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[CLICK HERE FOR THE CHIEF EXECUTIVE OFFICER'S REPORT DATED NOVEMBER 30, 2021](#)

[CLICK HERE FOR THE AUDITOR-CONTROLLER'S REPORT DATED DECEMBER 22, 2021](#)

[CLICK HERE FOR THE AUDITOR-CONTROLLER'S REPORT DATED JANUARY 11, 2022](#)

[CLICK HERE FOR THE INTERIM AUDITOR-CONTROLLER'S REPORT DATED JUNE 30, 2023](#)

[CLICK HERE FOR THE AUDITOR-CONTROLLER'S REPORT DATED JUNE 17, 2024](#)



County of Los Angeles CHIEF EXECUTIVE OFFICE

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FESIA A. DAVENPORT
Chief Executive Officer

November 30, 2021

To: Supervisor Hilda L. Solis, Chair
Supervisor Holly J. Mitchell
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

From: Fesia A. Davenport
Chief Executive Officer

Arlene Barrera
Auditor-Controller

Board of Supervisors
HILDA L. SOLIS
First District

HOLLY J. MITCHELL
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

SHERIFF'S DEPARTMENT BUDGET STATUS REPORT (ITEM NO. 2D-8, AGENDA OF JUNE 26, 2017)

On June 26, 2017, the Board of Supervisors (Board) directed the Chief Executive Officer (CEO), and the Auditor-Controller, in consultation with the Los Angeles County Sheriff's Department (LASD or Department), to report to the Board semi-annually with an overview of the financial status of LASD. The Board further instructed that the report include the number of vacancies compared to budgeted positions, actual overtime costs compared to budgeted overtime amount, funding and resources dedicated to unincorporated areas of the County of Los Angeles (County), and emerging issues with significant fiscal impacts to the LASD budget. Attached is a more detailed Financial Status Report.

Introduction

The Sheriff is the chief law enforcement officer of the County, enforces State laws and County ordinances in the unincorporated areas, and is responsible for maintaining public safety in all 88 cities within the County. LASD provides bailiff services to the Los Angeles Superior Court and general law enforcement services to unincorporated areas, 42 contract cities, the Southern California Regional Rail Authority, the Los Angeles County Metropolitan Transportation Authority, and the Community College Districts (contract expires on June 30, 2022). LASD also has seven custody facilities providing placement, housing, and care for a daily average population of 13,387 pre-sentenced and sentenced individuals in County jails, inclusive of 1,694 individuals sentenced and awaiting transfer to State prison.

Fiscal Year (FY) 2020-21 Closing Summary

The LASD FY 2020-21 adjusted budget is \$3.6 billion, with a general fund net County cost of \$1.9 billion. LASD's budget includes 11 budget units: Administration, Clearing Account, County Services, Court Services, Custody, Detective Services, General Support Services, Patrol-Clearing, Patrol-Contract Cities, Patrol-Specialized and Unallocated, and Patrol-Unincorporated Areas. LASD had 17,095 budgeted positions (10,320 - sworn; 6,775 - professional staff), of which 16,327 were filled as of June 29, 2021.

Highlights of the FY 2020-21 Closing are as follows:

- In our June 8, 2021 report to the Board, we indicated that LASD was projecting a net adjusted deficit of \$5.4 million for FY 2020-21. LASD ultimately closed FY 2020-21 with a net adjusted surplus of \$22.2 million.
- For FY 2020-21, the net adjusted surplus includes the repayment of the \$63.4 million loan provided to address the Department's FY 2018-19 deficit.
- LASD made progress in managing fiscal operations and ended FY 2020-21 with a surplus; however, the mitigation efforts to achieve a balanced budget were mostly one-time in nature and cannot be relied upon by LASD on an ongoing basis.
- Reduced overtime costs continue to be the most impactful action taken by LASD to mitigate its previously reported budget deficit. Although the Department reduced overtime expenditures by \$99.9 million from FY 2019-20 to FY 2020-21, it still exceeded its \$129.6 million overtime budget by \$50.8 million.

FY 2021-22 Budget

LASD's hard hiring freeze and purchasing controls remain in effect for the FY 2021-22 budget to enhance internal processes and establish controls within LASD to ensure accountability and achieve fiscal responsibility. This includes the set aside of \$143.7 million in appropriation transferred from various LASD budget units to Provisional Financing Uses (PFU). As in the past, CEO will continue to work with LASD to monitor spending and overall budget performance and return to the Board with recommendations to transfer funding from PFU. It is recommended that these controls remain in place until such a time that LASD stabilizes its budget and implements a sound sustainable budget deficit mitigation plan.

Critical Issues and Challenges for FY 2021-22

The Department has identified the following as critical issues or challenges:

- **Academy Classes:** The Department is funded to operate four academy classes per year. The Department seeks additional funding for additional academy classes to address vacancies, attrition, and long-term leave.
- **Community College District:** The contract with the Community College District expires on June 30, 2022, which may result in a loss of revenue for the Department.
- **State Inmate Population:** The State reimbursement rate does not fully cover the actual costs of the care of the justice-involved individuals awaiting transfer to the California Department of Corrections and Rehabilitation; therefore, LASD/County is left to absorb the gap in funding and negatively impacts the Department's budget.
- **Custody Operations:** The Department seeks additional staff to address an increase in jail population, enhanced access to care, and social distancing requirements and compliance with settlement agreements.
- **Trial Court Funding:** Historical underfunding by the State for trial court security services remains an issue.
- **Peace Officer Standards and Training (POST) Mandated Training:** The Department reports that mandatory POST training is currently underway for all sworn personnel including Sergeant supervisory school and management training for Lieutenants.
- **Crime, Homelessness, and Illegal Cannabis:** The Department seeks additional funding to address these emerging issues, the related needs in the community, and to reduce increasing crime rates.
- **Expansion of Homeless Outreach Service Teams (HOST):** The County's investment in the expansion of LASD'S HOST Teams will provide the Department with the resources needed to respond to the communities' needs more readily in providing linkages to services.
- **Technology/Infrastructure/Equipment Investment:** Technology, infrastructure, and capital equipment needs that have long been deferred and require funding for replacement.

Conclusion

County departments continue to face operational and financial challenges during this ever evolving and uncertain economic outlook. LASD's FY 2020-21 closing relied on both one-time and ongoing solutions to fund ongoing costs; therefore, it is incumbent upon LASD to implement additional ongoing mitigation efforts, to ensure a balanced budget in this year and future fiscal years. This includes continued efforts to maintain reduced overtime costs where feasible and budgetary efficiency to close the fiscal year with a balanced budget. The CEO remains available to assist LASD in addressing its fiscal challenges and minimizing, to the extent feasible, any impact to departmental operations. As issues arise throughout the year, the Board will be notified, and financial strategies will be identified and pursued, including closely monitoring spending as needed to ensure LASD continues to appropriately manage its budget. Unless otherwise instructed by the Board, this is the final semi-annual report to the Board in response to this motion. The CEO will transition to providing reports to the Board on an as-needed basis going forward or upon receipt and assessment of a sustainable mitigation plan from LASD.

Should you have any questions concerning this matter, please contact me or René Phillips at (213) 974-1478 or rphillips@ceo.lacounty.gov.

FAD:JMN:MM
SW:RCP:JV:AP:cc

Attachments

c: Executive Office, Board of Supervisors
 County Counsel
 Sheriff
 Auditor-Controller
 Treasurer and Tax Collector

Fiscal Year 2020-21 Closing Summary

On October 4, 2021, the Auditor-Controller and Chief Executive Office (CEO) issued their annual report of the year-end balances. This report identified year-end closing balances for the various County of Los Angeles (County) budget units for Fiscal Year (FY) 2020-21. In the report, the Sheriff's Department (LASD or Department) closed FY 2020-21 with a net County cost (NCC) surplus of \$182.1 million (Table 1: C15). The largest portion of the surplus was related to \$144.2 million in Proposition (Prop.) 172 revenue received above the Department's budgeted revenue amount. Prop. 172 is a statewide public safety sales tax-based revenue that counties and cities throughout the State received based on a 1993 ballot measure. Pursuant to State law, counties and cities are to sustain a maintenance of effort of local funding for public safety costs to receive the Prop. 172 revenues from the State. The County has always and continues to meet this requirement. As a long-standing budget County budget practice and since the County meets the maintenance of effort requirements under State law, any Prop. 172 revenue we receive, in excess of the MOE requirement are adjusted out of the Sheriff's budget. After accounting for this, the Department's NCC surplus is \$37.9 million (Table 1: C19).

Table 1 below summarizes LASD's FY 2020-21 year-end closing surplus adjusted for Prop. 172.

Sheriff's Department FY 2020-21 Summary of Year-End Closing \$ in Millions				
Line #	Description	(A) Adjusted Budget	(B) Final Closing	(C) (A) - (B) Adj. Budget vs Final Closing Surplus/(Deficit)
1	<u>Expenditures</u>			
2	Salaries & Employee Benefits (S&EB)	\$2,982.6	\$2,972.4	\$10.2
3	Overtime	129.6	180.4	(50.8)
4	Net S&EB	\$3,112.2	\$3,152.8	(\$40.6)
5	Services & Supplies	373.2	376.9	(3.7)
6	Other Charges	75.6	71.5	4.1
7	Cap Assets - Equipment	16.1	11.3	4.8
8	Total Expenditures	\$3,577.1	\$3,612.5	(\$35.4)
9	<u>Intrafund Transfer (IFT) & Revenue</u>			
10	IFT	110.4	100.5	(9.9)
11	Revenue	1,586.5	1,778.9	192.4
12	Total IFT & Revenue	\$1,696.9	\$1,879.4	\$182.5
13	Total Current Year NCC	\$1,880.2	\$1,733.1	\$147.1
14	Prior-Year Savings/(Deficit)		35.0	35.0
15	Total Net County Cost Surplus			\$182.1
16	Proposition 172 Adjustments:			
17	FY 2019-20 Prior Year			(10.0)
18	FY 2020-21 Current Year			(134.2)
19	Total Net County Cost Surplus Adjusted for Proposition 172			\$37.9

Table 2 below starts where Table 1 left off – with a \$37.9 million NCC (after accounting for Prop. 172 adjustment). The final year-end closing surplus of \$37.9 million (Table 2: B1) was impacted by several unaccounted-for factors, including unreimbursed costs and revenue not transferred to the Department, totaling \$63.5 million (Table 2: B8). Additional explanation of unreimbursed COVID-19 housing costs for inmates awaiting transfer to State prison (Table 2: B4) is provided below. These factors were partially offset by \$1.3 million in judgments and damages for funding provided in excess of actual cost (Table 2: B9); \$1.1 million in lost grant revenue from the California Department of Parks and Recreation, Division of Boating and Waterways Boating Safety and Enforcement Financial Aid program due to non-compliance with grant terms (Table 2: B10); and \$13.4 million in carry-over and one-time funding requests for projects/programs to be completed in FY 2021-22 (Table 2: B17). The impact of these adjustments is a net adjusted surplus of \$85.6 million (Table 2: B18).

With an adjusted net surplus of \$85.6 million, LASD is in a financial position to repay the full \$63.4 million loan provided to address the Department's FY 2018-19 deficit for a net adjusted surplus of \$22.2 million (Table 2: B20). LASD does not agree that they should be held solely responsible for its FY 2018-19 deficit. LASD contends that this deficit is due in part to its obligation to provide a level of service within the County custody facilities to comply with various settlement agreements, which exceeds the level of funding provided by the CEO/Board by nearly \$50.0 million annually. The Department has not yet provided supporting documentation to verify this need. A more detailed report, including variances by major budget categories, is reflected in Exhibit A.

<div>TABLE 2</div> <div>Sheriff's Department</div> <div>FY 2020-21 Summary of Year-End Closing - Net Adjusted Surplus</div> <div>\$ in Millions</div>			
Line #	Description	(A) LASD Surplus/ Deficit Adjustments	(B) Total
1	Total Net County Cost Surplus Adjusted for Proposition 172 (Table 1: C19)		\$37.9
2	Adjustments:		
3	Unreimbursed Cost & Revenue Not Transferred to LASD		
4	COVID-19: Housing Individuals Awaiting Transfer to CDCR	\$46.9	
5	Public Protests	8.1	
6	Fires (Lake and Bobcat)	2.4	
7	Escheated Funds Held in the General Fund	6.1	
8	Subtotal		\$63.5
9	Judgements & Damages Excess Funding		(1.3)
10	Loss of FY20-21 Fire Dept Boating/Waterways Grant		(1.1)
11	Carryover & One-time Funding Requests for FY 2021-22		
12	Body Worn Camera Project	(\$7.1)	
13	Cannabis Consumer Health and Safety Taskforce	(2.5)	
14	Less Lethal Weapons Replacement	(1.6)	
15	Veteran Mental Health Evaluation Team (MET)	(0.7)	
16	Various Other Operational Needs for Critical Projects	(1.5)	
17	Subtotal Carryover & One-Time Funding		(\$13.4)
18	NET ADJUSTED SURPLUS		\$85.6
19	Loan Repayment for FY 2018-19 Net Adjusted Deficit		(63.4)
20	NET ADJUSTED SURPLUS After Loan Repayment		\$22.2

COVID-19 continues to have an impact on Custody operations as it relates to tracking and monitoring COVID-19-related issues and ensuring compliance with the County's Health Officer Orders, supplying the jail population and staff with personal protective equipment, testing kits, and cleaning supplies, and a gap in funding from the costs of housing justice-involved individuals awaiting transfer to the California Department of Corrections and Rehabilitation (CDCR). The \$46.9 million (Table 2: A4) gap in funding is based on the difference between the Auditor-Controller calculated prisoner maintenance rate of \$162.82 per day and the State rate of \$93.54 per day. The State reimbursement rate does not fully cover the actual costs of the care of the justice-involved individuals awaiting transfer to CDCR; therefore, LASD/County is left to absorb the shortfall. The Jail Closure Implementation Team (JCIT) recently facilitated a meeting with LASD and State representatives, including the secretary of the CDCR and the Office of Governor Gavin Newsom, and obtained a commitment by the State to target the transfer of as many as 400 people a week out of County custody to the State and to establish a local program of State parole to effectuate the release of prisoners directly from County jails to community programs. From September 15, 2021 to November 1, 2021, 955 were transferred. Table 3 below summarizes the monthly count of individuals awaiting transfer to CDCR for the period July 6, 2020 to November 1, 2021.

TABLE 3 Sheriff's Department - Awaiting Transfer to CDCR			
Date	Male	Female	Total
7/6/2020	795	79	874
8/3/2020	976	98	1,074
9/14/2020	1,481	144	1,625
10/5/2020	1,816	136	1,952
11/2/2020	1,958	123	2,081
12/1/2020	2,794	156	2,950
1/1/2021	2,968	159	3,127
2/1/2021	3,337	183	3,520
3/1/2021	3,692	209	3,901
4/1/2021	3,785	103	3,888
5/4/2021	3,805	55	3,860
6/1/2021	3,607	32	3,639
7/1/2021	3,348	43	3,391
8/2/2021	3,293	38	3,331
9/1/2021	2,914	34	2,948
10/1/2021	2,464	45	2,509
11/1/2021	1,636	58	1,694

FY 2020-21 Budget Mitigation Status

The estimated net adjusted surplus of \$22.2 million (Table 2: B20) is the result of \$134.4 million in primarily one-time departmental actions reflected in the final closing, as follows:

- Reduced Overtime Expenditures from Prior Year (\$99.9 million):**
 Reduced overtime costs continue to be the most impactful action taken by LASD to mitigate its previously reported budget deficit. Although the Department reduced overtime expenditures by \$99.9 million from FY 2019-20 to FY 2020-21, it still exceeded its \$129.6 million overtime budget by \$50.8 million (Table 1: C3).

LASD reports that reductions in overtime spending were achieved by a concerted effort to make operational changes to reduce overtime usage and was partially made possible by the COVID-19 pandemic and the resulting economic and operational shutdown necessary to comply with the County's Health Officer Orders. Specific operational changes included, but were not limited to, the temporary reassignment of custody staff, patrol staff, and sworn administrative personnel to duties that would have otherwise been met with personnel working overtime. The temporary reassignments negatively impact investigative casework and full-time operational output and supervision. In addition, the suspension of court operations, jail visitation, training/education and reduced law enforcement/security needs at County facilities, schools, and public/private events all significantly contributed to the ability to deploy staff and reduced overtime usage in FY 2020-21 when compared to FY 2019-20.

LASD reports that the overtime cost mitigation effort from FY 2020-21 is not sustainable at last year's level due several reasons including, but not limited to: LASD reinstituting mandated training; the Department's need to respond to an increasing number of public records act requests; the increase in violent crime/homicides and the related casework; narcotic enforcement; and a reduction in the number of budgeted academy classes from twelve to four resulting in a slowdown in LASD's ability to fill vacancies and therefore requiring the use of overtime to address the vacancy. The unsustainable nature of the overtime savings is evident as LASD's overtime is on the rise - actual monthly July 2021 through October 2021 expenditures are higher when compared to FY 2020-21; however, costs remain lower than the same time-period in FY 2019-20. Focused efforts to maintain reduced costs in this area are essential for LASD to achieve a balanced budget in FY 2021-22 and future fiscal years.

Table 4 below provides a comparison of year-to-date overtime expenditures by accounting period. A more detailed report, including a comparison of overtime expenditures by program budget is reflected in Exhibit B.

