and supplies	118,981	125,226	6,245	Finding 2

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2005, through June 30, 2006 (continued)</u>				
Total direct costs	129,830	136,075	6,245	
Indirect costs	2,945	2,945	—	
Subtotal, Sheriff's Department	132,775	139,020	6,245	
Total program costs	<u>\$ 450,893</u>	422,660	<u>\$ (28,233)</u>	
Less amount paid by the State		(450,893)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (28,233)</u>		
<u>July 1, 2006, through June 30, 2007</u>				
Direct costs:				
District Attorney:				
Salaries	\$ 30,994	\$ 24,530	\$ (6,464)	Finding 1
Benefits	13,499	10,718	(2,781)	Finding 1
Travel and training	1,148	1,148	—	
Total direct costs	45,641	36,396	(9,245)	
Indirect costs	17,441	13,803	(3,638)	Finding 1
Subtotal, District Attorney	63,082	50,199	(12,883)	
Public Defender:				
Salaries	32,475	31,671	(804)	Finding 1
Benefits	14,671	14,308	(363)	Finding 1
Services and supplies	40	—	(40)	Finding 2
Total direct costs	47,186	45,979	(1,207)	
Indirect costs	14,938	14,569	(369)	Finding 1
Subtotal, Public Defender	62,124	60,548	(1,576)	
Sheriff's Department:				
Salaries	7,221	7,221	—	
Benefits	3,216	3,216	—	
Travel and training	104,700	127,365	22,665	Finding 2
Services and supplies	2,257	2,257	—	
Total direct costs	117,394	140,059	22,665	
Indirect costs	3,896	3,896	—	
Subtotal, Sheriff's Department	121,290	143,955	22,665	
Subtotal	246,496	254,702	8,206	
Less allowable costs that exceed costs claimed ²	—	(8,206)	(8,206)	
Total program costs	<u>\$ 246,496</u>	246,496	<u>\$ —</u>	
Less amount paid by the State		(246,496)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>Summary: July 1, 2002, through June 30, 2007</u>				
Direct costs:				
District Attorney:				
Salaries	\$ 627,447	\$ 325,944	\$ (301,503)	
Benefits	214,285	124,222	(90,063)	
Travel and training	3,251	3,251	—	
Total direct costs	844,983	453,417	(391,566)	
Indirect costs	364,479	184,535	(179,944)	
Subtotal, District Attorney	1,209,462	637,952	(571,510)	
Public Defender:				
Salaries	381,996	339,984	(42,012)	
Benefits	146,123	131,451	(14,672)	
Travel and training	184	184	—	
Services and supplies	4,631	3,368	(1,263)	
Total direct costs	532,934	474,987	(57,947)	
Indirect costs	145,518	130,714	(14,804)	
Subtotal, Public Defender	678,452	605,701	(72,751)	
Sheriff's Department:				
Salaries	23,199	23,199	—	
Benefits	9,947	9,947	—	
Travel and training	7,530	9,224	1,694	
Services and supplies	1,009,752	1,055,864	46,112	
Total direct costs	1,050,428	1,098,234	47,806	
Indirect costs	12,541	12,541	—	
Subtotal, Sheriff's Department	1,062,969	1,110,775	47,806	
Total program costs	2,950,883	2,354,428	(596,455)	
Less allowable costs that exceed costs claimed ²	—	(8,206)	(8,206)	
Total program costs	<u>\$ 2,950,883</u>	2,346,222	<u>\$ (604,661)</u>	
Less amount paid by the State		(1,432,544)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 913,678</u>		

¹ See the Findings and Recommendations section.

² Government Code 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 2006-07.

Findings and Recommendations

**FINDING 1—
Overstated salaries,
benefits, and related
indirect costs**

The county claimed unallowable salaries and benefits totaling \$448,250 for the audit period (\$391,566 by the District Attorney’s Office and \$56,684 by the Public Defender’s Office). The unallowable costs occurred because the county claimed costs for activities that were not identified in the parameters and guidelines as reimbursable costs, and because some costs claimed where not adequately supported. The related unallowable indirect costs totaled \$194,748.

The following table summarizes the unallowable costs by fiscal year:

Cost Category	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06	2006-07	
Salaries	\$ (274,393)	\$ (24,697)	\$ (19,586)	\$ (17,571)	\$ (7,268)	\$ (343,515)
Benefits	(77,788)	(8,689)	(7,663)	(7,451)	(3,144)	(104,735)
Subtotal	(352,181)	(33,386)	(27,249)	(25,022)	(10,412)	(448,250)
Related indirect costs	(160,390)	(11,326)	(10,313)	(8,712)	(4,007)	(194,748)
Audit adjustment	\$ (512,571)	\$ (44,712)	\$ (37,562)	\$ (33,734)	\$ (14,419)	\$ (642,998)

We have broken down the details of the finding for salaries and benefits by individual county department.

District Attorney’s Office

The District Attorney’s Office claimed \$841,732 for salaries and benefits during the audit period. We determined that \$450,166 was allowable and \$391,566 was unallowable. The unallowable costs occurred because costs claimed were not adequately supported. The related unallowable indirect costs totaled \$179,944.