TABLE 4				
Sheriff's Department Overtime Expenditures				
Fiscal Year 2019-20 Compared to Fiscal Year 2020-21 and Fiscal Year 2021-22				
Period	FY2019-20	FY2020-21	Variance	FY21-22
July	\$12,395,454	\$6,576,146	(\$5,819,308)	\$9,843,228
August	\$25,303,370	\$13,798,492	(\$11,504,878)	\$22,980,804
September	\$26,985,732	\$14,199,818	(\$12,785,914)	\$23,033,626
October	\$23,039,153	\$17,451,173	(\$5,587,980)	\$22,198,178
November	\$23,764,173	\$16,475,121	(\$7,289,052)	
December	\$23,150,838	\$12,171,095	(\$10,979,743)	
January	\$22,102,846	\$13,529,937	(\$8,572,909)	
February	\$24,352,514	\$13,214,798	(\$11,137,716)	
March	\$22,355,360	\$11,756,876	(\$10,598,484)	
April	\$21,222,827	\$15,539,863	(\$5,682,964)	
May	\$16,940,520	\$17,303,722	\$363,202	
June	\$30,817,216	\$18,116,015	(\$12,701,201)	
13th Period	\$7,807,471	\$10,246,978	\$2,439,507	
Subtotal	\$280,237,474	\$180,380,034	(\$99,857,440)	
% Decrease			-35.63%	

- **Prior-Year One-Time Savings/Surplus (\$25.0 million):**
Budgetary surpluses achieved from unanticipated prior-year activity provided a one-time solution to address LASD's previously reported deficit. This one-time mitigation is primarily related to the \$15.2 million trial courts security payment for FY 2020-21 that was inadvertently unrecognized in FY 2020-21, \$9.6 million in prior-year commitment cancellations, and \$0.2 million in various other prior-year over-realized revenue.
- **CDCR Reimbursement for FY 2019-20 (\$3.4 million):**
LASD received \$3.4 million in one-time revenue from the State reimbursing the Department for housing justice-involved individuals awaiting transfer to the CDCR for March 2020 through June 2020.
- **Modified Automated Process and Accounting System Trust Fund (\$6.1 million):**
On June 8, 2021, we reported that \$6.1 million of escheated and unaccounted funds in LASD's Modified Automated Process and Accounting System Trust Fund were processed and transferred by the Treasurer and Tax Collector to the County's General Fund in December 2020, providing LASD a one-time revenue solution for FY 2020-21 budget mitigation.

LASD will initiate an annual process to identify and reconcile escheatable accounts. As such, the Auditor-Controller, Treasurer and Tax Collector, and CEO will continue to work with the Department to determine future potential eligible amounts that could assist in closing their budget gap. Going forward it is anticipated that future amounts may be much lower as this latest escheatment process involved several years.

FY 2021-22 Budget

LASD, like the rest of the County, is being impacted by the steady re-opening and uneven economic recovery as the efforts to slowly, but safely, return to a modified version of pre-COVID operations continue. This includes the reopening of the courts, reinstituting jail visitation, and the need to provide enhanced law enforcement services at County facilities, schools, and public/private venues and events.

The economic and social disruption caused by the pandemic created operational and financial challenges for LASD in addition to driving changes needed to address a new COVID 19-induced fiscal and service reality. In addition, the FY 2020-21 Adopted Budget included an across-the-board cut of approximately eight percent of NCC funding to all County departments. For LASD, this resulted in a budget reduction of \$145.4 million in NCC and the elimination of 1,281 positions in various programs throughout LASD, including a reduction in Custody Operations associated with various functions within the County jail system. The curtailment plan relied on a mix of one-time funding and new positions for justice reform programs; and while LASD was able to avert layoffs while providing critical safety services during the pandemic, budgetary challenges persist as the Department balances the demand for services with a leaner budget as the curtailments are sustained into FY 2021-22 budget.

LASD has made progress in managing fiscal operations, achieving a balanced budget for the first time since FY 2016-17 and repaying the \$63.4 million loan provided to address the Department's FY 2018-19 deficit. LASD's hard hiring freeze and purchasing controls remain in effect as part of the Board's October 1, 2019 and April 29, 2020 motions, to enhance internal processes and establish controls within LASD to ensure accountability and achieve fiscal responsibility.

In addition, on October 1, 2019, the Board approved the transfer of \$143.7 million from LASD to the PFU budget unit until a budget mitigation plan was developed, submitted, and implemented by LASD. The Board took this action in response to LASD's increasing budget deficit and required the development of a budget mitigation plan.

LASD reports that the permanent return of the \$143.7 million in budgeted services and supplies and capital assets appropriation will allow the Department to expeditiously meet ongoing operational needs. LASD further notes that the absence of this budgeted appropriation can unnecessarily result in the Department being delinquent in its payments to its contractors, vendors, and service providers. Finally, LASD indicates that its improved budget performance in FY 2020-21 and its ability to close FY 2020-21 with a positive surplus supports the return of these funds to the operating budget.

As reported to the Board on June 8, 2021, CEO agrees that LASD continues to make progress towards a balanced budget through one-time and ongoing solutions. However, at this time, it is recommended that LASD further develop its plan to ensure it closes each succeeding fiscal year with a balanced budget, including closely monitoring and adjusting spending as needed. The FY 2020-21 mitigation plan relied on both one-time and ongoing solutions to fund ongoing costs; therefore, it is incumbent upon LASD to implement additional ongoing mitigation efforts, to ensure a balanced budget in this year and future fiscal years.

CEO has not received a fully developed and sustainable mitigation plan required by the October 2019 motion. The mitigation plan should ensure funding priority is given to statutorily mandated or "core mission" services and include at a minimum budget-balancing reduction proposals that are in alignment with the County's strategic plan/goals; elimination of duplicative or underperforming programs/services; streamlining and consolidation of programs, divisions, units, and services; development of efficiencies; reduction in layers of management and administration; and ensuring full cost recovery for services provided.

Therefore, it is prudent to continue the controls implemented through FY 2021-22 until LASD stabilizes its budget and continues to work cooperatively to implement a sound sustainable budget deficit mitigation plan. As in the past, CEO will continue to work with LASD to monitor spending and overall budget performance and return to the Board with recommendations to transfer funding from PFU.

Academy Classes and Hiring Freeze

On June 8, 2021, CEO reported that LASD's request to hire Deputy Trainees will be re-assessed in FY 2021-22 upon receipt of a full-year academy training plan. Based on a review of available budgeted Deputy Sheriff positions, the Department was given approval to hire three classes at this time. LASD is budgeted for four academy classes with 87.0 recruits per class. Class 457 began July 15, 2021, with a graduation date of December 2, 2021; class 458 began September 15, 2021, with a graduation date of February 19, 2022; and class 459 is targeted to begin January 2022 with a graduation

date of June 2022. Any additional request for academy classes will be evaluated on a flow-basis contingent on available budgeted Deputy Sheriff vacancies. LASD is funded to operate four academy classes per year. Academy classes greater than four in a fiscal year would require an identified funding source or additional funding.

LASD reports that the lack of additional academy classes and the continued loss of LASD sworn personnel to attrition and long-term leave will impact its ability to control overtime costs and may negatively impact critical operations and employee safety due to a heightened number of operational vacancies and staff not as familiar with program operations. Table 5 below reflects the Department's current vacancy totals.

TABLE 5 Summary of Net Vacancies	
Classification	October 26, 2021
Sworn	
Commander	2.0
Captain	1.0
Lieutenant	49.0
Sergeant	229.0
Deputy	361.0
Subtotal Sworn	642.0
Non-Sworn	
Security Assistant	32.0
Security Officer	26.0
All Other	434.0
Subtotal Non-Sworn	492.0
TOTAL	1,134.0

The hiring freeze does not mean that a Department cannot hire. Rather, hiring requests are evaluated and approved on a case-by-case basis based on available funding, operational need, and other factors. The CEO implemented a hiring freeze exception process, which LASD utilized to process hiring requests. Should LASD need to hire and/or promote an individual, we will continue to follow the exception request process outlined in the "Hiring Freeze Guidelines" issued on April 2, 2020.

Emerging Fiscal Issues and/or Other Areas of Focus

The following provides updates to previously identified critical issues/challenges that LASD has identified for FY 2021-22:

- **Community College District (CCD):** Since the last semi-annual report, CCD extended LASD's contract until June 30, 2022. On January 25, 2020, as part of CCD's Request for Quotation, CCD awarded Hillard Heintze a contract for a campus and safety assessment. Based on the most recent update from LASD, CCD believes the Safety Assessment and subsequent Request for Proposal (RFP) for contract services issued by CCD may be completed by February 2022. LASD plans to respond to the RFP unless the recommended model calls for unarmed deployment. CCD may request another contract extension to complete the RFP process.

- **State Inmate Population:** As of November 1, 2021, the jail population was 13,387 pre-sentenced and sentenced individuals, including 1,694 individuals awaiting transfer to CDCR. As explained above, the JCIT recently facilitated a meeting with LASD and State representatives and obtained a commitment by the State to target the transfer of as many as 400 people a week out of County custody to the State and to establish a local program of State parole to effectuate the release of prisoners directly from County jails to community programs. However, the State reimbursement rate does not fully cover the actual costs of the care of the justice-involved individuals awaiting transfer to CDCR; therefore, LASD/County is left to absorb the gap in funding.
- **Custody Operations:** According to LASD, despite the initial reduction in the jail population in June 2020, additional staff is needed in Custody operations to address: the emerging increase/rise in the jail population; enhance Access to Care (medical and mental health services); ensure compliance with the Prison Rape Elimination Act; meet consent decree requirements of the Department of Justice Medical/Mental Health (Intake), Rosas, and Johnson/Americans with Disabilities Act; and manage the impact of COVID-19 on operations.
- **Trial Court Funding:** LASD, along with most other county sheriffs throughout the State, has historically been underfunded by the State for Trial Court Security services provided to the Superior Court. LASD has tried to work with the Superior Court to evaluate other options for ensuring that LASD meets its obligation to provide trial court security services, but doing so in a way that reduces the shortfall in unsupported costs to LASD. The current estimated funding gap is \$42.0 million based on the staffing plan per the Memorandum of Understanding and grows to \$102.0 million with the inclusion of Court Security Division direct services (supervisors, support staff, services and supplies, and vehicles) that are not included in the Memorandum of Understanding and categorized as unallowable costs by the State.
- **Peace Officer Standards and Training (POST) Mandated Training:** LASD is required to adhere to several POST-mandated training requirements. Among these POST-mandated training requirements, the following are underway: 1) all of its sworn personnel (100 percent compliance required) with 24-hour State-mandated continued professional training; 2) Sergeant supervisory school training (80-hour course) for Sergeants promoted in 2021; and 3) middle management school training (120-hour course) for Lieutenants.
- **Concerted Effort to Reduce Crime, Homelessness, and Illegal Cannabis:** LASD reports an increase in crime and illegal cannabis. While there have been some recent efforts by the County to address the threats posed by illegal cannabis and those involved in this industry, more must be done by the County to address all three of these emerging issues.

- **Expansion of Homeless Outreach Service Teams (HOST):** According to LASD, the growing population of individuals unhoused has resulted in LASD being called upon by both County and other local government officials and entities to assist with outreach efforts via LASD's HOST Teams. The County's investment in the expansion of LASD'S HOST Teams will provide the Department with the resources needed to respond to the communities' needs more readily in providing linkages to services.
- **Technology/Infrastructure/Equipment Investment:** LASD reports that there are a number of technology, infrastructure, and capital equipment needs that have long been deferred and are in need of immediate replacement or action, some of which include legacy systems that serve multiple agencies. LASD reports that some of these include, but are not limited to, replacement of the Department's: 1) computer-aided dispatch system; 2) justice data interface controller server replacement; 3) helicopter fleet; and 4) bus fleet.

SHERIFF BUDGET STATUS REPORT
Fiscal Year 2020-21

EXHIBIT A

Ln #		(a)	(b)	(a) - (b) Adj. Budget vs LASD
		Adjusted Budget	LASD Final Closing	Surplus/(Deficit)
1	Appropriation			
2	1000 Salaries & Employee Benefits	2,982,645,000	2,972,382,000	10,263,000
3	Overtime	129,621,000	180,380,000	(50,759,000)
4	Net S&EB	3,112,266,000	3,152,762,000	(40,496,000)
5	2000 Services & Supplies	373,197,000	376,984,000	(3,787,000)
6	5500 Other Charges	75,642,000	71,495,000	4,147,000
7	6030 Cap Assets - Equipment	16,098,000	11,322,000	4,776,000
8	Total Financing Uses	3,577,203,000	3,612,563,000	(35,360,000)
9	Less: 6800 Intrafund Transfer	(110,438,000)	(100,496,000)	(9,942,000)
10	Net Financial Uses	3,466,765,000	3,512,067,000	(45,302,000)
11	Revenues			
12	82B Business Licenses	53,000	13,000	(40,000)
13	84A Vehicle Code Fines	12,117,000	9,268,000	(2,849,000)
14	84C Forfeitures & Penalties	924,000	290,000	(634,000)
15	86C Rents & Concessions	388,000	107,000	(281,000)
16	88D State - Off Highway Motor Vehicle License Fees	451,000	121,000	(330,000)
17	89B State-Other	2,591,000	1,956,000	(635,000)
18	89E State-Prop 172 Public Safety Funds	574,477,000	708,715,000	134,238,000
19	89G State-Citizens' Options for Pub. Safety	7,146,000	7,213,000	67,000
20	89H State-2011 Realignment	5,710,000	3,483,000	(2,227,000)
21	89H State-2011 Realignment (AB109)	234,440,000	234,440,000	0
22	89U State - County Prison Intake	0	22,607,000	22,607,000
23	90K Intergovernmental - Federal	21,827,000	21,458,000	(369,000)
24	90W Federal - COVID-19 (CARES)		10,419,000	10,419,000
25	91B Other-Governmental	2,849,000	2,750,000	(99,000)
26	92F Legal Services	2,774,000	0	(2,774,000)
27	92L Civil Process Serv	5,309,000	2,530,000	(2,779,000)
28	92M Court Fees & Costs	26,000	23,000	(3,000)
29	92Q Law Enforcement Services	513,266,000	497,834,000	(15,432,000)
30	92R Recording Fees	1,519,000	1,243,000	(276,000)
31	92W Trial Court Security	153,220,000	176,962,000	23,742,000
32	93A Institutional Care	845,000	41,147,000	40,302,000
33	93E Charges for Services	4,568,000	2,691,000	(1,877,000)
34	93N Booking Fees	810,000	0	(810,000)
35	94B Other Sales	209,000	205,000	(4,000)
36	94C Miscellaneous	1,081,000	1,243,000	162,000
37	96A Sales of Capital Assets	180,000	306,000	126,000
38	96B Transfers In	39,758,000	31,937,000	(7,821,000)
39	Total Revenues	1,586,538,000	1,778,961,000	192,423,000
40	Current Year Net County Cost	1,880,227,000	1,733,106,000	147,121,000
41	Prior Year Surplus/Deficit			34,993,000
42	TOTAL ESTIMATED YEAR-END NET COUNTY COST			182,114,000
43	Prop 172 Surplus/(Deficit)			
44	FY2020-21			(134,238,000)
45	FY2019-20			(10,006,000)
46	SUBTOTAL Prop 172			(144,244,000) ⁽¹⁾
47	TOTAL ESTIMATED YEAR-END NET COUNTY COST ADJUSTED FOR PROP 172			37,870,000
48	Adjustments:			
49	COVID-19: Difference of State vs A-C rate for Housing Individuals Pending Transfer to State Prison			46,944,000 ⁽²⁾
50	Public Protests			8,100,000 ⁽³⁾
51	Fires (Lake and Bobcat)			2,386,000
52	Escheated Funds Held in the General Fund			6,100,000
53	Judgements & Damages			(1,262,000) ⁽⁴⁾
54	Less Loss of 20/21 Fire DBW Grant Funds			(1,060,000)
55	Carryover & One-time Funding for FY2021-22 Budget			
56	Body Worn Camera Project		(7,142,000)	
57	Cannabis Consumer Health and Safety Taskforce		(2,475,000)	
58	Less Lethal Weapons Replacement		(1,556,000)	
59	Veteran Mental Health Evaluation Teams (VMET)		(660,000)	
60	Various Other Operational Needs for Critical Projects		(1,552,000)	
				(13,385,000)
56	SUBTOTAL Unforeseen Expenditures			47,823,000
57	TOTAL ADJUSTED NET COUNTY COST w/ Unforeseen Exp., Credit, Carryover			85,693,000
58	Loan Repayment for FY 2018-19 Net Adjusted Deficit			(63,408,000) ⁽⁵⁾
59	TOTAL ADJUSTED NET COUNTY COST w/ Loan Repayment			22,285,000

Notes:

- (1) Reflects adjustment for Prop 172 surplus. As a long-standing County budget practice and since the County meets the maintenance of efforts requirements under state law, any budget variance related to Proposition 172 revenues are adjusted in a financial performance analysis of year-end closing amounts.
- (2) Reflects the estimated funding gap based on the difference between the Auditor Controller rate of \$162.82 per day and the State rate of \$93.54 per day. The State reimbursement rate does not fully cover the actual costs of the care; therefore, LASD is left to absorb the shortfall.
- (3) Reflects total non-revenue/IFT overtime associated with providing security/patrol for public protest activity.
- (4) Reflects excess funding provided for judgments and damages (\$40.5 million Final Closing Actuals LESS \$21.8 million Budget LESS \$20M PFU Transfer EQUALS \$1.3 million).
- (5) Reflects full repayment of the \$63.4 million loan provided to address the Department’s FY 2018-19 deficit.