We have broken down the details of the finding for the District Attorney’s Office by fiscal year.

Fiscal Year 2002-03

For fiscal year (FY) 2002-03, the District Attorney’s Office claimed \$354,537 for salaries and benefits. We determined that \$23,820 is allowable and \$330,717 is unallowable. The costs were unallowable because they were not adequately supported.

Initially, all of the costs claimed were unallowable because the costs claimed where not adequately supported. The documents provided by the county to support claimed costs for this fiscal year consisted only of court appearance dates which did not specify the actual time spent to perform the mandated activities. We could not verify from the documents provided how many hours where spent on the following activities: review of reports and records, preparation and filling of petitions, preparation for trials, pre-trial hearings, and actual trials or hearings. Also, the printed Register of Actions report from the Superior Court did not specify the actual time spent by Attorney’s, paralegals, and investigators on the mandated activities.

We held discussions about the claim preparation process with personnel from the District Attorney's Office who stated that they had no idea how the hours spent on mandated activities were derived. In addition, the individuals involved with the claim for FY 2002-03 no longer worked for the department.

The county's claim included 5,133 hours for mandated activities performed by District Attorney's Office personnel. We were able to use an alternative methodology to recapture 325.14 hours as allowable for the activities listed below. As a result, we determined that \$23,820 of salaries and benefits are allowable.

If the county subsequently provides corroborating evidence supporting the costs claimed, we will revise the audit results accordingly.

The auditor tracked the activities listed below to activity logs prepared by the Public Defender's Office. The hours derived from these logs were then distributed equally among the District Attorney's Office personnel identified in the county's claim. The activities included:

- Court appearances
- Email correspondence between the Public Defender and the District Attorney
- Pre-trial dates
- Telephone calls from the District Attorney
- Trial dates
- Telephone calls to the District Attorney
- Conference with the District Attorney
- Visits to the District Attorney's Office

Fiscal Year 2003-04

For FY 2003-04, the District Attorney's Office claimed \$107,759 for salaries and benefits. We determined that \$92,341 is allowable and \$15,418 is unallowable. The unallowable costs occurred because they were not adequately supported.

The county's claim for FY 2003-04 included 1,462 hours spent by District Attorney's Office employees on mandated activities that were documented by employee time logs. We determined that \$15,418 for 230 hours of work on two sexually violent predator (SVP) cases was not adequately supported. One employee's time log was prepared six months after the mandated activities were performed which showed one line item reporting 80 hours for the month of June 2004. A second time log was prepared 19 months after the mandated activities were performed which showed one line item reporting 150 hours spent for the time period of April 1, 2003, through May 31, 2003 (FY 2002-03). No additional information was provided to corroborate how the time amounts claimed were derived (e.g., timesheets, court records, or employee calendars). Accordingly, the time claimed for these employees appear to be estimates of time spent performing reimbursable activities and are unallowable. We also noted that neither time log was signed by a supervisor.

We noted additional time logs that reported 649 total hours claimed over a span of time that also appeared to be estimates of time spent performing mandated activities. However, we were able to corroborate all of the hours claimed by using the same alternative methodology that was used for FY 2002-03 to recapture claimed costs. Accordingly, we compared the Public Defender logs per case for the following activities:

- Pre-trial dates
- Trial dates
- Court appearances
- Telephone calls to the District Attorney
- Conferences with the District Attorney
- Receiving Calls from the District Attorney
- Email From the District Attorney
- Email to the District Attorney
- Visits to the District Attorney's Office

Fiscal Year 2004-05

For FY 2004-05, the District Attorney's Office claimed \$173,906 in salaries and benefits for 2,205 hours spent on specific SVP cases, \$8,443 for 113.75 hours spent on internal policies and procedures, and \$16,236 for 191.5 hours of training related to the SVP mandate. We determined that \$175,660 is allowable and \$22,925 is unallowable. The unallowable costs occurred because costs were not adequately supported.

The discussion of allowable and unallowable costs is broken down into time spent on SVP cases and time spent on internal policies and procedures/training.

- SVP Cases

The county's claim included \$173,906 for 2,205 hours spent working on SVP cases. The documentation provided by the county adequately supported claimed costs for 1,447 hours spent on mandated activities. However, we noted the same issue that was discussed above for FY 2003-04, in which the documentation provided for 629.5 hours consisted of total hours spent over a span of time for cases that also appeared to be estimates of time spent performing reimbursable activities. No additional information was provided as to how the time claimed was derived (e.g., timesheets, court records, or employee calendars). However, we used the same alternative methodology that was used for FY 2003-04 to corroborate all of the claimed costs.

The county also claimed \$4,315 within 13 SVP cases for 128.5 hours spent on the development of internal policies and procedures. All of this time was claimed under charge code "F" (internal policies and procedures for SVP) by one county employee. We noted that the county revised its employee time logs as of December 2, 2004. The revised log used code "F" as time spent on internal policies and procedures, while the previous log used code "F" as time spent on subsequent hearings. The county explained and we concurred that the employee used the wrong charge code on the county's time logs. Accordingly, the costs claimed are allowable.