Sheriff's Department
2020-21 Overtime Usage Report

EXHIBIT B

FISCAL YEAR 2020-21															EA %
Budget Unit	Actuals July	Actuals August	Actuals September	Actuals October	Actuals November	Actuals December	Actuals January	Actuals February	Actuals March	Actuals April	Actuals May	Actuals June	Actuals 13th	FINAL/ CLOSING	
Patrol	2,165,241	4,210,319	4,829,413	8,553,502	6,537,846	4,401,879	4,674,323	5,101,277	4,599,061	5,959,532	7,718,277	8,318,727	4,399,695	71,469,091	40%
Detective	351,921	889,750	932,814	1,073,543	745,361	467,337	574,615	823,941	695,812	1,217,196	1,168,436	1,181,432	544,050	10,666,209	6%
Administration	67,180	146,889	87,781	161,298	150,832	126,365	96,941	117,882	110,435	251,237	227,741	135,570	37,400	1,717,551	1%
Custody	3,000,033	6,276,697	5,818,503	5,444,932	6,345,115	5,043,022	5,764,497	4,364,129	3,665,987	5,196,611	5,067,264	5,391,736	3,393,744	64,772,270	36%
Court	427,212	913,382	825,497	759,271	919,539	829,598	1,056,128	1,382,937	1,481,975	1,455,684	1,436,044	1,494,217	868,505	13,849,990	8%
General Support	179,928	435,038	537,327	428,127	432,265	304,943	428,592	361,321	337,056	417,737	535,750	457,327	173,864	4,941,274	3%
County Services	384,632	926,418	1,168,483	1,030,501	1,344,163	997,950	1,022,841	1,063,313	866,551	1,041,865	1,150,209	1,137,005	829,720	12,963,651	7%
TOTAL	6,576,147	13,798,493	14,199,819	17,451,174	16,475,121	12,171,095	13,529,937	13,214,798	11,756,876	15,539,863	17,303,722	18,116,015	10,246,978	180,380,035	100%
		110%	3%	23%	-6%	-26%	11%	-2%	-11%	32%	11%	5%	-43%		

FY 20/21 Adjusted Budget	129,621,000
FY 20/21 Actuals	180,380,035
Under/(Over) Budget	(50,759,035)

FISCAL YEAR 2019-20															Act %
Budget Unit	Actuals July	Actuals August	Actuals September	Actuals October	Actuals November	Actuals December	Actuals January	Actuals February	Actuals March	Actuals April	Actuals May	Actuals June	Actuals 13th	FINAL/ CLOSING	
Patrol	5,045,563	9,163,545	11,115,911	7,876,872	8,999,954	7,800,191	6,988,609	8,328,932	7,090,796	7,334,182	5,264,919	16,217,368	2,775,405	104,002,248	37%
Detective	480,775	1,055,133	1,300,370	842,162	1,307,388	942,032	487,099	1,420,181	980,815	977,758	689,760	1,262,609	460,972	12,207,055	4%
Administration	183,840	371,287	396,916	359,144	392,876	402,032	297,909	445,257	377,840	374,361	232,536	433,440	78,234	4,345,672	2%
Custody	3,856,384	8,305,020	8,769,760	8,361,118	8,577,854	9,509,680	9,384,439	9,957,032	9,322,041	9,107,837	8,447,836	9,154,146	3,536,844	106,289,991	38%
Court	1,542,161	3,816,793	3,089,125	3,735,775	2,585,522	2,729,605	2,945,928	2,289,760	2,513,638	1,394,331	633,495	854,558	91,429	28,222,121	10%
General Support	302,194	527,795	787,320	485,178	671,859	535,009	401,555	594,845	565,987	520,333	387,890	858,161	215,182	6,853,308	2%
County Services	984,536	2,063,797	1,526,330	1,378,904	1,228,721	1,232,288	1,597,307	1,316,508	1,504,244	1,514,025	1,284,084	2,036,934	649,405	18,317,082	7%
TOTAL	12,395,455	25,303,370	26,985,733	23,039,153	23,764,173	23,150,838	22,102,846	24,352,514	22,355,360	21,222,827	16,940,520	30,817,216	7,807,471	280,237,475	100%
		104%	7%	-15%	3%	-3%	-5%	10%	-8%	-5%	-20%	82%	-75%		

FY 19/20 Adj Budget	145,569,000
FY 19/20 Actuals	280,237,475
Under/(Over) Budget	(134,668,475)

FY 19/20	12,395,455	25,303,370	26,985,733	23,039,153	23,764,173	23,150,838	22,102,846	24,352,514	22,355,360	21,222,827	16,940,520	30,817,216	7,807,471	280,237,475
FY 20/21	6,576,147	13,798,493	14,199,819	17,451,174	16,475,121	12,171,095	13,529,937	13,214,798	11,756,876	15,539,863	17,303,722	18,116,015	10,246,978	180,380,035
Under/(Over) From Prior FY	5,819,308	11,504,878	12,785,914	5,587,979	7,289,052	10,979,743	8,572,909	11,137,717	10,598,484	5,682,964	(363,202)	12,701,202	(2,439,507)	99,857,440



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

KAREN LOQUET
CONNIE YEE

December 22, 2021

TO: Supervisor Holly J. Mitchell, Chair
Supervisor Hilda L. Solis
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

FROM: Arlene Barrera *Arlene Barrera*
Auditor-Controller

SUBJECT: **SHERIFF'S DEPARTMENT – OPERATIONAL, AUDIT REPORT FOLLOW-UPS,
AND COST REVIEW STATUS REPORT (Board Agenda Item 10, October 1, 2019)**

On October 1, 2019, your Board instructed the Auditor-Controller (A-C), in collaboration with the Chief Executive Office (CEO) and the Office of Inspector General (OIG), to conduct an operational review of the Sheriff's Department (Sheriff or Department) to determine whether there are areas that can be more efficient and/or operate more effectively. The Board also directed that the review includes assessments of prior reports/audits, the costs associated with the Sheriff's operations, and a zero-based budget analysis. To address these issues, we split the review into the following two primary areas: (1) Operational and Audit Report Follow-ups Review and (2) Workload, Staffing, and Cost Analysis Review.

We issued status reports on August 27, 2020, January 12, 2021, and August 6, 2021. The current status of these two reviews are discussed below:

Operational and Audit Report Follow-ups Review

We contracted with BCA Watson Rice LLP (BCA) to perform the review in March 2020. As part of the contract, BCA is to issue the following four separate reports:

Report

- Potential Revenue Shortfalls/Losses
- Operational Review
- Audit Report Follow-ups
- Summary of Audit Results

Current Status

BCA continued to experience some time delays in the clearance process with their Potential Revenue Shortfalls/Losses report with the A-C, CEO, and Sheriff. Sheriff management also required additional time to finalize their signed written response letter to the audit findings and recommendations. However, these delays have been resolved, and the A-C is currently working to issue the final report to the Board.

BCA is also making progress toward completion of their review for the remaining three reports. However, delays by the Sheriff in providing the necessary audit data/information and in providing responses to BCA's follow-up questions have impacted their ability to complete their review and assessments. Sheriff management indicated that delays are in part due to staffing shortages, other competing priorities, and the time and resources required to provide the requested documentation/information. We are closely working with BCA to monitor the status and progress of their review and will assist where possible/practical to expedite the exchange of data/information, report clearance process, and receipt of the Department's written response letter.

Based on these and other anticipated/unanticipated delays, BCA's current estimated timelines for their four separate reports are:

<u>Report</u>	<u>Estimated Issuance Date</u>
• Potential Revenue Shortfalls/Losses	December 30, 2021
• Operational Review	April 15, 2022
• Audit Report Follow-ups	May 16, 2022
• Summary of Audit Results	May 31, 2022

The revised timeframes assume that the Sheriff provides all requested documents/responses to BCA's follow-up questions and written responses to each respective report timely.

We will also continue to monitor BCA's progress and will work to facilitate the release of each report as promptly as feasible.

Cost, Workload, and Staffing Analysis Review

In consultation with your Board, CEO, and OIG, we contracted with JFA Institute (JFA) to perform the review in January 2021. As part of the contract, JFA will issue one report with the following three separate sections: (1) Cost Review, (2) Workload and Staffing Analysis Review, and (3) a final section that will synthesize the findings of the two prior sections and list a core number of recommendations.

Our August 2021 status indicated that JFA experienced delays by the Sheriff in the fulfillment of their data requests, including calls for service data, cost, and expenditure trend information, etc., that were required to complete their assessments. Since the last status, JFA has completed their initial assessments and drafted their report. The initial draft report is currently in review by the CEO. In addition, based on delays with other recent reviews, we anticipate that JFA will need additional time to clear their findings and recommendations in the report with Sheriff's management. As a result, JFA has extended their estimated final report issuance date until March 31, 2022.

Board of Supervisors
December 22, 2021
Page 3

We will provide your Board with updated statuses, as necessary. If you have any questions please call me, or your staff may contact Mike Pirolo at mpirolo@auditor.lacounty.gov.

AB:OV:MP:JU:gu

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Alex Villanueva, Sheriff
Max Huntsman, Office of Inspector General



COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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KAREN LOQUET
CONNIE YEE

January 11, 2022

TO: Each Supervisor

FROM: Arlene Barrera, Auditor-Controller *Arlene Barrera*

SUBJECT: **SHERIFF'S DEPARTMENT - POTENTIAL REVENUE SHORTFALLS/LOSSES
REVIEW (Board Agenda Item 10, October 1, 2019)**

Background

The Sheriff's Department (Sheriff or Department) provides general law enforcement services to 141 unincorporated communities. The Department also provides placement, housing, and care to an average of approximately 15,000 people housed in the County's eight custody facilities. In addition, the Sheriff provides contractual law enforcement services to 42 contract cities, the Southern California Regional Rail Authority, the Los Angeles County Metropolitan Transportation Authority (MTA), and the Superior Court (Court). For Fiscal Year (FY) 2020-21, the Sheriff had 17,095 budgeted positions and a budget of approximately \$3.44 billion, with a net cost to the County General Fund of \$1.75 billion.

Audit Scope and Objectives

On October 1, 2019, your Board instructed the Auditor-Controller (A-C), in collaboration with the Chief Executive Office (CEO) and the Office of Inspector General (OIG), to conduct an operational review of the Sheriff's Department to determine whether there are areas that can be more efficient and/or operate more effectively. The Board also directed that the review includes assessments of prior reports/audits, the costs associated with the Sheriff's operations, and a zero-based budget analysis. To address these issues, we split the review into the following two primary areas: (1) Sheriff's Audit Report Follow-ups and Operational Review and (2) Sheriff's Workload, Staffing, and Cost Analysis Review.

We contracted with BCA Watson Rice LLP (BCA) in March 2020 to perform the Audit Report Follow-ups and Operational Review and they will issue four separate reports: (1) Potential Revenue Shortfalls/Losses, (2) Operational Review, (3) Audit Report Follow-ups, and (4) Summary of Audit Results. This report addresses the Potential Revenue Shortfalls/Losses review, which is the first of the four BCA reports. Note that we contracted with the JFA Institute for the Sheriff's Workload, Staffing, and Cost Analysis review, which will be issued under a separate cover.

Review Summary

As part of the audit, BCA analyzed and reviewed the Sheriff's potential revenue shortfalls/losses in the following seven areas: Assembly Bill 109, Contract Cities, Trial Court Funding, Civil Immigration Detainers, Special and Trust Funds, Grants, and Other Potential Revenue Sources. The primary objectives of this review were to determine whether the Department was maximizing its revenues and/or claiming reimbursable expenditures for these areas.

BCA's report included three Priority 2 recommendations and one Priority 3 recommendation. The Priority 2 issues are discussed below.

Contract City Billings (Priority 2) - Potential Opportunities for Additional Cost Reimbursement

BCA identified that billings to contract cities could be increased for five Sheriff's functions (Communications Unit, Psychological Services Bureau, Professional Development Unit, Regional Community Policing Institute, and Facilities Services and Facilities Planning) that are currently not fully billed. While BCA could not estimate the specific amount of increase in revenues, they estimate that changes to the contract city cost model to bill for these functions could increase revenues by over \$10 million annually.

BCA recommended the Sheriff, in consultation with A-C Accounting Division, verify and quantify the costs not being fully billed for these five functions. Once quantified, BCA recommended that the Sheriff seek direction from the Board to determine whether it is appropriate for the Department to work with the contract cities and its association to review the nature of these additional costs and whether it is feasible to pass some or all of these costs onto the contract cities in a manner that does not result in reductions in service or other adverse impacts.

Trial Court Funding (Priority 2) - Maximizing Reimbursement and Minimizing the Need for Overtime

BCA noted that funding for Trial Court Services has been insufficient to meet the required service level obligations from the Court. The funding deficit issue has been exacerbated by the Sheriff's Memorandum of Understanding (MOU) with the Court that did not allow reimbursement for managerial staff above the rank of sergeant or any administrative staff as well as continued increases in staffing and benefit costs. In addition, while the Sheriff worked with the Court to re-categorize certain services as reimbursable in FY 2018-19, BCA noted that there may be opportunities to negotiate new terms to allow the Sheriff to be reimbursed for additional supplemental services.

BCA recommended that the Sheriff more clearly define what constitutes supplemental services in future negotiations with the Court to make the policy consistent across courthouses and ensure full reimbursement for supplemental services.

BCA also noted there may be opportunities for the Sheriff to utilize flexibility in their staffing levels to help mitigate the need for overtime and additional personnel. The Sheriff negotiated a new MOU with the Court, which will eliminate its requirement to achieve 98% staffing over the course of the year. Once approved, the new MOU will provide the Department with more flexibility in staffing courthouses and reduce the need for overtime and additional personnel.

BCA recommended that upon approval of their new MOU, the Sheriff implement practices to maximize staffing flexibility and reduce staffing and/or overtime where practical.

Grants (Priority 2) - Enhance Grant Procedures, Monitoring, Controls, and Documentation

The Sheriff had 237 grants, totaling \$378 million from FY 2014-15 to FY 2018-19. BCA noted the following:

- Fourteen grants with unused funding totaling approximately \$3.8 million.
- Eight grants that were denied, rejected, not accepted by the Sheriff, or canceled by the grantor due in part to improper documentation and approvals totaling approximately \$3.5 million.
- The Sheriff's grant log that tracks all of the grants approved each fiscal year could be enhanced to assist in improving grant monitoring and determining the Department's success rate of its grant application performance.

BCA recommended that the Sheriff improve their (1) grant design plans and procedures to ensure that grant funds are fully utilized within the grant period, (2) adopt strict documentation and approval processes to comply with the grantor's documentation requirements to prevent any instances of denied, rejected, or canceled grants, and (3) enhance their grant log to improve grant monitoring and performance reporting results, and maintain a log/record for the revenue offset programs for each grant to monitor and ensure grant expenditures align with budgeted and available grant revenue amounts and are fully reimbursable.

Details of these and other findings and recommendations are included in BCA's attached report (Attachment I).

Review of Report

BCA discussed their report with Sheriff's management. The Department's response, included in Attachment II, indicates agreement with the three Priority 2 recommendations and partial agreement with the Priority 3 recommendation.

If you have any questions please call me, or your staff may contact Mike Pirolo at mpirolo@auditor.lacounty.gov.

AB:OV:MP:JU:gu

Attachments

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Alex Villanueva, Sheriff
Max Huntsman, Inspector General

County of Los Angeles
Auditor-Controller

Sheriff's Department
Audit Report Follow-ups and Operational Reviews

**REPORT ON POTENTIAL REVENUE
SHORTFALLS/LOSSES
FINAL REPORT**

October 2021





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www.bcawatsonrice.com

November 16, 2021

Ms. Arlene Barrera
Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012

Dear Ms. Barrera,

BCA Watson Rice LLP is pleased to present the attached report on our Review of Potential Revenue Shortfalls/Losses of the Los Angeles County Sheriff's Department (LASD) for the following seven (7) areas: AB109, Contract Cities (Billing Rates), Trial Court Funding, Civil Immigration Detainers, Special and Trust Funds, Grants, and Other Potential Revenue Sources. The recommendations contained in this report could increase contract cities revenues, reduce trial court expenditures, increase utilization of grant funding sources, and improve grant management. LASD management agrees with a majority of the report's recommendations. LASD's written management response is included at the end of this report.

We would like to thank LASD management and staff for their efforts and cooperation throughout the review. Please feel free to contact me directly at 310 792-4640 ext. 110 if you should have any questions.

Respectfully,

A handwritten signature in blue ink that reads 'Michael J. de Castro'. The signature is stylized with a large, circular flourish at the end.

Michael J. de Castro
Managing Partner

TABLE OF CONTENTS

1. Executive Summary	1
2. Introduction and Background	5
3. Objectives, Scope and Methodology.....	6
4. Detailed Results.....	11
AB109	11
Contract Cities (Billing Rates)	17
Trial Court Funding.....	28
Civil Immigration Detainers	35
Special and Trust Funds.....	42
Grants	53
Other Potential Revenue Sources	57
Exhibit I - Schedule of Grants with Unused Amounts	
Exhibit II – Schedule of Canceled Grants	
Exhibit III –Revenue Budget to Actual Comparison and Revenue Streams Analysis	

1. EXECUTIVE SUMMARY

This executive summary provides a brief description of the more significant results by area. For a more detailed discussion of the results, please refer to the body of the report.

Background, Scope, and Objectives

For Fiscal Year (FY) 2019-20, the Los Angeles County Sheriff's Department (Sheriff, LASD or the Department) had 18,300 budgeted positions with a budget of \$3.4 billion. The net cost to the County's General Fund was \$1.6 billion. In September 2019, the Chief Executive Office (CEO) notified the Board of Supervisors (Board) that the LASD closed FY 2018-19 with a net deficit of \$63.4 million. The CEO attributed this net deficit to over-expenditures in salaries and employee benefits, other charges, and under-realization of revenue.

In October 2019, the Board requested that the Auditor-Controller in collaboration with the CEO and the Office of Inspector General conduct an operational review of the LASD to determine whether there are any areas that can be more efficient and/or operate more effectively. The Board also directed a review of LASD's operations, including a review of prior audits and reports.

In March 2020, the Auditor-Controller contracted with BCA Watson Rice (BCAWR) to conduct various audit report follow-ups and operational reviews of LASD operations. This report provides the results of BCAWR's review and analyses of potential revenue shortfalls/losses of the following seven (7) areas: Assembly Bill 109 (AB109), Contract Cities, Trial Court Funding, Civil Immigration Detainers, Special and Trust Funds, Grants, and Other Potential Revenue Sources.

The objectives of this review were to determine whether LASD was maximizing its revenues and/or claiming reimbursable expenditures for the above mentioned seven areas. To conduct our review and analyses, we reviewed information and data from the last five fiscal years, where appropriate. We began our review in April 2020 and completed our review in June 2021.

Overall, we found that there are opportunities for LASD to improve in maximizing revenues and/or claiming reimbursable expenditures for some of the seven areas reviewed. We summarize the more significant issues and discuss these opportunities below and provide more detail in the body of this report.

SIGNIFICANT RESULTS AND RECOMMENDATIONS

Finding No. 1: Contract billings to cities could be increased, but potential impacts of increased costs to cities should be considered. Based on our review, we determined that increased revenues could exceed \$10 million annually based on changes to the contract cities billing model. We identified a number of potential sources of revenue that, with Board approval, could be billed to the contract cities that would be consistent the California GovernmentCode (Gonsalves). This revenue would come from billing for certain costs that are currently not fully billed within the following LASD functions: (1) Communications Unit, (2) Psychological Services Bureau, (3) Professional Development Unit, (4) Regional Community Policing Institute, and (5) Facilities Services and Facilities Planning.

While it is possible for the County to increase law enforcement revenue in the foregoing categories, it would not be without the risk of adverse impacts. These impacts could include negative impact on crime and arrest rates, a reduction in qualified law enforcement personnel within the County, and strained relationships with law enforcement agencies and cities.

Recommendation No. 1 (Priority 2)

We recommend that LASD in consultation with the Auditor-Controller Accounting Division verify and quantify the costs not being fully billed for the above identified LASD functions to determine the cost impact to the contract cities billing model. Once those costs are quantified, LASD should seek direction from the Board to determine whether it is appropriate for LASD to work with the contract cities and its association to review the nature of these additional costs and whether it is feasible to pass some or all of these costs onto the contract cities in a manner that does not result in reductions in service or other adverse impacts.

Finding No. 2: Prior to FY 2016-17, the LASD did not receive reimbursement from the Court for certain services which the Court determined to be a part of the base services provided by LASD. Beginning in FY 2018-19, the LASD worked with the Court to re-categorize certain services as “supplemental” to ensure that LASD received additional funding for those services. Since that time, revenues for supplemental services have increased significantly.

Recommendation No. 2 (Priority 2)

In future negotiations between LASD and the Court, LASD should attempt to more clearly define what constitutes supplemental services to make the policy consistent across courthouses and ensure full reimbursement for supplemental services. In prior negotiations, LASD negotiated terms to provide LASD more flexibility in staffing courthouses by eliminating its requirement to achieve 98% staffing over the course of the year. LASD should implement practices to maximize this new staffing flexibility to minimize the need for overtime or supplemental staffing.

Finding No. 3: The current costs related to Immigration and Customs Enforcement (ICE) civil immigration detainers consist of two part-time custody assistants. The function of these custody assistants is to provide information to the justice involved population and their counsel, not to ICE. Thus, these costs are not reimbursable by ICE. In 2019, the LASD made a policy decision not to seek State Criminal Alien Assistance Program (SCAAP) funding. This decision was made consistent with its policy not to provide reporting to the Department of Homeland Security (DHS) related to undocumented persons and those suspected of being undocumented.

Recommendation No. 3 (Priority 3)

In light of the change in the federal administration and the success of the recent protest of reporting requirements within the Byrne JAG Grant, we recommend that the LASD apply for future SCAAP grants using the same approach taken for the Byrne JAG Grant. Based on current policy, the County is no longer eligible for SCAAP funding. Were the policy to change to permit the required reporting to the federal government, there is the potential to increase revenue in excess of \$2 million annually.

Finding No. 4: During the last five Fiscal Years 2014-15 to 2018-19, LASD had 237 grants totaling \$378 million from various sources (i.e., federal, State, and local). Our review found that LASD had fourteen (14) grants with unused funds totaling \$3,769,873, which represents less than 1% of total grant funds awarded. The primary reasons for the unused grant funds include not being able to spend the grant funds within the grant period, and not being able to complete the project within the grant period due to staffing shortages. We also found eight (8) grants that were subsequently canceled totaling \$3,527,894. These canceled grants were grant applications that were subsequently denied, rejected, not accepted by LASD, or canceled by the grantors. Lastly, LASD's grant log that tracks all of the grants approved for each fiscal year could be enhanced to assist in improving grants monitoring and determining LASD's success rate of its grant application performance.

Recommendation No. 4 (Priority 2)

We recommend that LASD implement the following actions to improve its grant application, utilization and monitoring process:

- 1. Design plans and procedures to ensure that grant funds are fully utilized within the grant period. The procedures may include a possible grant extension request to the grantor when the grant period is about to expire, especially for those grants with material unused amounts;*
- 2. Adopt a strict documentation and approval process to comply with the grantor's documentation requirements to prevent any instances of denied, rejected, or canceled grants; and*

3. *Make enhancements to its grant log to include all grants applied for, the date grant was applied for, and the award or denial date. If denied, include the reasons for denial. Maintaining this grant data will improve grants monitoring and grant performance reporting results. In addition, we recommend that LASD maintain a log/record for the revenue offset programs for each grant, if applicable, to monitor and ensure that grant expenditures are aligned with budgeted and available grant revenue amounts and are fully reimbursable.*

Finding No. 5: As of June 30, 2019, LASD had a total of 15 special funds and 16 trust funds with a year-end collective balance of approximately \$165.3 million and \$68.6 million, respectively. For FY 2018-19, 11 of the 15 special funds and eight (8) of the 16 trust funds had a year-end balance of over \$200,000. We reviewed in detail those Special and Trust Funds with a fund balance over \$200,000 as of June 30, 2019. Based on our review of the Special Funds for the last five fiscal years (2014-15 to 2018-19), we found that the expenditures were fully absorbed by its revenues and any excess of expenditures over revenues for a particular year were fully covered by the accumulated fund balances of each fund. We noted no subsidies from the General Fund to any of the Special Funds. For the Trust Funds, all funds are held in trust by LASD and can be used only for a specified purpose for which the Trust Funds were established. Thus, there were no LASD related reimbursable expenditure transactions related to these Trust Funds.

2. INTRODUCTION AND BACKGROUND

The Los Angeles County Auditor-Controller contracted with BCA Watson Rice (BCAWR) to conduct an audit report follow-up and operational review of certain LASD operations. For FY 2019-20, the LASD had 18,300 budgeted positions with a budget of \$3.4 billion. The net cost to the County's General Fund was \$1.6 billion. In September 2019, the Chief Executive Office (CEO) notified the Board of Supervisors that the LASD closed FY 2018-19 with a net deficit of \$63.4 million. The CEO attributed this net deficit to over- expenditures in salaries and employee benefits, other charges, and under-realization of revenue.

The LASD enforces laws and County ordinances in the unincorporated areas and is responsible for maintaining law and order in all cities in the County. The LASD also provides direct traffic and law enforcement to 42 contract cities and the Los Angeles County Metropolitan Transportation Authority. In addition, the LASD provides placement, housing, and care to an average of approximately 16,000 individuals incarcerated in the County jail in eight custody facilities and provides bailiff services to the Superior Court.

In October 2019, the Board requested that the Auditor-Controller in collaboration with the CEO and the Office of Inspector General conduct an operational review of the LASD to determine whether there are any areas that can be more efficient and/or operate more effectively. The Board also directed a review of LASD's operations, including a review of prior audits and reports.

In March 2020, the Auditor-Controller contracted with BCAWR to conduct various audit report follow-ups and operational reviews of LASD operations. This report provides the results of BCAWR's review and analyses of potential revenue shortfalls/losses of the following seven (7) areas: AB109, Contract Cities, Trial Court Funding, Civil Immigration Detainers, Special and Trust Funds, Grants, and Other Potential Revenue Sources. The primary objectives of this review were to determine whether LASD was maximizing its revenues and/or claiming reimbursable expenditures for the above mentioned seven areas.

3. OBJECTIVES, SCOPE, AND METHODOLOGY

The primary objectives of this review were to determine whether LASD was maximizing its revenue and maximizing its reimbursement of General Fund eligible costs from the following seven review areas: 1) AB109, 2) Contract Cities (Billing Rates), 3) Trial Court Funding, 4) Civil Immigration Detainers, 5) Special and Trust Funds, 6) Grants, and 7) Other Potential Revenue Sources.

The scope of our review and analysis covered the last five fiscal years, when applicable. We conducted our review and analysis remotely due to the health and safety protocols of the pandemic. Information was requested and received electronically and interviews were conducted via conference call or video conferencing.

Below we provide a brief description and the list of the tasks performed for each of the seven areas reviewed:

1. AB 109

In 2011, the California Legislature passed AB 109, which transferred the responsibility for the supervision of certain low-level State offenders from the California Department of Corrections to counties. Under this Realignment, counties receive an allocation of revenue received through vehicle license fees and a portion of State sales tax. The exact amount of the allocation changes annually depending on the revenue received from these dedicated funding sources. The County CEO establishes annual Realignment budgets based on consultation with each County department, subject to Board approval. Our review and analysis determined whether LASD is appropriately requesting reimbursement for the actual costs of housing AB 109 individuals incarcerated within the County jails. To accomplish this, we performed the following tasks:

Task No. 1: Analyzed the reasons for under-utilized and under-budgeted California Public Safety Realignment Act of 2011 (AB 109) expenditures.

Task No. 2: Evaluated the LASD's process for budgeting AB 109 fund expenditures.

Task No. 3: Determined whether LASD annually reviews and updates AB 109 reimbursement rates.

Task No. 4: Identified legal mandates or laws that impact proposed updates to the realignment.

Task No. 5: Determined whether the LASD prepares and reviews a multi-year AB 109 revenue and expenditure projection.

Task No. 6: Evaluated LASD's tracking and monitoring processes and practices related to AB 109. Evaluated the processes for addressing budget variances.

2. Contract Cities (Billing Rates)

The County adopted a cost model to establish annual law enforcement billing rates for services provided to contract cities. The model focuses on the direct and support costs of operating Sheriff's stations and providing services to contract cities. These costs are reduced for support costs which cannot be legally billed to contract cities based on Government Code 51350 (Gonsalves), and for certain costs excluded under current Board policy. In FY 2018-19, the LASD collected approximately \$321.8 million in revenue for law enforcement services provided to contract cities. In October 2019, the Board expressed interest in determining whether the LASD is collecting an appropriate amount of revenue for law enforcement services provided to contract cities. To accomplish this, we performed the following tasks:

Task No. 1: Reviewed the "Cost Model" to determine the costs excluded from the law enforcement billing rates to contract cities and estimated the dollar value of the excluded costs; and, determined whether the LASD is recovering the actual costs of providing the services. If not, (1) identified whether the excluded costs were not included due to Gonsalves or Board policy and, (2) analyzed any portions of the costs excluded based on Board policy that could potentially be billed to contract cities.

Task No. 2: Identified the cost-benefit potential and unintended outcomes that may result from increased billings to contract cities.

Task No. 3: Identified and evaluated other possible additional sources of revenue for law enforcement services provided to contract cities and independent cities and the potential and unintended outcomes that may result from charging for these services.

3. Trial Court Funding

LASD's Court Services Division oversees security at all County courthouses. Deputies serve as bailiffs and maintain order in the courtrooms. In addition, security officers under the supervision of a Sheriff peace officer, staff the metal detectors at trial courthouse entrances and provide general security for the courthouse complexes. Trial courthouses are under the jurisdiction of the State of California and are maintained by the State. The State compensates the LASD for trial court security services, but the LASD has indicated that the State caps compensation that results in significantly less revenue than the actual costs for the services provided. In FY 2018-19, LASD records indicate a revenue shortfall of approximately \$77 million. The Board expressed interest in evaluating how this deficit can be reduced. To accomplish this, we performed the following tasks:

Task No. 1: Identified the trial court security services that State reimbursements is intended to cover and whether the amount reimbursed is appropriate.

Task No. 2: Identified specific law(s) that may prevent LASD from claiming reimbursement for actual full or direct costs for the services provided.

Task No. 3: Reviewed and identified potential opportunities to collect additional revenue or reduce costs to offset the actual cost of providing trial court security services under current State law.

Task No. 4: Evaluated whether the County should pursue changes in State laws that would allow LASD to better recover the actual direct and/or full costs of providing trial court security services.

Task No. 5: Discussed with County Counsel any legal mandates, laws, or other requirements that may limit LASD's ability to recover additional costs of trial court security services provided.

4. Civil Immigration Detainers

The U.S. Immigration and Customs Enforcement (ICE) issues written civil immigration detainers to provide notice of their intent to assume custody of a potentially deportable individual held in the custody of a California law enforcement agency. For FY 2018-19, the LASD received over 3,900 ICE civil detainer requests. In May 2019, the Civilian Oversight Commission issued a report on the LASD's cooperation with ICE civil immigration detainers. The report included recommendations for improvement of LASD's immigration policies. The Board requested a follow-up of the report's recommendations. To accomplish this, we performed the following tasks:

Task No. 1: Reviewed and analyzed LASD administrative and personnel resources and costs required to track and respond to ICE civil immigration detainers; and, identified the portion of staff and associated costs that are directly and indirectly attributable to ICE civil immigration detainers.

Task No. 2: Analyzed the propriety of seeking reimbursement from the Federal government for the costs attributable to ICE's civil immigration detainers and identified additional actions that should be taken to seek Federal reimbursement for LASD's costs to address ICE's civil immigration detainers.

Task No. 3: Identified opportunities to improve and enhance LASD's tracking of civil immigration detainer staffing and resources.

5. Special and Trust Funds

As of June 30, 2019, LASD had a total of 15 Special Funds and 16 Trust Funds with a year-end balance of approximately \$165.3 million and \$68.6 million, respectively. In addition, 11 of the 15 Special Funds and 8 of the 16 Trust Funds had a year-end balance of over \$200,000. The Board expressed interest in how well the LASD was managing these Special and Trust Funds and whether LASD was fully receiving reimbursement of all allowable General Fund expenditures. To accomplish this, we performed the following tasks:

Task No. 1: Conducted a historical analysis of LASD's annual revenues and expenditures for the five fiscal years (2014-15 to 2018-19) for each of the 11 Special Funds and eight Trust Funds with a fund balance over \$200,000 as of June 30, 2019.

Task No. 2: Reviewed the Special and Trust Fund accounts for each of the 11 Special Funds and eight Trust Funds with a FY 2018-19 year-end balance over \$200,000 and determined whether the Department is fully reimbursing all allowable General Fund expenditures.

Task No. 3: Identified any opportunities to improve the classification and utilization of the Department's Special and Trust Funds.

6. Grants

LASD receives various State and Federal grants that are intended to be used for specific purposes. These State and Federal grants help subsidize LASD's operations. During the last five fiscal years 2014-15 to 2018-19, LASD had 237 total grants totaling \$378 million from various State, Federal and local sources. The Board expressed interest in how well LASD was managing its grant operations and whether LASD was maximizing its grant revenues. To accomplish this, we performed the following tasks:

Task No.1: Performed a historical analysis of LASD's grants, including the grants applied for, award amounts, expenditures (listing of grants) etc. for the last five (5) fiscal years from 2014-15 to 2018-19.

Task No. 2: Evaluated whether LASD appropriately analyzes available grants and takes the necessary steps to apply for eligible and relevant grants timely.

Task No. 3: Reviewed grants with material unused balances at the end of each fiscal year, identified instances where the Department does not appear to have fully claimed reimbursement for eligible expenditures.

Task No. 4: Evaluated whether LASD appropriately tracks and monitors available grant fund balances to ensure that usage is maximized to the extent possible. Identified instances where the grant was claimed, but services were not fully provided.

7. Other Potential Revenue Sources

In addition to the above revenue sources, the LASD has other current revenue streams to fund operations. The Board is interested in how well the LASD is maximizing other revenue streams. To accomplish this, we performed the following task:

Task No. 1: Reviewed and analyzed the LASD's other current revenue streams and identified potential funding that may increase the Department's annual revenues.

4. DETAILED RESULTS

Below we provide the details on the results of each of the seven review areas:

1. AB 109

Introduction/Summary of Conclusions

In 2011, California passed public safety legislation entitled the AB 109. The purpose of AB 109 is to move responsibility for addressing certain populations of non-violent, non-serious, and non-sex offenders (AB 109 population) from State custody to the counties. Services funded through AB 109 include employing and training public safety officials, managing local jails, and providing housing, treatment, and services for, and supervision of juvenile and adult offenders. Proposition 30 (2012) provides a dedicated and permanent revenue stream to counties to fund their AB 109 responsibilities through 1.0625% of the State sales tax and a portion of the vehicle license fees (VLF). AB 109 money is then allocated to over 10 different County departments based on Countywide program initiatives as part of Board priorities or legislative changes, consultation with County departments impacted by Realignment, and available funding, subject to Board approval. The Probation Department and LASD receive the largest funding allocations in order to fund the County's AB 109 legal obligations.

The LASD is responsible for a variety of AB 109 programs including custody operations, in-custody programs, absconder services, mental and physical health services, substance abuse programs and countywide outreach functions. The LASD's largest responsibility, however, is for the housing of justice involved population (i.e., custody operations) which represents almost 82% of the LASD's AB 109 budget.¹

Prior to FY 2018-19, variances in the LASD's AB 109 budget-to-actuals had been moderate and relatively stable. However, in FY 2018-19, the LASD experienced an approximately 10% underspending of its budget. This variance was principally due to a drop in the number of the AB 109 population during the course of the year, negatively and disproportionately impacting the LASD's ability to seek reimbursement for its custody expenses.

In response to this variance and the difficulties in accurately estimating the number of the AB 109 population on an annual basis, the CEO's Budget Division and the LASD worked to refine the claiming process to ensure that revenue is maximized. Our review and the FY 2019-20 budget-to-actual numbers indicates that the updated claiming process has resolved the issues associated within the LASD's FY 2018-19 underspending of its AB 109 budget. Moreover, our evaluation of the LASD's AB 109 budgetary and reimbursement processes indicates no inadequacies which would result in a failure to obtain reimbursement for its AB 109 expenditures consistent with the budget. As a result, we have no recommendations

¹ Based on FY 2018-19 reimbursement requests.

related to AB 109 funding and reimbursement.

AB 109 Background

In April 2011, the California Legislature and Governor Brown passed sweeping public safety legislation (AB 109) that effectively shifted responsibility for certain populations of offenders from the state to the counties. AB 109 established that local Community Corrections Partnerships (CCPs) develop an implementation plan to be submitted to county boards of supervisors. Over the proceeding months, the Los Angeles CCP and associated working groups met continuously to develop a plan that addresses the major issues involved with implementation of AB 109 and public safety realignment.

The CCP Plan is designed to serve as a framework for the implementation of AB 109 public safety realignment. This plan was approved by the CCP Executive Committee and accepted by the Board of Supervisors. Upon acceptance of the CCP Plan, the Board established the Public Safety Realignment Team (PSRT) to continue the coordination effort beginning October 1, 2011 and report to and advise the Board on realignment implementation matters. To ensure consistency, the Board established the PSRT membership and structure would mirror that to the statute-identified CCP, including Probation serving as the chair. The PSRT is supported by the Countywide Criminal Justice Coordination Committee (CCJCC).

In addition to supporting ongoing coordination in areas such as revocation policies and procedures and assessments/linkages to treatment, PSRT provides semi-annual reports to the Board on operational matters. PSRT also coordinates an annual “CCP” report to the California Board of State and Community Corrections that captures successes, challenges, and goals. This report is also submitted to the Board of Supervisors each year. Finally, PSRT has launched a study series with the CIO’s office to understand trends and outcomes with realignment implementation in the county in order to inform operations and fiscal considerations. The first study was released in October 2020.

AB 109 changed the way certain felonies are sentenced. Specifically, non-serious, non-violent, non-sex charges are no longer eligible for state prison sentences, unless they have prior serious or violent felony convictions or are required to register as a sex offender. As referenced above, the LASD is responsible for a range of AB 109 programs, but the major focus of its funding as mandated by law relates to the housing of individuals incarcerated in the County jails which represents over 80% of the LASD’s AB 109 budget.