- Internal Policies and Procedures and Training

The county claimed \$8,443 for 113.75 hours spent on the development of internal policies and procedures and \$16,236 for 191.5 hours for training on internal policies and procedures. However, the county's database that was created from postings of employee timesheet information showed that \$15,500 should have been claimed for 183.25 hours of work on internal policies and procedures and \$9,179 should have been claimed for 122 hours of training.

The county was able to support \$1,754 for 18 hours of employee training, although the supporting documentation was included in the county's claim for FY 2005-06. The costs incurred for the remaining \$14,482 claimed for 173.5 hours of training was not supported. The entries in the time logs for the two employees claiming time for this activity included such descriptions as SVP training, SVP legislation comparison, SVP meeting, all SVP cases, and all cases. The costs were not corroborated by attendance at specific training sessions or any other documentation supporting that training activities occurred. Therefore, the costs are unallowable.

Costs were claimed totaling \$8,443 for 113.75 hours spent on the one-time activity of developing internal policies and procedures. The entries in the time logs for the two employees claiming time for this activity included such descriptions as all cases, admin, interview paralegal, SVP legislation binder, SVP clerical, case notebook, SVP memo, and general SVP. No description at all was provided for 30 hours claimed for this activity. In addition, no case numbers or other additional information was provided corroborating that this time was actually spent on the activity of developing internal policies and procedures. Therefore, the costs are unallowable.

Fiscal Year 2005-06

For FY 2005-06, the District Attorney's Office claimed \$118,540 in salaries and benefits for work performed on specific SVP cases, \$8,841 for the activity of "internal policies and procedures," and \$8,977 for training related to the SVP mandate. We determined that \$123,097 is allowable and \$13,261 is unallowable. The unallowable costs occurred because \$4,165 claimed for 46 hours of training and \$8,841 claimed for development of internal policies and procedures was unsupported. In addition, minor adjustments to hours claimed for work on SVP cases resulted in unallowable costs totaling \$255 for the fiscal year.

The discussion of allowable and unallowable costs is broken down into the following two areas:

- SVP Cases

Minor adjustments to hours claimed for work on SVP cases resulted in unallowable costs totaling \$255 for the fiscal year.

Similar to FY 2004-05, we noted that \$5,404 was claimed using charge code "F" (internal policies and procedures) for 116.3 hours of

work on specific SVP cases. The county explained and we concurred that this time was claimed under the wrong charge code in error and should have been claimed as time spent on review of reports of the State's recommendation for civil commitment.

- Internal Policies and Procedures and Training

The county claimed \$8,841 for 102.5 hours for development of internal policies and procedures and \$8,977 for 93.5 hours of training related to the SVP mandate.

The county supported \$4,812 incurred for 47.5 hours of training for one employee. The remaining \$4,165 claimed for 46 hours of training was unsupported. Time logs for one employee reported 38 hours for training, although the description was "All cases." Time logs for a second employee reported 8 hours for training and the description was "SVP training." However, no support was provided for attendance at specific training sessions for either employee or any other documentation supporting that training activities occurred. Therefore, the costs are unallowable.

None of the \$8,841 claimed for developing internal policies and procedures was adequately supported. The descriptions in the time logs for the three employees claiming time for this activity read "General SVP," "Procedures," or "All Cases." No case numbers or other additional information was provided corroborating that this time was actually spent on the one-time activity of developing internal policies and procedures. In addition, the time claimed for work on internal policies and procedures was arbitrarily changed during audit fieldwork to review of reports and records of the State's recommendation for civil commitment. No support has been provided as to the propriety of the changes to the documented hours from employee time logs or to which SVP cases the time should have been charged. Accordingly, the entire \$8,977 claimed for internal policies and procedures is unallowable.

Fiscal Year 2006-07

For FY 2006-07, the District Attorney's Office claimed \$44,493 for salaries and benefits. We determined that \$35,248 is allowable and \$9,245 is unallowable. The unallowable costs occurred because \$7,196 claimed for 94.3 hours of training and \$1,511 claimed for development of internal policies and procedures was unsupported. In addition, minor adjustments to hours claimed for work on SVP cases resulted in unallowable costs totaling \$538 for the fiscal year.

- SVP Cases

Minor adjustments to hours claimed for work on SVP cases resulted in unallowable costs totaling \$538 for the fiscal year.

Similar to FY 2004-05 and FY 2005-06, we noted that \$7,329 was claimed using charge code "F" (internal policies and procedures) for 247.2 hours of work on specific SVP cases. The county explained and

we concurred that this time was claimed under the wrong charge code in error and should have been claimed as time spent on review of reports of the State's recommendation for civil commitment.

- **Internal Policies and Procedures and Training**

The county claimed \$1,511 for 19.8 hours spent by one employee for the one-time activity of developing internal policies and procedures. The entries on the employee's time logs for this activity include such descriptions as Review SVP List Serve, SVP meeting, update/format database, and monthly report. None of these descriptions appear to be consistent with the reimbursable activity of developing internal policies and procedures. Therefore, the costs are unallowable.

The county claimed \$7,196 for 94.3 hours spent by one employee for the one-time activity of employee training. The entries on the employee's time logs for this activity included such descriptions as self training, observed trial, review of case law, review SVP List Serve, update calendar, SVP meeting, review civil discovery law, and review of conversion. The county did not support that time recorded for these activities was consistent with a formal plan for employee training on the county's internal policies and procedures. We also noted that 16 hours was claimed for employee attendance at an SVP conference. However, no support was provided for attendance at the conference and no travel costs were included in the county's claim.