Following the passage of AB 109, the number of individuals incarcerated in the County's jail system rose significantly and, as a result, the LASD experienced substantial operational pressures related to the housing of this population.² To support the influx of new incarcerated individuals, the LASD began re-opening previously closed jail beds. By September of 2013, the AB 109 incarcerated population was 6,206 and the overall jail population rose from 15,586 (just prior to AB 109 implementation) to 19,225 during the same period.³

By 2014, the average daily AB 109 population was averaging just over 6,000 incarcerated individuals. In 2014, the voters of California approved Proposition 47 which reduced penalties for some crimes and reclassified some felonies as misdemeanors. In addition, since 2014 the County had seen an overall decrease in the AB 109 population. By the second quarter of 2019, the average daily AB 109 population dropped below 4,000, approximately a one-third decrease from its high point in 2014. These swings in this population were both difficult to predict, but also caused challenges in budgeting for their housing.

AB 109 Budget and Reimbursement Processes

Budget Process

The process in LA County for budgeting AB 109 programs is led by CEO Budget and is done annually. Each AB 109 department is assigned an initial target baseline budget in the Recommended Budget phase by reversing prior-year one-time funding and incorporating Board-approved program cost-of-living adjustments and employee benefit adjustments. In the Supplemental Changes budget phase, departments can submit additional funding requests which are considered by the CEO based on competing priorities and available funding. New funding allocations are considered in Supplemental Changes as at that time the CEO has the most updated AB 109 funding projections from the State.

The primary component of the LASD's AB 109 budget relates to the in-custody housing of incarcerated individuals. Historically, LASD would develop an estimate of the number of incarcerated individuals for the next fiscal year, largely relying on prior year actuals. The LASD was then reimbursed based on the actual number of stays. Because the reimbursement for custody operations was based on the actual number of stays, the downward trend in the AB 109 incarcerated population ultimately resulted in the LASD being unable to recoup its actual expenses to maintain its custody operations. In FY 2018-19, the LASD's AB 109 budget

² In addition to the increase in the overall population incarcerated in the County jails, the system for housing AB 109 required more intensive programming. The jail system was not originally designed to house the incarcerated population with longer-term needs and the new AB 109 incarcerated population required more complex health care, increased rehabilitation, and re-entry programming, and increased out-of-cell activities to assist with the stressors of increase incarceration times.

³ See, *Public Safety Realignment Year-Three Report*, LA County Public Safety Realignment Team (January 2015).

was 10% more than the amount for which it could seek in reimbursement.

During the course of FY 2018-19, the LASD and CEO Budget became aware of the variance within custody operations and worked together to refine the claiming process to ensure that revenue for housing the AB 109 population is maximized. The updated claiming model established a fixed number of beds designated for the AB 109 population (3,400 average per day) over the course of the year. The bed count was established and Board-approved in October 2011 to house the projected N3 and parole violator population. The LASD would be reimbursed based on the costs of maintaining those 3,400 beds per day, even if their actual number of incarcerated individuals were less. LASD maintains operational and financial responsibility for the costs of all AB 109 beds, whether the individual occupying the bed is incarcerated under AB 109 or backfill from the general population.

The result of the new methodology was a much smaller variance between budget and actuals in FY 2019-20. The LASD's FY 2019-20 budget for AB 109 programs was \$234,211,000 and the reimbursed actuals were \$230,418,542.⁴ During this period, the LASD averaged approximately 3,162 AB 109 beds per day versus the budgeted number of 3,400 beds and a smaller budget variance. Using the prior claiming methodology, this would have resulted in a larger budget variance in custody operations (approximately 7.25%). Instead, LASD was able to seek reimbursement for all the anticipated costs of maintaining the 3,400 beds eliminating any meaningful variance.

Reimbursement Process

The LASD is to make quarterly reimbursement requests to the Auditor-Controller within 17 days following the conclusion of each quarter. Our review of reimbursement requests from FY 2017-18, FY 2018-19 and portions of FY 2019-20 showed no meaningful delays in seeking reimbursements.

Moreover, our interviews with CEO Budget and LASD staff indicated no issues with the LASD's compliance with seeking reimbursement for AB 109 expenses.

Findings and Recommendations

Our review of the LASD's AB 109 budget and reimbursement processes have resulted in no findings or recommendations. While the LASD's AB 109 budget did experience a concerning budget variance in FY 2018-19, CEO Budget and the LASD identified the issue and worked to refine the claiming methodology resulting in no meaningful variance in FY 2019-20. Moreover, our evaluation of the LASD's AB 109 budgetary and reimbursement processes indicates no other inadequacies.

Set forth below are the results to the specific tasks outlined in the work order:

⁴ It should be noted that in FY 2019-20, LASD sought reimbursement for in excess of \$260 million, but only \$233 million was provided to the Department.

Task No. 1: Analyze the reasons for under-utilized and under-budgeted AB 109 expenditures.

The LASD experienced a significant budget-to-actual variance in FY 2018-19. This variance was largely due to unanticipated (as well as difficult to project) fluctuations in the number of the AB 109 population. Given that reimbursements were tied to the actual number of stays, the LASD was unable to seek reimbursements for the anticipated and actual expenses of maintaining the staffing and facilities for the budgeted number of incarcerated individuals. This issue was corrected and in FY 2019-20 there was no meaningful budget-to-actuals variance. In fact, in FY2019-20, LASD's budget for AB 109 was approximately \$234 million, but LASD claimed \$258 million and was reimbursed \$230 million. Thus, approximately \$28 million of the Sheriff's claims in that fiscal year went unreimbursed. Had the additional \$28 million in requested funds been supplied, the net adjusted deficit would have been approximately \$7 million.

Task No. 2: Evaluate the LASD's process for budgeting AB 109 fund expenditures

The process for budgeting AB 109 programs is set by CEO Budget. An initial target baseline budget is established by CEO Budget and reviewed by LASD. Where appropriate, the LASD can submit additional funding requests as part of the Supplemental Changes budget phase which are evaluated based on competing priorities and available funding.

During the course of FY 2018-19, CEO Budget and LASD identified an issue with respect to the claiming for custody operations within AB 109 resulting in a monthly variance in budget-to-actuals. In response to the variance, the LASD and CEO Budget determined that because the LASD was required to maintain a certain number of beds available for the AB 109 population, it should be reimbursed for those actual expenditures. As a result, the claiming process was refined in FY 2019-20 to allow LASD to seek reimbursement for maintaining a set number of beds over the course of the fiscal year. In FY 2019-20, the LASD's AB 109 budget-to-actuals resulted in no meaningful variance.

Task No. 3: Determine whether LASD annually reviews and updates AB 109 reimbursement rates.

Based on our review we determined that the Auditor-Controller, working with LASD, annually provides updated reimbursement rates for AB 109 salaries and costs. Thus, LASD does conduct annual reviews and updates of AB 109 reimbursement rates.

Task No. 4: Identify legal mandates or laws that impact proposed updates to the realignment.

Based on our review and discussions with LASD and County Counsel, there were no pending legal mandates or laws that will impact the current realignment structure and cost reimbursement from the State.

Task No. 5: Determine whether the LASD prepares and reviews a multi-year AB 109 revenue and expenditure projection.

Neither CEO Budget nor LASD prepare multi-year AB 109 budgetary projections. The benefits of such a process would be limited because the State-wide funding allocation to counties for AB 109 is done annually and the AB 109 funding level is not guaranteed as sales tax is subject to fluctuations based on the economy. Moreover, it has become difficult to project incarceration rates under AB 109.

Task No. 6: Evaluate LASD's tracking and monitoring processes and practices related to AB 109. Evaluate the processes for addressing budget variances.

Our review of the current budget and reimbursement process revealed no inadequacies that either caused delays in seeking reimbursement nor any flaws that would result in a failure to seek full reimbursement for AB 109 expenses. LASD staff review monthly budget-to-actuals and are required to submit detailed reimbursement requests to the Auditor-Controller on a quarterly basis. From FY 2017-18 through the third quarter of FY 2019-20, LASD's reimbursement requests were reasonably timely and complete.

The CEO Budget and LASD regularly reviews expenses. These reviews identified the variance in custody operations that occurred during FY 2018-19. As a result, the claiming methodology was revised for FY 2019-20 to address the FY 2018-19 variance issue. This revised claiming methodology resulted in no meaningful variance in FY 2019-20. Our review indicated that the revised claiming methodology was adequate in addressing the FY 2018-19 budget variance.

2. CONTRACT CITIES (BILLING RATES)

Introduction/Summary of Conclusions

The LASD provides contract services to 42 cities within Los Angeles County. The FY 2019-20 total budgeted contract amount for these cities was \$359,671,547, representing just over 10% of the department's \$3,517,903,000 budget.⁵

In 1973, the County defined the LASD's functions that are billable and those that are excluded by the California Government Code or by Board policy. Over the years, the LASD has reallocated resources, created new units and reorganized internal functions. These changes, on occasion, have resulted in confusion over whether certain types of costs were billable or excluded from contract city billings resulting in a number of studies, most recently by the Los Angeles County Auditor-Controller in 2005 and 2006.

Based on our review, we identified two findings and two recommendations:

Finding #1: There are potential sources of revenue that could be billed to the contract cities that would be consistent with Board policy and the California Government Code. This revenue would come from billing for certain costs that are currently not fully billed within the following functions (1) the Communications Unit, (2) the Psychological Services Bureau, (3) the Professional Development Unit, (4) Regional Community Policing Institute, and (5) Facilities Services and Facilities Planning.

Recommendation No. 1: *We recommend that LASD in consultation with the Auditor-Controller Accounting Division verify and quantify the costs not being fully billed for the above identified LASD functions to determine the cost impact to the contract cities billing model. Once those costs are determined, LASD should seek direction from the Board to determine whether it is appropriate for LASD to work with the contract cities and its association to review the nature of these additional costs and whether it is feasible to pass some or all of these costs onto the contract cities in a manner that does not result in reductions in service or other adverse impacts.*

Finding #2: The Sheriff did not exceed staffing compliance levels for any of the sample cities for FY 2017-18 and FY 2018-19 based on our sample review of individual cities for FY 2017-18 through FY 2019-20 to evaluate staffing compliance rates. However, in FY 2019-20, the Sheriff exceeded staffing compliance rates for each of the cities reviewed. Staffing compliance levels ranged from 104.19% on the low end to 106.89% on the high end. Based on interviews, staffing compliance levels spiked because of the additional resources and overtime associated with the civil

⁵ LASD is also the primary law enforcement service to unincorporated areas, LA Metro, Metrolink and the Los Angeles Community Colleges District. LASD also provides law enforcement services available to all cities within the County.

disturbances following the death of George Floyd.

County's Contractual Framework with Contract Cities for Law Enforcement Services

For each of the 42 contract cities, the County has entered into a separate agreement entitled the "Municipal Law Enforcement Services Agreement" ("MLESA"). The MLESA sets forth the terms and conditions under which the Sheriff will provide general law enforcement services and specifies the number of years for the agreement.

At the beginning of each new fiscal year, each contract city and the LASD agree to a specified level of service which is set forth in the LASD Service Level Authorization (SH-AD 575) Form ("575 Form"). The 575 Form details, among other things, the number of positions associated with the Deputy Sheriff Service Unit (e.g. Deputy Sheriff, Special Assignment Deputy, etc.) and the Supplemental Positions (e.g. Motor Deputy, Lieutenant, Sergeant, etc.) The form details the number of staff for each position including the number of annual hours scheduled, the annual billing rate per hour, and the estimated total annual cost.⁶

County's Cost Model for Billing Contract Cities

In order to establish the costs under each MLESA, the Auditor-Controller has developed a cost model that assigns a billable rate for each position. That billable rate is designed to recoup all direct (salary and benefits) and *allowable overhead costs* associated with providing law enforcement services to each city. This cost model is detailed in a series of spreadsheets entitled the Law Enforcement Contractual Costs ("LECC"). The direct costs for each position are derived from taking a mid-point of a position's salaries and benefits, as well as additional costs associated with the overhead and support costs. At issue in this study is whether the County has appropriately calculated the overhead costs that are then added onto the billing rate for each contractual position.

Overhead costs are derived from the calculation of "allowable support costs" as set forth by the California Government Code and by County Board policies. California Government Code Section 51350 ("Gonsalves") states that a county that provides law enforcement services to a city through a contract may charge the city all costs that are incurred in providing those services with the exception of the following:

"A county shall not charge a city contracting for a particular service, either as a direct or an indirect overhead charge, any portion of those costs which are attributable to services made available to all portions of the county, as determined by resolution of the Board of Supervisors, or which are general overhead costs of operation of the

⁶ It also includes, where applicable, supplemental services such as Routine City Helicopter, Licensing (e.g. Business License & Renewal, etc.), S.T.A.R. Program, or other supplemental services. Finally, it includes any additional Public Safety Equipment that is required to be purchased for that fiscal year.

county government. General overhead costs, for the purpose of this section, are those costs which a county would incur regardless of whether or not it provided a service under contract to a city.”

Based on Gonsalves, the Board has developed a series of policies to designate which types of overhead costs are not billable. Those excluded overhead costs can be separated into three broad categories: Countywide Services (excluded by Gonsalves), General Overhead Costs (excluded by Gonsalves) and General Leadership and Administrative Functions (excluded by Board Policy). The following is a summary of each of the three types of excluded costs and a list of current Sheriff functions included for each category.⁷

Countywide Services (Gonsalves)

Under Gonsalves, the County may not bill contract cities for law enforcement functions that are made available to all cities within the County without charge. The following is a summary of all functions by Division that the County currently considers “Countywide” and, therefore, excluded by Gonsalves:

- Detective Division Functions – The LASD offers a range of investigative services through its Detective Division that are made available to all cities within the County. These services include specialized units such as Homicide, Narcotics, Human Trafficking, etc.⁸ While not every independent city utilizes these services, they have been made generally available to these cities by policy of the Board.
- Technology and Support Division – This Division includes technology, forensic and record-keeping services. Most of the units within this Division are offered to all cities within the County.⁹ Examples of these services include Scientific Services and Records & Identification.
- Professional Standards and Training Division – The LASD provides a range of professional standards, quality assurance and training opportunities for its law enforcement personnel. Some of these functions are offered generally to all cities within the County. The units included that provide these functions are Recruit Training, the Professional Development Unit, R.C.P.I, and STAR.¹⁰

⁷ In order to ensure that the County complies with Gonsalves and previously established Board policies, the Auditor-Controller and LASD have developed a list of all units within the Department and designated whether that unit’s costs are excluded from billing or allocable to contract cities (See Attachment A).

⁸ The only unit within this Division that is not offered Countywide is the License Detail Unit which is billed to cities separately. The full list of units includes: Administration, Fraud and Cyber Crimes, Cargo CATs, License Detail, Major Crimes Unit, Homicide Bureau, Human Trafficking Bureau, Special Victims Bureau, Narcotics Bureau, Vehicle Theft Program, and Operation Safe Streets Bureau.

⁹ The Fleet Management and a portion of the Data Systems Bureau within this Division are allocated to contract cities. The following units within this Division are currently not allocable: Administration, Records & Identification, Criminal Intelligence, Scientific Services Bureau, Communications, and LARICs.

¹⁰ The costs for the following units within the Professional Standard & Training Division are allocated to contract cities: Internal Affairs, Internal Criminal Investigations, Risk Management, Field Ops Support Services, Advanced Training, Civilian

- Special Operations Division – Special Operations units provide specialized law enforcement services. Some of the units within this Division provide Countywide services that are excluded. These units include: Emergency Operations, Special Enforcement, Reserve Forces, and Arson/Explosives Detail.¹¹

General Overhead Costs (Gonsalves)

Gonsalves also precludes the County from billing contract cities for General Overhead Costs, high-level support costs that the Sheriff would incur whether or not it provided contract services. These costs represent senior leadership functions within the LASD and include the following: Office of the Sheriff, Office of the Undersheriff, Office of the Assistant Sheriff, Executive Planning Council, Sheriff's Information Bureau, and the Audit & Accountability Command.

- Office of the Sheriff – provides executive level leadership and oversight for the entire Department.
- Office of the Undersheriff – The Undersheriff within the Department reports directly to the Sheriff and is responsible for the leadership and oversight of each of the Assistant Sheriff units.
- Office of the Assistant Sheriff – These three units (Custody, Patrol, and Countywide) provide leadership and high-level oversight of these operational units. Each of these units have from three to five divisions. These divisions are led by Chiefs and Commanders who are then responsible for overseeing anywhere from three to eight different bureaus.
- Executive Planning Council – The Executive Planning Council is a council whose function includes the review and approval of high-level policies impacting the Department.
- Sheriff's Information Bureau – This bureau provides information services to Department personnel, the general public and the media. This can include social media and marketing, film and media projects to internal departmental award ceremonies and events.
- Audit & Accountability Bureau – This bureau provides an internal audit type function focused on high-level policy and practice reviews.

General Leadership and Administrative Functions (Board Policy)

Training, Education & Training Records, and LASD University. Advocacy is also included within this Division, but its costs are not billable as they would be considered General Overhead Costs (see next section).

¹¹ This Division also includes the Aero Bureau which charges its services on an hourly basis based on requests from individual cities. It also includes the Transit Services Bureau and the Metrolink Unit which are billed directly to LA Metro and Metrolink.

In addition to the General Overhead Costs excluded by Gonsalves (see above), the Board has also excluded additional administrative costs from billing to contract cities. These overhead costs include high-level administrative functions within the following LASD Divisions: Administrative Services Division, Detective Division, Professional Standards & Training Division, and Technology & Support Division.

Based on our review of prior reports and interviews with staff from the Auditor-Controller, County Counsel and the LASD, these costs have historically been deemed to be at such a high-level of administration that they are analogous to General Overhead costs and, therefore, have been excluded from billing to contract cities. While the County has not designated these costs as excluded by Gonsalves, our interviews with the LASD and County Counsel suggest that these costs are similarly warranted for exclusion given the fact that these services would likely be incurred whether or not the County contracted for law enforcement services to cities.

For FY 2019-20, excluded LASD overhead and administrative costs totaled approximately \$54.1 million and excluded LASD countywide costs totaled approximately \$565.9 million. Combined, LASD excluded costs from billings to contract cities total almost \$620 million(see table below).