In addition, most of the time claimed for training was arbitrarily changed during audit fieldwork to review of reports and records of the State's recommendation for civil commitment. No support has been provided as to the propriety of the changes to the documented hours from employee time logs or to which SVP cases the time should have been charged. Therefore, the costs are unallowable.

Public Defender's Office

The Public Defender's Office claimed \$528,119 in salaries and benefits during the audit period. We determined that \$471,435 is allowable and \$56,684 is unallowable. The unallowable costs occurred because the county claimed costs for activities that are ineligible for reimbursement under the mandated program. The related unallowable indirect costs totaled \$14,804.

The county claimed costs for the following activities that are not reimbursable:

- Measure inmates for clothing
- Get inmates clothing for trial
- Transcriptions
- Clothing requests
- Reviewing inmate's letters to the President
- Finding maps

The following table summarizes the audit adjustments for ineligible costs by fiscal year:

Cost Categories	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06	2006-07	
Ineligible activities	\$ (21,464)	\$ (17,968)	\$ (4,324)	\$ (11,761)	\$ (1,167)	\$ (56,684)
Related indirect costs	(5,153)	(4,804)	(1,287)	(3,191)	(369)	(14,804)
Audit adjustments	<u>\$ (26,617)</u>	<u>\$ (22,772)</u>	<u>\$ (5,611)</u>	<u>\$ (14,952)</u>	<u>\$ (1,536)</u>	<u>\$ (71,488)</u>

Sheriff's Department

The Sheriff's Department claimed \$33,146 in salaries and benefits during the audit period for the costs of transporting SVP inmates during the audit period. We determined that the entire amount is allowable.

The parameters and guidelines (section V.A., Claim Preparation and Submission–Supporting Documentation–Direct Costs) state that “direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities, or functions.”

The parameters and guidelines (section V.A.1, Claim Preparation and Submission–Supporting Documentation–Direct Costs–Salaries and Benefits), require the claimant to identify the employee(s), and/or show the classification of the employee(s) involved. The parameters and guidelines also require the claimant to describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee, productive hourly rate and related fringe benefits.

The parameters and guidelines (section VI., Supporting Data) require that all costs be traceable to source documents that show evidence of the validity of such costs and their relationship to the state mandate program.

Recommendation

We recommend that the county establish and implement procedures to ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County's Response

District Attorney's Office

In fiscal year 2002-03 the District Attorney's Office handled 39 Sexually Violent Predator cases which were established by court registers. In fiscal years 2003-04 to 2006-07 the District Attorney's Office handled 175 Sexually Violent Predator cases. The State Controllers Office established a much higher per case amount in the later fiscal years that they audited then in fiscal year 2002-03. This makes the audit findings inconsistent from year to year.

In fiscal year 2004-05 and 2005-06 there were adjustments of \$24,679 and \$17,818 respectively for the use of the wrong activity code. The incorrect use of this activity code came from the employees interpreting the activity code “F – Internal Policies & Procedures for SVP. Not the

State Controller's Office interpretation of the development of Internal Policies & Procedures for SVP. When asked, the employees indicated that the tasks they were performing when using activity code "F" were the review of records and reports, which is activity code "A". This misinterpretation has been corrected in the current claim year and employees have been asked to review and update any past timesheet for the correct activity code.

IN fiscal years 2003-04 and 2004-05 time spent on SVP cases was disallowed because the timesheets contained "date ranges". In the State Controller's Office Mandated Cost Manual page 4 of 6 #8 Section A (1) Salaries and Benefits it outlines the minimum standards for supporting time on the SVP claim. These minimum standards are "Describe the mandated functions performed by each employee and specify the actual time spent, the productive hourly rate, and related fringe benefits." No where in this section or on the sample timesheet published by the State Controller's Office does it require that time be reported on a daily basis. I object to these adjustments because we have met the minimum standard of reporting our actual time spent on the mandate, the mandated functions performed, the productive hourly rate, and the related fringe benefits.

Public Defender's Office

The Public Defender's Office concurs with the State's Public Defender recommendations. Immediate action was taken directly after the exit interview with the State's audit team on January 25, 2009 to ensure that all future SVP billings are more closely reviewed and that only *eligible* costs are included in our claims. The Public Defender's portion in finding #1 equated to slight misunderstanding of the parameters pertaining to an eligible expense as defined in the SVP legislatively mandated program. With a more distinct understanding of eligible costs, future claims should be void of these erroneous entries.

Sheriff's Department

The Sheriff's Department did not respond to the finding.

SCO's Comment

Based on our analysis of the information provided in the county's response, we reduced the audit finding related to the District Attorney's Office by \$97,260 (\$50,579 for salaries, \$18,759 for benefits, and \$27,922 for related indirect costs). The finding amounts for the Public Defender's Office and the Sheriff's Department remain unchanged.