SHERIFF'S DEPARTMENT COSTS NOT BILLED TO CONTRACT CITIES FISCAL YEAR 2019-20	
ORGANIZATIONAL UNIT	ESTIMATED FY 2019-20 TOTAL COST
OVERHEAD AND ADMINISTRATIVE FUNCTIONS	
Office of the Sheriff	\$ 5,692,750
Office of the Undersheriff	4,308,585
Office of Assistant Sheriff	4,144,734
Executive Planning Council	416,196
Sheriff's Information Bureau	7,669,754
Audit & Accountability Command	10,410,452
Admin Services Division Administration	6,741,432
Detective Division Administration	2,677,804
Prof Stds & Training Administration	3,270,268
Technology & Support Division Administration	8,733,307
TOTAL	\$ 54,065,282
COUNTYWIDE FUNCTIONS	
Emergency Operations	\$ 20,966,606
Communications	69,019,454
Advocacy	3,208,354
Professional Development Unit	3,249,218
RCPI	771,351
Psychological Services Bureau	7,085,571
Criminal Intelligence	285,936
Human Trafficking	7,358,881
Special Victims	16,660,762
Vehicle Theft	5,730,141
Budget Services	1,740,262
Facilities Services (partial)	67,188,868
Facilities Planning (partial)	7,227,832
Data Systems (partial)	67,216,867
Reserve Forces	2,192,579
Safe Streets Bureau	29,875,755
Special Enforcement	25,674,497
Arson/Explosives	6,672,023
Cargo Theft	1,347,768
Fraud & Cyber Crimes	18,063,945
Major Crimes Unit	19,487,011
Homicide Bureau	36,514,191
Narcotics Bureau	34,654,266

Recruit Training	34,919,190
Records & Identification	30,531,828
Scientific Services	48,277,775
TOTAL	\$ 565,920,931

Findings and Recommendations

Set forth below are the responses to the specific tasks outlined in the work order:

Task No. 1: Review the “Cost Model” to determine the cost excluded from the law enforcement billing rates to contract cities and estimate the dollar value of the excluded costs; and, determine whether the LASD is recovering the actual costs of providing the services. If not, (1) identify whether the excluded costs were not included due to Gonsalves or Board policy and, (2) analyze any portions of the costs excluded based on Board policy that can potentially be billed to contract cities.

As set forth above, Gonsalves restricts the County from billing for certain general overhead costs and for services that are made available to all cities within the County without charge. Since 1973, the Board has developed policies to implement Gonsalves and defined the types of direct and overhead costs that will not be billed to contract cities. Our mandate is to identify possible additional sources of revenue by determining what costs are strictly prohibited by Gonsalves and where the County can alter existing policies to more fully recoup its costs of providing law enforcement services to contract cities. Below is an analysis of select functions within the LASD that may be considered allowable support costs under Gonsalves (in some cases this may require a change in County policies).

Communications Unit

The Communications unit provides communications equipment and services throughout the Department.¹² The functions within this unit include dispatch services for LASD patrol units as well as the use of cell phones, mobile digital computers (MDCs), and mobile and portable radios. These functions are not provided to independent cities – and thus should not be excluded as a Countywide cost -- and directly impact the operations of the Department. As a result, the functions associated with the Communications Unit may be billable to contract cities.

Potential Revenue to the County: \$6,761,844. These costs are not mandated by either Gonsalves or Board Policy to be excluded from billing.

¹² Fleet Services is included within the management of the Communications Unit, but the costs have been designated as an allowable cost and are not included in these figures. License Plate Reader technology has also been segregated out and is charged separately to cities that request that service.

Psychological Services Bureau

The Psychological Services Bureau provides short-term counseling for professional staff and sworn personnel. Counseling services include addressing stress, depression, critical incidents, intimate relationships, grief, etc. These functions are provided to all staff and their spouses to provide licensed support, education, clinical feedback and short-term action plans for those in need. Because these functions are not provided to all cities Countywide, we find these costs may be considered allowable support costs.

Potential Revenue to the County: \$683,378. These costs are not mandated by either Gonsalves or Board Policy to be excluded from billing.

Professional Development Unit

The Professional Development Unit is part of the Training Bureau and is designed to promote educational, leadership, and technical opportunities to assist all personnel at the LASD. While training is available to a wide variety of staff, including units that do not directly serve contract cities, providing education and training is a core function that ultimately benefits each of the direct services being provided. Because these functions are not provided to all cities Countywide, these costs may be considered allowable support costs.

Potential Revenue to the County: \$323,705. These costs are not mandated by either Gonsalves or Board Policy to be excluded from billing.

Regional Community Policing Institute

The Regional Community Policing Institute (RCPI) provides training related to community policing and problem solving. Classes relate to school violence preparedness, community preparedness, prevention of urban terrorism, use of force, gang violence prevention, conflict resolution, ethics and integrity, and leadership development. As with the Professional Development Unit, training that directly impacts the professionalism and capacity of law enforcement operations should be included as an Allowable Support Cost.

Potential Revenue to the Department: Undetermined. Based on our interviews, this unit is being reorganized with the personnel being reassigned. If those personnel, however, continue to provide training that impacts personnel serving contract cities, those costs should be determined and included as an allowable support cost. These costs are not mandated by either Gonsalves or Board Policy to be excluded from billing.

Facilities Services and Facilities Planning

The Facilities Services and Facilities Planning Bureaus are responsible for maintaining

and upgrading all of the LASD's facilities, including those Sheriff-owned facilities that serve contract cities. Historically, contract cities have been allocated 5% of costs associated with both bureaus. In its March 10, 2005 report to the Board of Supervisors, the Auditor-Controller noted that there does not appear to be any documentation defining the methodology for allocating only 5% (which we confirmed) and suggested that a higher percentage, if not a full allocation, should be considered.

Because of the lack of a defined methodology, it is possible that the County is not realistically recouping the costs associated with operating these bureaus. Possible alternative methodologies include (1) allocating these services similar to any other administrative cost, (2) individually charging cities for assigned sub-stations and a portion of non-patrol properties be allocated similar to other administrative expenses.

Potential Revenue to the County: Undetermined, but potentially as high as \$7,301,353 if all expenses are allocated similar to other administrative costs. These costs are not mandated by either Gonsalves or Board Policy to be excluded from billing.

Finding #1: A portion of the following services could potentially be billed to contract cities without violating Gonsalves or existing Board policies: (1) Communications, (2) Psychological Services Bureau, (3) Professional Development Unit, (4) Regional Community Policing Institute, and (5) Facilities Services and Planning.

Recommendation No. 1: We recommend that LASD in consultation with the Auditor-Controller Accounting Division verify and quantify the costs not being fully billed for the above identified LASD functions to determine the cost impact to the contract cities billing model. Once those costs are determined, LASD should seek direction from the Board to determine whether it is appropriate for LASD to work with the contract cities and its association to review the nature of these additional costs and whether it is feasible to pass some or all of these costs onto the contract cities in a manner that does not result in reductions in service or other adverse impacts.

Task No. 2: Identify the cost-benefit potential and unintended outcomes that may result from increased billings to contract cities.

The potential for increased billings brings with it the possibility of negative consequences.¹³ The primary concerns include the following:

- ***Reduced Contract Services*** – A key risk cited by the LASD is the potential that contract

¹³ The purpose of this task is to provide the potential impacts of a change in policy and does not request a recommendation on whether the County should change existing policies to recoup additional revenue from contract cities.

cities will attempt to offset any cost increases by reducing the amount of contracted services. This may include eliminating supplemental services or, more significantly, reducing patrol services.

- *Impact on Crime and Arrest Rates* - Any reduction in services could impact overall crime and arrest rates within individual cities, but also the County overall.
- *Existing Relationships with Contract Cities* – By attempting to reclassify costs that have historically been covered by the County, there is the risk that existing relationships between the Sheriff and the contract cities will be strained. This is especially concerning in light of expected revenue shortfalls for government agencies due to the recent pandemic. As above, this is especially concerning as it relates to the providing of direct services.

Task No. 3: Identify and evaluate other possible additional sources of revenue for law enforcement services provided to contract cities and independent cities and the potential and unintended outcomes that may result from charging for these services.

LASD provides a number of “Countywide” functions without charge to independent or contract cities. These services include certain investigative services (e.g. Homicide, Narcotics, etc.)¹⁴, Scientific Services and Recruit Training. Because these services are offered Countywide, they are currently excluded from billing to contract cities pursuant to Gonsalves.¹⁵

While it is possible that the County could decide to no longer provide those services to independent cities (and only to contract cities), this would alter a long-standing policy and practice within County law enforcement. Such a change would have three significant impacts. First, this would likely result in a large increase in overall costs to the contract cities and, as detailed more specifically above in Task No. 2, potentially result in calls for a reduction in contract services. Second, because the nature of these services is variable and would be billed on a “time and material” basis, the contract cities would no longer have a fixed budget for law enforcement services. This new approach to billing contract cities could create difficulties for cities in adopting and managing their budget, something highly valued by the contract cities currently. And third, LASD does not currently have an existing process to track and apportion the costs of these functions to individual cities and, as such, would require the

¹⁴ The list of investigative services includes: Criminal Intelligence, Human Trafficking, Special Victims, Vehicle Theft, Reserve Forces, Safe Streets Bureau, Special Enforcement, Arson/Explosives, Cargo Theft, Fraud & Cyber Crimes, Major Crimes, Homicide, and Narcotics. While these functions are made available to all cities within the County, many of these cities regularly perform these functions using their own law enforcement agencies.

¹⁵ While the total cost of these units is approximately \$315 million, these costs are not tracked by city and so it is currently not feasible to estimate what the cost of potential revenue to the County might be. These costs are excluded from billings because these services are provided to both independent and contract cities without billing.

investment of time and money to develop and implement this system.

Task No. 4: Identify whether LASD is providing contract cities with services greater than those included and/or reimbursed by the contract.

Annually, the LASD and each contract city establish specific patrol services levels, equipment needs and any other additional services requested (e.g. Routine Helicopter Agreement, License Detail, STAR Program and other supplemental services) for the following year. To ensure that the LASD is meeting -- and not exceeding -- the agreed to services levels, the LASD uses a "compliance rate" which measures the number of hours billed to a jurisdiction in comparison to the number of hours budgeted on a monthly and annual basis. Where short- or long-term staffing needs are increased, those changes are agreed to by both entities and the additional time is billed to the jurisdiction based on established billing rates. The following is a sample Service Level Authorization form:



LOS ANGELES COUNTY SHERIFF'S DEPARTMENT
CONTRACT CITY LAW ENFORCEMENT SERVICES
SERVICE LEVEL AUTHORIZATION (SH-AD 575)

ATTACHMENT A

CITY: _____

FISCAL YEAR: 2021-2022

EFFECTIVE DATE: _____

DEPUTY SHERIFF SERVICE UNIT													
RANK	RELIEF FACTOR	SERVICE CODE	NEW	PREV.	CHANGE	ANNUAL RATE	ESTIMATED TOTAL ANNUAL COST	LIABILITY 11%	TOTAL ANNUAL COST W/LIABILITY	ANNUAL HOURS PER SERVICE UNIT	ANNUAL HOURS SCHEDULED	ANNUAL MINUTES SCHEDULED	PERSONNEL REQUIRED
					0.00				\$ -		0	0	0.000
					0.00				\$ -		0	0	0.000
					0.00				\$ -		0	0	0.000

DEPUTY SHERIFF SERVICE UNIT (BONUS)													
RANK	RELIEF FACTOR	SERVICE CODE	NEW	PREV.	CHANGE	ANNUAL RATE	ESTIMATED TOTAL ANNUAL COST	LIABILITY 11%	TOTAL ANNUAL COST W/LIABILITY	ANNUAL HOURS PER SERVICE UNIT	ANNUAL HOURS SCHEDULED	ANNUAL MINUTES SCHEDULED	PERSONNEL REQUIRED
					0.00				\$ -		0	0	0.000
					0.00				\$ -		0	0	0.000

GROWTH/GRANT DEPUTY UNIT													
RANK	RELIEF FACTOR	SERVICE CODE	NEW	PREV.	CHANGE	ANNUAL RATE	ESTIMATED TOTAL ANNUAL COST	LIABILITY 11%	TOTAL ANNUAL COST W/LIABILITY	ANNUAL HOURS PER SERVICE UNIT	ANNUAL HOURS SCHEDULED	ANNUAL MINUTES SCHEDULED	PERSONNEL REQUIRED
					0.00				\$ -		0	0	0.000
					0.00				\$ -		0	0	0.000
					0.00				\$ -		0	0	0.000
					0.00				\$ -		0	0	0.000

SUPPLEMENTAL POSITIONS													
RANK	RELIEF FACTOR	SERVICE CODE	NEW	PREV.	CHANGE	ANNUAL RATE	ESTIMATED TOTAL ANNUAL COST	LIABILITY 11%	TOTAL ANNUAL COST W/LIABILITY	ANNUAL HOURS PER SERVICE UNIT	ANNUAL HOURS SCHEDULED	ANNUAL MINUTES SCHEDULED	PERSONNEL REQUIRED
					0.00				\$ -		0	0	0.000
					0.00				\$ -		0	0	0.000
					0.00				\$ -		0	0	0.000
					0.00				\$ -		0	0	0.000

Estimated Cost for Service Units: \$	-	Total Liability (11%): \$	-	Estimated Subtotal: \$	-
			Public Safety Equipment Cost (See page 3): \$	-	
			Estimated Total Annual Cost:	\$ -	

The terms of this Service Level Authorization (SH-AD 575) will remain in effect until a subsequent SH-AD 575 is signed and received by LASD. Notwithstanding, annual rates shall be revised annually per Sections 8.2 and 11.3 of the MLESA.

LASD Approval By:

UNIT COMMANDER NAME

SIGNATURE

DATE

Report Prepared By:

SERGEANT

DATE

City Approval By:

"I certify that I am authorized to make this commitment on behalf of the City."

CITY OFFICIAL NAME

SIGNATURE

DATE

Processed at CLEB By:

SERGEANT

DATE

The Service Level Authorization form uses average billing rates for each of the identified positions to allow the LASD flexibility in staffing. In light of this approach, the LASD does not maintain a separate accounting of actual salary and benefit expenses by individual contract cities. Because these rates are established by the Auditor-Controller's Office based on actual salary and benefit costs for the next fiscal year, the total costs of staffing should be captured in the aggregate of billings for all of the contract cities.

To ensure that the LASD is meeting its compliance rate (98% of the budgeted service level) and not exceeding its obligations (anything above 102% of the budgeted service level), LASD staff bill their time during the course of the day to specific jurisdictions. For example, if a patrol deputy is called away from one jurisdiction to respond to an incident in another jurisdiction, that patrol deputy would report the actual time spent at each at the conclusion of the shift.

Finding #3: The Sheriff did not exceed the compliance levels for any of the sample cities for FY 2017-18 and FY 2018-19 based on our sample review of individual cities for FY 2017-18 through FY 2019-20 to evaluate compliance rates. However, in FY 2019-20, the LASD exceeded compliance for each of the cities reviewed. Compliance levels ranged from 104.19% on the low end to 106.89% on the high end. Based on interviews, compliance levels spiked because of the additional resources and overtime associated with the civil disturbances following the death of George Floyd.

While our review indicates that the LASD is generally not providing additional patrol services to contract cities, there are several services provided to contract cities for which the LASD does not seek reimbursement. For a more detailed review of these services, see Section IV, Task No. 1. We have included findings and recommendations for which of those services could be billed to contract cities

3. TRIAL COURT SECURITY FUNDING

Introduction/Summary of Conclusions

In 2012, the State passed the Superior Court Security Act of 2012 ("Act") which placed responsibility for the provision of trial court security services on the counties. The Act required LASD to enter into an initial Memorandum of Understanding (MOU) with the local superior court specifying an agreed-upon baseline service level for security services and the

cost for those services. This baseline would then be the basis for establishing State-wide funding allocations amongst the different counties. In April of 2014, LASD and the Superior Court of Los Angeles (“Court”) entered into a MOU developing a Comprehensive Court Security Plan (“Plan”).

Pursuant to the Act, the State changed the mechanism for funding trial court security services. Instead of using general fund monies, the State created a dedicated source of funding using sales tax and vehicle license fee revenues apportioned amongst the counties. Using the baseline service levels agreed to by each county, the State then established a methodology to annually apportion those funds. The legislation states that counties cannot increase their funding levels unless new courtrooms are created, thereby requiring a higher level of baseline services.

Since the execution of the MOU, LASD has acknowledged that the level of funding provided by the State has been and continues to be insufficient to pay for the stipulated baseline services.¹⁶ This is due to a number of factors including (1) the failure of the State to reimburse LASD for leadership and administration costs, (2) the rising cost of salaries and benefits, and (3) the failure to adequately estimate the cost of baseline services in the initial Plan.¹⁷

The following is a summary of our findings and recommendations for this section:

Finding #1: Funding for Trial Court Services has been insufficient to meet service level obligations. The funding deficit issue has been exacerbated by the MOU not allowing reimbursement for managerial staff above the rank of sergeant or any administrative staff, as well as not allowing reimbursement for continued increases in staffing and benefit costs. This deficit resulted in a Net County Cost of approximately \$77 million in FY 2019-20.

Finding #2: Prior to FY 2016-17, the LASD did not receive reimbursement from the Court for certain services which the Court determined to be a part of the base services provided by LASD. Beginning in FY 2018-19, the LASD worked with the Court to re-categorize certain services as “supplemental” to ensure that LASD received additional funding for those services. Since that time, revenues for supplemental services have increased significantly.

Recommendation #1: In future negotiations between LASD and the Court, LASD should attempt to define more clearly what constitutes supplemental services to make the policy consistent across courthouses and ensure full reimbursement for

¹⁶ *Trial Court Funding Review: Countywide Operations – Court Services Division Project No. 2019-3-P*, Los Angeles County Sheriff’s Department, Audit and Accountability Bureau, April 30, 2020.

¹⁷ During our interviews with Court Services Bureau and with the Audit and Accountability Bureau, LASD staff indicated that they are unaware of any documented history as to how the initial funding estimates were developed but acknowledged that the deficits began almost immediately and have continued.

supplemental services.

Recommendation #2: As part of the renegotiation of the MOU, LASD negotiated terms to provide LASD more flexibility in staffing courthouses by eliminating its requirement to achieve 98% staffing over the course of the year. LASD should implement practices to maximize this new staffing flexibility to minimize the need for overtime or supplemental staffing.

Trial Court Services Background

In 2012, the State passed the Court Security Act which changed the source of funding for court security. The State created the Trial Court Security Account and a Trial Court Security Growth Account (“Trial Court Accounts”) which receives an established percentage of sales tax and vehicle licensing fees.¹⁸ These funds are then apportioned to the counties based on each county’s original baseline service costs set forth in the MOU with their local courts. Counties cannot receive additional funding for baseline services unless new courtrooms are created within the County. The State initially assigned \$496 million in tax revenues to the counties with any growth in these tax revenues to be included in future funding.