The county provided separate responses from each of the three county departments whose costs were included in the county's claims (District Attorney's Office, Public Defender's Office, and Sheriff's Department). The responses from the Public Defender's Office and the Sheriff's Department expressed their agreement with the finding. However, the response from the District Attorney's Office expressed disagreement with certain elements of the finding.

Our comments are addressed in the same order as they appear in the response from the District Attorney's Office.

Audit Findings

The response from the District Attorney’s Office includes the statement that “the State Controller’s Office established a much higher per case amount in the later fiscal years that they audited then [sic] in fiscal year 2002-03. This makes the audit findings inconsistent from year to year.”

We did not alter our testing procedures during the audit between costs claimed for one fiscal year versus another and did not select individual SVP cases for testing purposes during the course of the audit based on per-case amounts. Instead, we examined the documentation supporting costs claimed for 100% of the hours included in the county’s claims for all five years of the audit period. Our audit finding for the District Attorney’s Office was based on the number of hours that were not adequately supported for the mandated activities claimed.

The following table presents the number of cases that were included in the county’s claims by the District Attorney’s Department and the total number of mandate-related hours claimed by fiscal year:

	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06	2006-07	
Number of cases	27	36	37	39	42	181
Hours claimed	5,133	1,462	2,205	1,621	621	11,042

During subsequent discussions with District Attorney’s Office representatives that occurred after the exit conference and before issuance of the draft audit report, we advised that the county may be able to support additional allowable hours for FY 2002-03 by using court records as corroborating evidence. Conceivably, these records could support the number of hours spent for trials, pre-trial hearings, and the filing of petitions with the court. However, the county has not yet provided any corroborating evidence to support costs claimed. If the county is subsequently able to provide adequate corroborating documentation, we will adjust the audit findings as appropriate.

Internal Policies and Procedures and Training for SVP – Activity Codes F and G

The county claimed salaries and benefits totaling \$51,204 during the audit period under the heading of “training.” This included \$32,409 claimed for training on SVP (activity code G) and \$18,795 claimed for Internal Policies and Procedures for SVP (activity code F). In the draft audit report, \$6,384 was allowable and \$44,820 was unallowable. The unallowable costs included \$26,025 for unsupported training costs and \$18,795 for unsupported internal policies and procedures costs.

The county’s response states that “in fiscal years 2004-05 and 2005-06 there were adjustments of \$24,679 and \$17,818 respectively for the use of the wrong activity code.” The amounts cited by the county in its response were actually the amounts claimed under the heading of training. This included costs claimed for reimbursable activity “G” (training on internal policies and procedures) and reimbursable activity “F” (development of internal policies and procedures) pursuant to section

IV.A of the parameters and guidelines. The audit findings for unallowable training costs were actually \$23,107 for FY 2004-05 (\$6,871 for training and \$16,236 for internal policies and procedures) and \$13,006 for FY 2005-06 (internal policies and procedures). We noted that the \$13,006 amount reported as being claimed for internal policies and procedures for FY 2005-06 should have been \$8,841 and the \$4,812 amount reported as being claimed for training should have been \$8,841. Therefore, the unallowable costs for FY 2005-06 should have been reported as \$8,841 for internal policies and procedures and \$4,029 for training.

During our analysis of the county’s response, we discovered that our calculation of allowable training costs for FY 2004-05 used the wrong productive hourly rate for the employee involved. After we applied the correct rate, allowable costs increased by \$182, from \$6,384 to \$6,566.

We also added language to the audit report noting the types of descriptions that appeared in the employee time logs for the activities of training and internal policies and procedures. Accordingly, we determined that these costs are still properly reported as unallowable.

The following table summarizes the claimed, allowable, and unallowable costs by fiscal year that appear in this final audit report related to the activities of internal policies and procedures and training for SVP:

	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06*	2006-07	
Claimed						
Code “G”	\$ —	\$ —	\$ (16,236)	\$ (8,977)	\$ (7,196)	\$ (32,409)
Code “F”	—	—	(8,443)	(8,841)	(1,511)	(18,795)
Subtotal	—	—	(24,679)	(17,818)	(8,707)	(51,204)
Allowable						
Code “G”	—	—	1,754	4,812	—	6,566
Code “F”	—	—	—	—	—	—
Subtotal	—	—	1,754	4,812	—	6,566
Audit adjustments	\$ —	\$ —	\$ (22,925)	\$ (13,006)	\$ (8,707)	\$ (44,638)

* The amounts reported in the table are the actual claimed amounts for FY 2005-06. The draft report incorrectly showed \$13,006 claimed for internal policies and procedures (code “F”) and \$4,812 for training (code “G”).

We also added language to the audit report noting that \$17,048 (\$4,315 for FY 2004-05, \$5,404 for FY 2005-06, and \$7,329 for FY 2006-07) was claimed within specific SVP cases using reimbursable code “F” (internal policies and procedures). For these costs, we concurred with the county’s explanation that the wrong charge code was used in error. In the draft report, only the \$4,315 amount for FY 2004-05 was deemed unallowable costs. However, during our review of the county’s response, we noted that the county revised its employee time logs as of December 2, 2004. The revised time logs changed reimbursable activity “F” from subsequent hearings to internal policies and procedures. Therefore, we concurred with the county’s explanation and determined that the \$4,315 amount claimed for FY 2004-05 was allowable.