In April of 2014, LASD and the Court entered into an MOU that included a Comprehensive Court Security Plan. This plan set forth a “baseline” service level for court security staffing, after-hours security, building emergency coordination, and training, as well as supervision for these functions that would be funded directly by the State. The MOU also provided for the reimbursement of “supplemental services” that could be requested on an as-need basis by the Court and would be reimbursed by the Court.

LASD provides security to the Court System through the Court Services Division (“CSD”). The Court System is the largest court of general jurisdiction in the country, accounting for approximately 1/3 of the trial courts statewide. The CSD provides bailiffs for more than 600 courtrooms, delivers and supervises more than 1,000 in-custody criminal defendants, and screens approximately 24 million annual visitors entering court buildings throughout the county. The CSD also provides special judicial protection services, serves bench warrants and restraining orders, and other law enforcement and security services ordered by the court. The Comprehensive Court Security Plan adopted in 2014 called for the deployment of 1,246 FTEs by LASD for baseline services.

The total excess cost for Trial Court services in FY 2019-20 was approximately \$77 million.¹⁹ Because of the inflexibility of the existing legislation, LASD is currently unable to seek additional funding from the State. Moreover, because the service levels are pre-defined by the original MOU, LASD has little discretion to reduce those services. The chart below shows

¹⁸ Government Code Sections 30025 and 30027

¹⁹ For FY2019-20, the total cost excess could be interpreted to reach approximately \$160 million if costs include overhead for Salaries and Wages (Divisional, Departmental and Countywide) and for Administrative Headquarters direct costs.

a summary of Trial Court revenues versus expenditures from the period beginning FY 2016-17 through FY 2019-20.

Trial Court Revenues v. Expenditures				
	FY17	FY18	FY19	FY20
Trial Court Revenue*	\$165,045,598	\$167,309,521	\$174,718,164	\$153,195,757
Trial Court Total Expenses (w/o full overhead)	\$212,126,993	\$230,867,146	\$251,593,959	\$230,246,690
Variance	-\$47,081,395	-\$63,557,625	-\$76,875,795	-\$77,050,933
*Trial Court Revenue is pursuant to actual Realignment funding received				

Findings and Recommendations

While LASD has experienced significant deficits associated with providing trial court services, the existing legislation does not allow for LASD to seek additional funding for its baseline funding. Pursuant to realignment, the State provided dedicated funding for the provision of trial court security services based on sales tax and vehicle license fees revenues and has stated that no additional general fund monies are available. Despite widespread concerns of underfunding by a number of counties, efforts to have the State address the underfunding of trial court services have been unsuccessful.

Set forth below are the responses to the specific audit questions:

Task No. 1: Identify the trial court security services that State reimbursements are intended to cover and whether the amount reimbursed is appropriate.

As set forth above, the 2014 MOU established a baseline level of security services to be provided to the Court. The MOU and subsequent Security Plan stipulates that LASD will provide 1,246 FTEs with detailed specifications by courthouse on the numbers of sergeants, bonus deputies, deputy sheriffs, custody assistants, sheriff security officers, and sheriff security assistants. It is important to note that State funding does not include reimbursements for managerial staff above the rank of sergeant and administrative staff, functions which are essential to provide and oversee trial court services.

Baseline court security services provided by LASD include, but shall not be limited to, all of the following:

- Bailiff functions, as defined in Sections 830.1 and 830.36 of the Penal Code, in criminal and noncriminal actions, including, but not limited to, attending court.
- Taking charge of a jury, as provided in Sections 613 and 614 of the Code of Civil Procedure.
- Patrolling hallways and other areas within court facilities.
- Overseeing and escorting prisoners in holding cells within court facilities.
- Providing security screening within court facilities.
- Providing enhanced security for judicial officers and court personnel.

We found that LASD is being reimbursed at rates consistent with the MOU. State funding is not based on actual costs, but rather on an allocated share of sales tax and vehicle revenue license fees. While there has been marginal growth in the funding (based on growth in sales tax and vehicle licensing fees), it has not been enough to cover the actual growth of LASD expenses. Because trial court funding comes from a dedicated revenue source and is apportioned based on a fixed percentage, the actual expenditures of LASD ultimately have no bearing on the ability to collect additional revenue for baseline services.

We also found that the LASD is currently providing services consistent with – and not in excess of -- the MOU. The LASD maintains a daily log for all staffing within the trial courts and produces a monthly compliance report. These reports are used by both the LASD and the Courts to ensure that staffing levels are within 98% to 102% of the levels set forth in the MOU on a monthly and annual basis. Our sampling of FY 2019-20 compliance reports did not indicate that the LASD is providing services beyond those set forth in the MOU.

Finding #1: Funding for Trial Court Services has not been sufficient to meet service level obligations. The issue has been exacerbated by the fact that the MOU does not include payments for managerial staff above the rank of sergeant or any administrative staff as well as continued increases in staffing and benefit costs. This deficit has resulted in excess costs of approximately \$77 million in FY 2019-20.

Recommendation #1: In future negotiations between LASD and the Court, LASD should attempt to more clearly define what constitutes supplemental services to make the policy consistent across courthouses and ensure full reimbursement for supplemental services.

The MOU does allow for some additional billing to the Court when the LASD provides “supplemental services”. These supplemental services are special requests made by the Court for additional staffing not anticipated in the baseline estimates. Supplemental services vary in nature but can include the need for additional bailiffs to staff multiple defendant criminal cases and other discrete, short-term staffing needs. LASD is required to seek approval for the deployment of additional services through the use of a Temporary Special

Service Request (“TSSR”). Approved TSSR’s are then the basis for LASD to submit an internal voucher to the Auditor-Controller and the Court. Request for TSSR reimbursements is to be made on a monthly basis.²⁰

Prior to FY 2016-17, LASD did not consistently receive approval of submit internal vouchers for payment based on the deployment of supplemental services. In many of those circumstances, the Court made the determination that those additional costs were part of the base services to be provided. The result was an undetermined loss of revenue between FY 2013-14 and FY 2018-19. In FY 2016-17, the Court Services Division worked with the Court to re-evaluate certain activities so that LASD could seek reimbursement for those costs as supplemental services and, as such, supplemental revenues reached its peak of \$946,809 in FY 2018-19.

Finding #2: Prior to FY 2016-17, the LASD did not receive reimbursement from the Court for certain services which the Court determined to be a part of the base services provided by LASD. Beginning in FY 2018-19, the LASD worked with the Court to re-categorize certain services as “supplemental” to ensure that LASD additional funding for those services. Since that time, revenues for supplemental services have increased significantly.

Recommendation #2: LASD should continue to work with the Court to define what constitutes supplemental services to ensure the policy is consistent across courthouses and ensure full reimbursement for supplemental services.

Task No. 2: Identify specific law(s) that may prevent LASD from claiming reimbursement for actual full or direct costs for the services provided.

As discussed above, the Court Security Act and Government Codes Sections 30025 and 30027 define the revenue sources for trial court security funding provided to the counties. The funding comes from dedicated sales tax and vehicles license fee revenues and then are apportioned to the counties. The percentage apportioned to counties was based on the initial reimbursable baseline expenses agreed to by each county and their respective court.

Under the Government Code, counties may see additional baseline funding as a result of “court construction projects” that result in an increase in security (Government Code Section 69927). Based on this limitation, LASD is not entitled to, nor may it seek additional funding for baseline services absent future court construction that directly impacts staffing needs as a result of the construction.

Task No. 3: Review and identify potential opportunities to collect additional revenue or reduce costs to offset the actual cost of providing trial court security services under current State law.

²⁰ MOU, Sections III(B)(3) and IV(A).

Under the Court Security Act, a sheriff is required to “attend all superior court sessions held within his or her county” and is further “responsible for the necessary level of court security services, as established by the Memorandum of Understanding” between it and the local court.²¹ The Sheriff and the presiding judge of the Court shall then develop an annual or multiyear comprehensive court security plan that includes mutually agreed upon law enforcement service levels.²² If the parties are “unwilling or unable” to agree on levels of staff, the Court Security Act provides for a dispute resolution process.²³

The Comprehensive Court Security Plan agreed to by LASD and the Court within the 2014 MOU has been in place for over 6 years. The original MOU was for a period of 5 years, but the parties have continued to operate under the terms of the original MOU. As a result, LASD and the Court are in the process of renegotiating the MOU. Based on our interviews with CSD staff, it is unlikely that the Court would agree to any reduction in overall service levels. The original staffing model was built based on a historical review of courthouse staffing levels required and those needs have not significantly changed since the adoption of the MOU.

While LASD may not be able to achieve a reduction in overall service levels, there may be an opportunity to negotiate terms within the new MOU to allow LASD greater flexibility in daily staffing levels. As an example, where a courtroom will be vacant on a given day, it may be possible to utilize that bailiff for another function within the courthouse. This strategy would help mitigate the need to employ overtime or additional personnel to meet daily staffing issues such as vacation or illness. This strategy, if implemented, could achieve a meaningful reduction in court security costs.

Recommendation #2: As part of the renegotiation of the MOU, LASD negotiated terms to provide LASD more flexibility in staffing courthouses by eliminating its requirement to achieve 98% staffing over the course of the year. LASD should implement practices to maximize this new staffing flexibility to minimize the need for overtime or supplemental staffing.

Task No. 4: Evaluate whether the County should pursue changes in State laws that would allow LASD to better recover the actual direct and/or full costs of providing trial court security services.

As part of our review, we interviewed staff from the Legislative Advocacy section within LASD. Our discussions found that LASD and the County have attempted to work with the State to address underfunding issues that exist not only within Los Angeles County but other counties similarly struggling with underfunding for trial court services. LASD has also reached out to the California State Sheriff’s Association to seek guidance and potential

²¹ Government Code Section 69921.5 and 69922.

²² Government Code Section 69925.

²³ Government Code Section 69926.

support. To date, no progress has been made to either increase the dedicated funding to the Trial Court Accounts, nor to increase Los Angeles County's share of funding.

Task No. 5: Discuss with County Counsel any legal mandates, laws, or other requirements that may limit LASD's ability to recover additional costs of trial court security services provided.

Our review included a discussion with County Counsel staff regarding the ability to recover additional costs associated with trial court security services. We reviewed our findings above related to our interpretation of the applicable Government Code sections and they were validated by County Counsel staff.

4. CIVIL IMMIGRATION DETAINERS

Introduction/Summary of Conclusions

U.S. Immigration and Customs Enforcement (ICE) issues civil detainers to law enforcement agencies to provide notice of its intent to assume custody of undocumented persons who have been arrested on criminal charges. The ICE detainer requests that a law enforcement agency notify ICE before the undocumented person is released from custody and then maintain custody for up to 48 hours until ICE is able to take custody.²⁴

ICE often becomes aware of undocumented persons within custody at local jurisdictions through the Integrated Automated Fingerprint Identification System (IAFIS). IAFIS was designed by the FBI to provide a searchable national database to identify persons suspected of criminal activity and is accessible by local, state and federal law enforcement agencies. The database is, in part, populated through the collection of fingerprints from those arrested by law enforcement agencies. ICE routinely employs IAFIS to identify undocumented persons arrested by local agencies and then, when ICE deems it appropriate, will issue a civil detainer to the local law enforcement agency making the arrest.

In May of 2019 the Sheriff's Civilian Oversight Commission (COC Report) issued the *L.A. County Sheriff's Department Cooperation with Immigration and Customs Enforcement* report. This report noted ICE had recently increased efforts to take custody of undocumented persons through the issuance of civil detainers. In 2017, ICE sent LASD more than 1,800 detainer requests, a 68.9% increase in the receipt of ICE detainers from 2016. In 2018, ICE also issued more than 1,120 ICE detainer requests, a 110.4% increase in the number of such detainers received in 2016.

During the time that ICE had been increasing its deportation efforts, the State passed a series of legislative acts (the "Truth", "Trust" and "Values" acts) to address how local law

²⁴ <https://www.ice.gov/detainers>

enforcement agencies respond to ICE detainers. Moreover, since 2017 the County and LASD have adopted policies limiting and, eventually, terminating LASD's compliance with ICE civil detainers.

In 2017, LASD implemented a series of policies in accordance with the Trust, Truth and Values Acts designed only to release "the most violent and dangerous" incarcerated individuals to ICE for possible deportation. As a result of these policy changes, LASD has significantly reduced the number of staff responding to ICE detainers. LASD also decided to forego applying for the SCAAP grant that provided funding to LASD because the grant would have required LASD to provide data to the Justice Department related to undocumented incarcerated individuals. Currently, LASD has two part-time custody assistants that handle ICE detainer requests.

The following are our findings and recommendations for this section:

Finding #1: The current costs related to ICE civil immigration detainers consist of two part-time custody assistants. The function of these custody assistants is to provide information to incarcerated individuals and their counsel, not to ICE. These costs are not reimbursable by ICE.

Finding #2: In 2019, the LASD made a policy decision not to seek State Criminal Alien Assistance Program (SCAAP) funding. This decision was made consistent with its policy not to provide reporting to DHS related to undocumented persons and those suspected of being undocumented.

Recommendation #1: In light of the change in the federal administration and the success of the recent protest of reporting requirements within the Byrne JAG Grant, we recommend that the LASD apply for future and SCAAP grants using the same approach taken for the Byrne JAG Grant.

Potential Revenue to the County: Potentially in excess of \$2 million annually. Based on current policy, the County is no longer eligible for SCAAP funding. Were the policy to change to permit the required reporting to the federal government, there is the potential to increase revenue in excess of \$2 million annually.

Legislative and Policy Background

From 2013 through 2017, the State of California enacted a series of laws related to how law enforcement agencies within California respond to civil ICE detainers. During a similar timeframe, the County and LASD also developed a series of policies related to ICE detainers. Below is a summary of the relevant legislative actions and policy developments.

California Trust Act

In 2013, California enacted the Transparency and Responsibility Using State Tools (Trust) Act. The Trust act limits law enforcement agencies' discretion to prolong detention pursuant to ICE detainers. The law provides that undocumented persons should not be detained at the direction of ICE unless the individual has been convicted of certain types of crimes.²⁵

California Values Act

In 2017, the State approved Senate Bill 54 entitled the California Values Act of 2017 (Values Act). The Values Act is designed to ensure that State and local agencies do not use their resources on behalf of federal immigration enforcement. The Values Act prohibits the use of state and local resources to investigate, interrogate, detain, detect or arrest persons for immigration violations.²⁶

California Truth Act

In 2017, the State enacted the Truth Act requiring law enforcement agencies dealing with ICE to provide the incarcerated individual with a written consent form prior to any interview with ICE that explains the purpose of the interview, that the interview is voluntary, and that he or she may decline to be interviewed or may choose to be interviewed only with his or her attorney. The Truth Act also requires that a law enforcement agency provide a copy of the ICE detainer to the individual and inform him or her whether the law enforcement agency intends to comply with the request.²⁷

Findings and Recommendations

Set forth below is our response to the specific tasks outlined in the work order:

Task No. 1: Review and analyze how LASD uses their resources on administrative and personnel costs required to track and respond to ICE civil immigration detainers; and, identify the portion of staff and associated costs that are directly and indirectly attributable to ICE civil immigration detainers.

In 2017, LASD implemented a series of policies in accordance with the Trust, Truth and Values Acts designed only to release “the most violent and dangerous” incarcerated individuals to ICE for possible deportation.²⁸ To ensure consistent application of these policies, LASD centralized its handling of ICE detainer requests through the creation of the Release Compliance Desk (RCD) responsible for processing and vetting ICE detainers. These

²⁵ Government Code Sections 7282.5 and 7783.1

²⁶ Government Code Sections 7282 and 7282.5

²⁷ Government Code Section 7783.1

²⁸ See, January 10, 2017 letter from Sheriff Jim McDonnell to the Board of Supervisors.
<http://file.lacounty.gov/SDSInter/bos/supdocs/110712.pdf>

responsibilities included giving notice to the undocumented person (and their attorney) of the detainer, determining whether there was a qualifying conviction and notifying ICE following the vetting process. Prior to reducing its staff in FY 2018-19, the LASD had staffed the RCD with 12 custody assistants at an estimated cost of approximately \$1.38 million.²⁹

From 2017 to the present, LASD has continued to limit its response to ICE civil detainees:

- In December 2018, LASD established a policy that ICE agents could no longer be housed at LASD facilities. While they could enter an individual facility, they were not allowed to maintain a physical presence at the facilities.
- In February 2019, LASD adopted a policy prohibiting ICE agents from retrieving undocumented persons from any custody facility, station jail, or court lock-up pursuant to a civil immigration enforcement action. However, LASD still provides notice to ICE of release information for undocumented persons.
- In April of 2020, LASD stopped directly notifying ICE of the release of undocumented persons from County custody.³⁰

The effect of these decisions has been to essentially end cooperation with ICE relating to the release of undocumented persons from County custody.

As a result of these policy changes, LASD has significantly reduced the number of staff responding to ICE detainees. Currently, LASD has only two part-time custody assistants that handle ICE detainer requests. Pursuant to the Truth, Trust and Values Acts, their primary duties are to file the request and to notify the person in custody (and their attorney) of the detainer. No further action is taken.

Finding #1: The current costs related to ICE civil immigration detainees consist of two part-time custody assistants. The function of these custody assistance is to provide information to incarcerated individuals and their counsel, not to ICE. These costs are not reimbursable by ICE.

Task No. 2: Analyze the propriety of seeking reimbursement from the federal government for the costs attributable to ICE’s civil immigration detainees and identify additional actions that should be taken to seek federal reimbursement for LASD’s costs to address ICE’s civil immigration detainees.

Given the significant reduction in ICE services being provided by LASD and the fact that current policies do not support ICE objectives, it is highly unlikely that LASD could seek reimbursement from the federal government for costs attributable to ICE detainees.

²⁹ COC Report, p. 20

³⁰ Lists of all incarcerated individuals being released are made available to the public on the LASD website Public Data Sharing Custody Reports homepage. This public information is made available for the purposes of ensuring that information is available to victims and potential witnesses of a crime.

Moreover, in our discussions with LASD staff, it is unclear whether the County ever had an agreement with the federal government to receive compensation for housing immigration detainees.³¹

However, based on our interviews with LASD staff, County Counsel, and additional research, we identified two potential sources of revenue from the federal government related to the detention and release of undocumented persons: (1) the State Criminal Alien Assistance Program, and (2) directly contracting with ICE to perform detention services. As discussed below, LASD would need to make a change in one or more policies to pursue either revenue source.