Unsupported Costs – SVP Cases

Audit findings for unsupported time spent by employees of the District Attorney’s Office on SVP cases totaled \$416,083 (\$330,717 for FY 2002-03, \$33,010 for FY 2003-04, \$51,563 for FY 2004-05, \$255 for FY 2005-06, and \$538 for FY 2006-07). The county’s response requested that we re-examine the unallowable costs for FY 2003-04 (\$33,010) and 2004-05 (\$51,563) for time claimed on employee time logs within date ranges. The county correctly points out that neither the parameters and guidelines nor the SCO claiming instructions require that time be reported on a daily basis.

We re-examined the documentation provided by the county to support claimed costs. Using documentation provided by the Public Defender’s Office and the Sheriff’s Department, we were able to corroborate some of the unallowable costs (\$17,592 for FY 2003-04 and \$51,563 for FY 2004-05). We added language to the final audit report stating specifically why \$15,418 claimed for 230 hours of work on SVP cases is still unallowable for FY 2003-04.

The following table summarizes the claimed, allowable, and unallowable costs that appear in this final audit report for unsupported time spent on SVP cases:

Work on SVP Cases	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06	2006-07	
Claimed costs	\$ (354,537)	\$ (107,759)	\$ (173,906)	\$ (118,540)	\$ (35,786)	\$ (790,528)
Allowable costs	23,820	92,341	173,906	118,285	35,248	443,600
Audit adjustment	\$ (330,717)	\$ (15,418)	\$ —	\$ (255)	\$ (538)	\$ (346,928)

**FINDING 2—
Misstated services
and supplies costs**

The county underclaimed services and supplies costs by \$46,543 during the audit period (understated by \$47,806 and overstated by \$1,263). The county also misclassified travel and training costs as services and supplies costs totaling \$1,694 in FY 2003-04.

The costs were overstated because the Public Defender’s Office claimed \$1,263 during the audit period for transcription costs (\$479 in FY 2004-05, \$744 in FY 2005-06, and \$40 in FY 2006-07). Costs incurred for transcriptions are not reimbursable per the parameters and guidelines for the mandated program.

The costs were understated because the Sheriff’s Department understated the daily jail rates that were used to determine prisoner housing costs during the audit period. The rates were understated because the county used projected expenditures and jail population numbers for the calculation of daily jail rates. These figures were obtained from worksheets provided by the California Department of Corrections and Rehabilitation (CDCR) in its approved daily jail rates for each fiscal year of the audit period. The projections were based on actual costs and jail population numbers from two years prior.

For the purpose of claiming mandated costs, counties may use daily jail rates based on actual costs. We obtained actual expenditure amounts for operation of the county jail along with actual jail population statistics for each fiscal year of the audit period and re-computed the allowable daily jail rates.

The following table summarizes the claimed and allowable costs, and audit adjustment amounts by fiscal year for the Sheriff's daily jail rates:

	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
Claimed rate	\$ (78.15)	\$ (74.66)	\$ (78.37)	\$ (81.16)	\$ (71.37)
Allowable rate	80.14	76.17	80.39	85.42	86.82
Audit variance	\$ 1.99	\$ 1.51	\$ 2.02	\$ 4.26	\$ 15.45

The following table summarizes the claimed, allowable, and under-stated Sheriff's Department costs by fiscal year for the audit period as a result of the audit adjustment to the daily jail rates noted in the table above:

	Fiscal Year					Total
	2002-03	2003-04	2004-05	2005-06	2006-07	
Claimed costs	\$ (252,111)	\$ (238,535)	\$ (293,731)	\$ (118,981)	\$ (104,700)	\$ (1,008,058)
Allowable costs	258,532	243,439	301,302	125,226	127,365	1,055,864
Audit adjustment	\$ 6,421	\$ 4,904	\$ 7,571	\$ 6,245	\$ 22,665	\$ 47,806

The Sheriff's Department also claimed costs for FY 2003-04 totaling \$1,694 as services and supplies costs which were actually travel and training costs. These costs have been reclassified as allowable travel and training costs in Schedule 1—Summary of Program Costs.

The parameters and guidelines (section IV., Reimbursable Activities) identify seven specific reimbursable activities that must be specifically identified to a defendant. These include:

1. Initial review of reports and records by the county's designated counsel to determine if the county concurs with the State's recommendation.
2. Preparation and filing of the petition for commitment by the county's designated counsel.
3. Preparation and attendance by the county's designated counsel and indigent defense counsel at the probable cause hearing.
4. Preparation and attendance by the county's designated counsel and indigent defense counsel at pre-trial and trial hearings.
5. Preparation and attendance by the county's designated counsel and indigent defense counsel at subsequent hearings regarding the condition of the sexually violent predator.
6. Retention of court-approved experts, investigators, and professionals for the indigent defendant in preparation for trial and subsequent hearings regarding the condition of the sexually violent predator.

7. Transportation and housing costs for each sexually violent predator at a secured facility while the individual awaits trial.

Each activity above includes costs incurred for secretarial, paralegal, and investigator services, copying, making long distance phone calls, and travel.

Activity #1 also includes costs incurred for investigator services. However, there is no mention in the parameters and guidelines that costs incurred for transcriptions are reimbursable.

The parameters and guidelines (section V.A., Claim Preparation and Submission–Supporting Documentation–Direct Costs) state that “direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities, or functions.”

The parameters and guidelines (section VI., Supporting Data) require that all costs be traceable to source documents that show evidence of the validity of such costs and their relationship to the state mandated program.

Recommendation

We recommend that the county establish and implement procedures to ensure that claimed costs include only eligible costs, are based on actual costs, and are properly supported.

County’s Response

Public Defender’s Office

The Public Defender’s Office concurs with the State’s Public Defender recommendations. Immediate action was taken directly after the exit interview with the State’s audit team on January 25, 2009 to ensure that all future SVP billings are more closely reviewed and that only *eligible* costs are included in our claims. The Public Defender’s portion in finding #2 equated to slight misunderstandings of the parameters pertaining to an eligible expense as defined in the SVP legislatively mandated program.

Sheriff’s Department

Sheriff’s Department concurs with the finding.

SCO’s Comment

The county concurs with the finding and recommendation.

**Attachment—
County’s Response to
Draft Audit Report**



COUNTY OF RIVERSIDE
OFFICE OF THE
AUDITOR-CONTROLLER

County Administrative Center
4080 Lemon Street, 11th Floor
P.O. Box 1326
Riverside, CA 92502-1326
(951) 955-3800
Fax (951) 955-3802



Robert E. Byrd, CGFM
AUDITOR-CONTROLLER

Bruce Kincaid, MBA
ASSISTANT
AUDITOR-CONTROLLER

April 13, 2010

State Controller's Office
Attn: Jim L. Spano, Chief
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Spano:

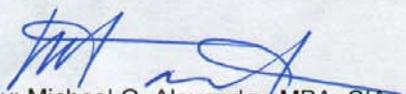
We are in receipt of your draft audit report dated March 2, 2010. You reported on the State Controller's audit of Riverside County's mandate reimbursement claims filed for the legislatively mandated Sexually Violent Predators Program (Chapters 762 and 763, Statutes of 1995, Chapter 4, Statutes of 1996, and Welfare and Institutions Code Sections 6250 and 6600 through 6608) for the period of July 1, 2002 through June 30, 2007.

The county's response to your report is attached. It is comprised of individual responses by each county department included in your audit.

Should you have any questions, please contact me at (951) 955-3866.

Sincerely,

ROBERT E. BYRD, CGFM
County Auditor-Controller



By: Michael G. Alexander, MBA, CIA
Deputy Auditor-Controller

RIVERSIDE COUNTY
STANLEY SNIFF, SHERIFF



Sheriff

P.O. BOX 512 • RIVERSIDE, CALIFORNIA 92502 • (951) 955-2400 • FAX (951) 955-2428

March 31, 2010

State Controller's Office
Attn: Jim L. Spano, Chief
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Spano:

We are in receipt of the draft audit report issued by the State Controller's Office on March 2, 2010 regarding audit of Riverside County SB90 claims filed for the legislatively mandated Sexually Violent Predators Program (Welfare and Institutions Code Sections 6250 and 6600 through 6608) for the period of July 1, 2002 through June 30, 2007.

The Sheriff's Department response to the draft audit report findings is contained herein.

Finding 2:

The Sheriff's Department under claimed services and supplies costs by \$46,112 during the audit period. The Sheriff's Department also misclassified travel and training costs as services and supplies costs totaling \$1,694 in FY 2003-04. The under claimed amount owed to the Sheriff's Department totals \$47,806.

Sheriff's Department response: Sheriff's Department concurs with the finding.

Should you have any questions regarding the above, please contact Essam A. Ali at (951) 955-4424.

Sincerely,

Stanley Sniff, Sheriff

A handwritten signature in cursive script, appearing to read "Lee Wagner".

Lee Wagner, Assistant Sheriff

LW:ea

LAW OFFICES OF THE
Public Defender
COUNTY OF RIVERSIDE

GARY WINDOM
PUBLIC DEFENDER

BRIAN BOLES
ASSISTANT PUBLIC DEFENDER

BRYANT VILLAGRAN
ASSISTANT PUBLIC DEFENDER

ROBERT WILLEY
ASSISTANT PUBLIC DEFENDER



RIVERSIDE MAIN OFFICE
4200 Orange Street
Riverside, CA 92501
Telephone: (951) 955-6000
Facsimile: (951) 955-6025

April 7, 2010

TO: State Controller's Office
Attn: Jim L. Spano, Chief
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Spano:

We are in receipt of the draft audit report issued by the State Controller's Office on March 2, 2010 regarding the audit of Riverside County SB90 claims filed for the legislatively mandated Sexually Violent Predators Program (Chapters 762 and 763, Statutes of 1995, Chapter 4, Statutes of 1996, and Welfare and Institutions Code Sections 6250 and 6600 through 6608) for the period of July 1, 2002 through June 30, 2007.

The Public Defender's response to the draft audit report findings is contained herein.

Finding 1: The County claimed unallowable salary and benefit costs totaling \$517,588 for the audit period (\$460,904 by the District Attorney's Office and \$56,684 by the Public Defender's Office). The unallowable costs occurred because the County claimed costs for activities that were not identified in the parameters and guidelines as reimbursable costs and because some costs claimed were not adequately supported. The related unallowable indirect costs totaled \$222,670.

Public Defender's response:

The Public Defender's Office concurs with the State's Public Defender recommendations. Immediate action was taken directly after the exit interview with the State's audit team on January 25, 2009 to ensure that all future SVP billings are more closely reviewed and that only *eligible* costs are included in our claims. The Public Defender's portion in finding #1 equated to slight misunderstanding of the parameters pertaining to an eligible expense as defined in the SVP legislatively mandated program. With a more distinct understanding of eligible costs, future claims should be void of these erroneous entries.

Finding 2: The County underclaimed services and supplies costs by \$46,543 during the audit period (understated by \$47,806 and overstated by \$1,263). The county also misclassified travel and training costs as services and supplies costs totaling \$1,694 in FY 2003-04.

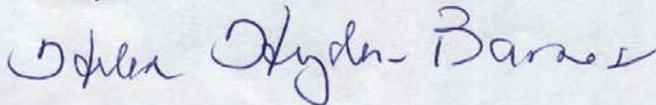
Page 2: Audit Response - Riverside County Law Offices of the Public Defender

Public Defender's response:

The Public Defender's Office concurs with the State's Public Defender recommendations. Immediate action was taken directly after the exit interview with the State's audit team on January 25, 2009 to ensure that all future SVP billings are more closely reviewed and that only *eligible* costs are included in our claims. The Public Defender's portion in finding #2 equated to slight misunderstanding of the parameters pertaining to an eligible expense as defined in the SVP legislatively mandated program.

With a more distinct understanding of eligible costs, future claims should be void of these erroneous entries.

Sincerely,



Helen Hyder-Barnes
Administrative Services Manager II
Law Offices of the Public Defender

10 APR - 8 PM 5:55
AUDITOR-CONTROLLER
RIVERSIDE COUNTY



ROD PACHECO
DISTRICT ATTORNEY

OFFICE OF
THE DISTRICT ATTORNEY
COUNTY OF RIVERSIDE

RIVERSIDE COUNTY
AUDITOR-CONTROLLER
10 APR 13 PM 1:38

April 13, 2010

State Controller's Office
Attn: Jim L. Spano, Chief
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Dear Mr. Spano:

We are in receipt of the draft audit report issued by the State Controller's Office on March 2, 2010 regarding audit of Riverside County SB90 claims filed for the legislatively mandated Sexually Violent Predators Program (Chapters 762 and 763, Statutes of 1995, Chapter 4, Statutes of 1996, and Welfare and Institutions Code Sections 6250 and 6600 through 6608) for the period of July 1, 2002 through June 30, 2007.

The District Attorney response to the draft audit report findings is contained herein.

- In fiscal year 2002-03 the District Attorney's Office handled 39 Sexually Violent Predator cases which were established by court registers. In fiscal years 2003-04 to 2006-07 the District Attorney's Office handled 175 Sexually Violent Predator cases. The State Controller's Office established a much higher per case amount in the later fiscal years that they audited than in fiscal year 2002-03. This makes the audit findings inconsistent from year to year.
- In fiscal years 2004-05 and 2005-06 there were adjustments of \$ 24,679 and \$ 17,818 respectively for the use of the wrong activity code. The incorrect use of this activity code came from the employees interpreting the activity code "F – Internal Policies & Procedures for SVP" as they were adhering to Internal Policies & Procedures for SVP. Not the State Controller's Office interpretation of the development of Internal Policies & Procedures for SVP. When asked, the employees indicated that the tasks they were performing when using activity code "F" were the review of records and reports, which is activity code "A". This misinterpretation has been corrected in the current claim year and employees have been asked to review and update any past timesheet for the correct activity code.
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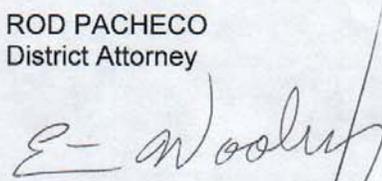
Office Mandated Cost Manual page 4 of 6 #8 Section A (1) Salaries and Benefits it outlines the minimum standards for supporting time on the SVP claim. These minimum standards are "Describe the mandated functions performed by each employee and specify the actual time spent, the productive hourly rate, and related fringe benefits." No where in this section or on the sample timesheet published by the State Controller's Office does it require that time be reported on a daily basis. I object to these adjustments because we have met the minimum standard of reporting our actual time spent on the mandate, the mandated functions performed, the productive hourly rate, and the related fringe benefits.

The District Attorney's Office has taken any and all corrective action needed to ensure accurate claims for the legislatively mandated Sexually Violent Predator Program. We look forward to resolving any audit differences with the State Controller's Office. Please contact me so that we can resolve these issues.

Sincerely,

Very truly yours,

ROD PACHECO
District Attorney

A handwritten signature in black ink, appearing to read "Eric Woolery". The signature is written in a cursive style with a prominent initial "E".

Eric Woolery, CPA
Deputy Director District Attorney
Administration

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874**

<http://www.sco.ca.gov>