State Criminal Alien Assistance Program Grant Funding

Historically, the County has applied for and received funding pursuant to the State Criminal Alien Assistance Program (SCAAP). SCAAP is a grant program offered by the Department of Justice (DOJ) to provide federal payments to agencies that have incurred certain costs associated with incarcerating undocumented persons who (1) were convicted of at least one felony or two misdemeanor convictions, and (2) were incarcerated for at least 4 consecutive days during the reporting period. SCAAP payments are based on a formula that provides a relative share of funding to jurisdictions that apply and is based on the number of eligible criminal undocumented persons.³² In addition to providing detention services, the grant requires that agencies provide “detailed information” to the federal government regarding undocumented persons (or those reasonably believed to be undocumented) who have been incarcerated.³³ In essence, this reporting has the effect of identifying undocumented persons to the federal government who they might not have previously been aware of.

From 2010 through 2018, the County applied for and received SCAAP funding. The amount of funding varied significantly from year to year during that time period. In 2010, funding was about \$14 million. SCAAP funding has steadily decreased, with the funding for 2016, 2017 and 2018 being \$6.07 million, \$2.12 million and \$2.53 million respectively.

In 2019, LASD made a policy decision to no longer apply for SCAAP funding. It was decided that the reporting requirements related to undocumented persons and those suspected of

³¹ Records prior to 2013 were no longer available to provide information as to whether such an arrangement had previously existed.

³² <https://bja.ojp.gov/program/state-criminal-alien-assistance-program-scaap/overview>

³³ The SCAAP application states, in pertinent part: “‘State’ or ‘unit of local government’ is eligible to apply for a payment under the FY 2019 program if it ‘incarcerated’ individuals in a ‘correctional facility’ during the ‘reporting period’ whom it either— (1) knows were ‘undocumented criminal aliens,’ or (2) reasonably and in good faith believes were ‘undocumented criminal aliens.’” The application goes on to state: “Each applicant government isto provide detailed information about the individuals— (1) whom the applicant government ‘incarcerated’ for at least four *consecutive* days during the ‘reporting period,’ and (2) who the applicant government either *knows* were ‘undocumented criminal aliens,’ or *reasonably and in good faith believes* were ‘undocumented criminal aliens.’” <https://bja.ojp.gov/sites/g/files/xyckuh186/files/media/document/BJA-2019-16532.p>

being undocumented amounted to LASD “selling” our information to the federal government enabling potential deportation. As a result, LASD no longer applies for or receives any SCAAP funding.

Recent events suggest that LASD should consider reapplying for SCAAP funding. First, the LASD and the County Counsel were successful in seeking grant funding under the Edward Byrne Memorial Justice Assistance Grant Program (“Byrne JAG Grant”) by legally protesting the grant requirement associated with information related to the immigration status of incarcerated individuals, analogous to the SCAAP requirements. Moreover, the change in the administration at the federal level that has occurred since that time suggests such the DOJ would be even more agreeable to such a protest, thereby allowing LASD to apply for SCAAP funding without compromising its current reporting policies. This analysis was confirmed by the County Counsel’s Office.

Finding #2: In 2019, LASD made a policy decision not to seek SCAAP funding. This decision was made consistent with its policy not to providing reporting to DHS related to undocumented persons and those suspected of being undocumented.

Recommendation #1: In light of the change in the federal administration and the success of the recent protest of reporting requirements within the Byrne JAG Grant, we recommend that the LASD apply for future and SCAAP grants using the same approach taken for the Byrne JAG Grant. LASD should also determine whether it is possible to seek reimbursement for prior expenses through a retroactive grant application.

Potential Revenue to the County: Potentially in excess of \$2 million annually. Based on current policy, the County is no longer eligible for SCAAP funding. Were the policy to change to permit the required reporting to the federal government, there is the potential to increase revenue in excess of \$2 million annually.

ICE Contract to Provide Detention Services

From 2013 through 2018, ICE entered into contracts with three California cities and four California counties to provide detention services for immigration detainees. Those counties included Orange, Contra Costa, Sacramento, and Yolo. Since that time, Contra Costa County and Sacramento County have ended their contracts with ICE. In the contracts, ICE provided compensation to these cities and counties at an established amount per day per detainee for detention costs depending on the nature and location of the facility.³⁴

Based on our interviews with LASD staff, it is unclear whether the County has ever had an agreement with the federal government to receive compensation for housing immigration detainees as records prior to 2013 are no longer available. However, it is clear that since

³⁴ See, *City and County Contracts with U.S. Immigration and Customs Enforcement*, Auditor Controller of the State of California, February 2019.

2013, the County has not entered into any contract with ICE to provide detention services.

In 2019, the Auditor-Controller of the State of California issued a report entitled City and County Contracts with U.S. Immigration and Customs Enforcement. One of the purposes of the report was to evaluate whether the cities and counties participating in these contracts were being fully reimbursed for their costs in providing the services. The State Auditor-Controller's found that "none of the four counties that we reviewed ensured that ICE fully paid for the cost of housing detainees each year during our audit period." While the report went on to make some recommendations on how to improve cost recovery, there was no indication that the counties would ever profit from the additional services provided.

Finding #3: LA County has not had any prior agreement with ICE to provide detention services for housing immigration detainees. Moreover, given existing policies related to undocumented incarcerated individuals, it is unlikely that ICE would enter into such an agreement with the County. Finally, based on studies done by the State Auditor-Controller, the effect of any such agreement would require additional staffing costs consistent with any additional revenue.

Task No. 3: Identify opportunities to improve and enhance LASD's tracking of civil immigration detainer staffing and resources.

Our review of the current LASD methods for tracking civil immigration detainer staffing and costs did not reveal any significant flaws. As set forth above, LASD currently only has two part-time custody assistants that handle and file ICE detainer requests and to notify the person in custody (and their attorney) of the detainer. Unless and until additional staffing and duties are assigned to this function, our review indicates that current tracking of detainer staffing and resources are adequate.

5. SPECIAL AND TRUST FUNDS

Introduction/Summary of Conclusions

As of June 30, 2019, LASD had a total of fifteen (15) special funds and sixteen (16) trust funds with a year-end balance of approximately \$165.3 million and \$68.6 million, respectively. For FY 2018-2019, eleven (11) of the 15 special funds and eight (8) of the 16 trust funds had a year-end balance of over \$200,000.

We reviewed in detail those Special and Trust Funds with a fund balance over \$200,000 as of June 30, 2019. Based on our review of the Special Funds for the last five fiscal years (2014-15 to 2018-19) we found that the expenditures were fully absorbed by its revenues and any excess of expenditures over revenues for a particular year were fully covered by the accumulated fund balances of each fund. We noted no subsidies from the General Fund to any of the Special Funds. For the Trust Funds, all funds are held in trust by LASD and can be used only for a specified purpose for which the Trust Funds were established. Thus, there were no LASD related reimbursable expenditures transactions related to these Trust Funds.

Of the 11 Special Funds, there were seven funds that have a full Salaries and Employees Benefits (S&EB) reimbursement arrangement/agreement within the Department. We verified S&EB reimbursable amounts to the reimbursement journal vouchers evidencing the amount transferred from the respective Special Funds to the LASD's general fund. Thus, our review of the S&EB reimbursements found that LASD is fully reimbursing all allowable S&EB expenditures to the General Fund.

Furthermore, our review disclosed that LASD's Special and Trust Funds were properly utilized as intended and the related revenues and expenditures transactions were properly classified and recorded in the County's books of accounts (eCAPS).

Special and Trust Funds Background

Special Revenue Funds are designated for specific functions and activities related to the source of each respective fund. Special Revenue Funds were not established to supplant General Fund expenditure obligations. To the extent that General Fund allocations are expended on Special Revenue Fund operations, the General Fund will be replenished via Special Revenue Fund transfer. Trust Funds are used to report assets held in a trustee capacity for others and cannot be used to support the County's programs, they have no related equity accounts since all assets are due to individuals or entities at some future time. A description and purpose for each of 11 Special Funds and eight Trust Funds with a balance over \$200,000 as of the fiscal year ended June 30, 2019 are presented in the table below:

Special Funds				
	Fund Number	Fund Description	Purpose	Balance as of June 30, 2019
1	BR3	Processing Fee Fund	Established per Section 26746 of the California Government Code for the assessment of a processing fee of \$12 on the distribution of monies collected under writs of attachment, execution, possession, or sale. All proceeds shall be expended to offset the Sheriff's cost for replacement and maintenance of vehicles and equipment, and civil process operations. Salaries and Employees' Benefits (S&EB) paid by the Department's General Fund are reimbursed by the fund.	\$4,108,916
2	BR7	Automation Fund	Established per Section 26731 of the Government Code, for \$18 of any fee collected for serving, executing, and processing required court notices, writs, orders, and other services performed by Sheriff personnel. 95% of the moneys in the special fund shall be expended by the Sheriff's Court Services Division to supplement the costs of automated systems and 5% of the moneys in the special fund shall be used to supplement the expenses in administering the funds. In FY 2018- 19, S&EB paid by the general fund are reimbursed by the fund. Prior to FY 2018-19, S&EB was expensed to the Processing Fee Fund (BR3) specifically for the IT personnel assigned to a project named ACES. Starting from FY 2018-19, these salary costs have been expensed to the Automation Fund (BR7) due to the cancellation of a contract associated with the ACES project.	\$31,209,182
3	BR8	Special Training Fund	Established by Board order in 1996 to fund law enforcement training programs. Revenue is received from law enforcement training provided to other jurisdictions. S&EB paid by the general fund are reimbursed.	\$7,899,551

Special Funds				
	Fund Number	Fund Description	Purpose	Balance as of June 30, 2019
4	BS1	Vehicle Theft Program Fund	Established in accordance with Section 9250.14 of the California State Vehicle Code, which provided for a fee of \$1.00 to be paid at the time of registration or renewal of registration of every vehicle registered to an address within the County of Los Angeles. On May 5, 2015, the Board adopted a resolution to increase the vehicle registration fees paid at the time of registration or renewal registered to an address within the County from \$1.00 to \$2.00, and from \$2.00 to \$4.00 on commercial vehicles. Fees collected under this code section must be expended to fund programs to deter, investigate, and prosecute vehicle theft crimes. The moneys collected pursuant to Section 9250.14 shall not be expended to offset a reduction in any other source of funds, nor for any purpose not authorized under this section. S&EB paid by the general fund are reimbursed.	\$19,847,164
5	DN2	Narcotics Enforcement Special Fund	Established in 1984 in accordance with Section 11489 of the Health and Safety Code. It provides for the distribution of assets forfeited in connection with violation of laws governing controlled substances. Its use is restricted to activities related to enforcement of these laws. S&EB are not allowable with some exceptions as set forth in the Department of Justice guidelines regarding use of these funds.	\$15,030,960
6	DN5	Countywide Warrant System Fund	Established per Section 40508.5 of the Vehicle Code imposes an assessment fee of \$15 for every person who violates the written promise to appear in court. The assessment fee is returned to the person, only if the person did not violate his or her promise to appear or citation following a lawfully granted continuance. Proceeds are utilized exclusively to finance the development and operation of	\$293,661

Special Funds				
	Fund Number	Fund Description	Purpose	Balance as of June 30, 2019
			the Automated Countywide Warrant System. S&EB paid by the general fund are reimbursed.	
7	DN6	Automated Fingerprint Identification System Fund	Established in 1988 in accordance with Section 76102 of the Government Code, provides for the operation and maintenance of the Automated Fingerprint Identification System (AFIS). Funding is provided from an assessment of .50 cents on every \$10 or fraction thereof for fines, penalties, or forfeitures levied and collected by the courts for criminal offenses. On September 30, 1997, the legislature added Section 9250.19 to the California Vehicle Code which was subsequently approved by the Board of Supervisors on January 9, 1998 to impose an additional fee of \$1 or \$2 for commercial vehicles (Commercial Vehicle Registration Act of 2001) to be paid to the Department of Motor Vehicles and passed through to the County at the time of vehicle registration or renewal, which enables the County to procure automated fingerprinting and photographic equipment and technology. Money shall be expended exclusively to fund programs that enhance the capacity of local law enforcement to provide automated mobile and fixed location fingerprint identification of individuals. Money collected pursuant to Section 76102 shall not be used to offset a reduction in any other source of funds for the purposes authorized under this section. S&EB paid by the general fund are reimbursed.	\$78,312,451
8	K02	Inmate Welfare Fund	Pursuant to Section 4025 and Section 1481 of the California Penal Code, this fund provides for the benefit, education, and welfare of individuals confined within County Jails. Any funds that are not needed for the welfare of the	\$15,272,339

Special Funds				
	Fund Number	Fund Description	Purpose	Balance as of June 30, 2019
			<p>incarcerated individuals may be expended for the maintenance of County jail facilities. The Inmate Welfare Fund receives revenue from several sources, including all the sales of incarcerated individual's hobby craft, vending machine, telephone commissions, and interest on deposited funds. These welfare funds cannot be used to pay required County expenses of confining incarcerated individuals, such as meals, clothing housing, or medical services, except that these welfare funds may be used to augment those required county expenses as determined by the sheriff to be in the best interests of incarcerated individuals. Itemized report of these expenditures shall be submitted annually to the Board of Supervisors.</p> <p>Inmate welfare funds can cover S&EB of personnel used in the programs to benefit the incarcerated individuals, including education, drug and alcohol treatment, welfare, library, accounting, and other programs deemed appropriate by the sheriff. All expenditures are fully offset by these revenue sources. S&EB paid by the general fund are reimbursed.</p>	
9	S13	Seized Money/Assets Interest Account	Interest-bearing account created to hold money seized in asset forfeiture cases (criminal/ fraud/embezzlement) where the rightful owner is to be determined by the court. S&EB is not allowable for this account, not reimbursable.	\$1,686,026

Special Funds				
	Fund Number	Fund Description	Purpose	Balance as of June 30, 2019
10	S21	Safety and Justice Challenge Program	Established in FY 2015-2016 per grant agreement with the John D. and Catherine T. MacArthur Foundation, the fund grantor, which requires that advanced funds be placed in an interest-bearing account, and interest returned to the grantor. Reimbursement of S&EB expenses are not allowable.	\$216,005
11	SJ6	Sheriff/Los Angeles Metropolitan Transportation Authority (LACMTA) Liability Trust Fund	Account holds liability insurance surcharges to fund indemnity payments for claims made against the Sheriff's Department arising from the performance of law enforcement services provided under contract with the Los Angeles County Metropolitan Transportation Authority. As such, there are no LASD S&EB costs related to this account.	\$4,693,101

Trust Funds				
	Fund Number	Fund Description	Purpose	Balance as of June 30, 2019
1	SQ6-7247	Modified Automated Process & Accounting System Trust Account (MAPAS Trust Account)	Created on May 13, 2010 to hold fees collected from the public and other government agencies for the service of civil process and collections obtained as a result of wages, bank, personal and real property levies and sales. No revenue is generated and no expenses were incurred from this trust account in the last five fiscal years 2014-15 to 2018-19.	\$7,335,121

Trust Funds				
	Fund Number	Fund Description	Purpose	Balance as of June 30, 2019
2	TK7-7240	Sheriff Modified Automated Process & Accounting System Trust Account (MAPAS Trust Account)	This was the original trust account established for MAPAS. The purpose of this account is the same as the one above. However, in 2011 the TK7-7240 MAPAS Trust Fund account was closed to all activity with a balance of \$23.5 million. A new account, the line item above, SQ6-7247, was established to replace this one. The Department has been working with the Auditor-Controller over the past couple of years to reconcile TK7-7240 and close and move forward with only one MAPAS trust, SQ6-7247. Anticipated project completion is April 2021. No revenue is generated and no expenses were incurred from this trust account in the last five fiscal years 2014-15 to 2018-19.	\$23,507,009
3	TK7-7358	Sheriff – Inmate Trust Account	Holds monies deposited by or for incarcerated individuals (prisoner spending accounts). Temporarily holds money for incarcerated individuals for fiduciary purposes only. No revenue is generated and no expenses were incurred from this trust account in the last five fiscal years 2014-15 to 2018-19.	\$3,997,098

4	TK7-7364	Sheriff – Miscellaneous Trust Account	Holds miscellaneous funds such as monies purged from incarcerated individual's trust account after prisoners have left County custody facilities, property no longer needed to be held intact as evidence, personal property of incarcerated individuals booked at stations, found money, donations, etc. Potential liability exists. Holds unclaimed funds pending transfer to TTC (found/seized property), and money for incarcerated individuals for fiduciary purposes only. Money may need to be distributed to claimants. No revenue is generated and no expenses were incurred from this trust account in the last five fiscal years 2014-15 to 2018-19.	\$8,272,691
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Trust Funds				
	Fund Number	Fund Description	Purpose	Balance as of June 30, 2019
5	TK7-7370	Sheriff Collections – Manual Lockbox Collections	Holds manual lockbox collections from contract cities, private entities and school districts for payment of services provided by the Sheriff's Department. Potential liability exists. Most of the funds are for services that have already been completed; however, some funds are pre-payment (deposits) from some school districts and private entities, for services that have not been completed. No revenue is generated and no expenses were incurred from this trust account in the last five fiscal years 2014-15 to 2018-19.	\$215,643
6	TK7-7375	Smith House Project- California Community Foundation – Smith House Donation Trust Account	Grant funds received in advance from specific grantor. Funds held pending completion of project. Potential liability exists. Holds donated/grant funds that may need to be returned to the grantor if the Sheriff does not expend the funds or complete the project. Project deadline extended. Based on our analysis of other potential revenues section, in FY 2019-20, project completed and funds not expended returned to grantor. No revenue is	\$3,500,000

			generated and no expenses were incurred from this trust account in the last five fiscal years 2014-15 to 2018-19.	
7	TK7-7437	Parking Citation Collections	Holds parking citation fee collections. No liability exists to the LASD. Funds are held pending distribution to various County departments (Internal Services Department, Beaches & Harbors). Other County departments are not considered "third parties." No revenue is generated and no expenses were incurred from this trust account in the last five fiscal years 2014-15 to 2018-19. This trust account is subject to audit by the State.	\$288,821

Trust Funds				
	Fund Number	Fund Description	Purpose	Balance as of June 30, 2019
8	TK7-7532	Private Entity Law Enforcement Trust Account	Holds the 3% liability insurance collected for Sheriff's services rendered to private entities. Self-insurance fund to settle claims arising from the performance of law enforcement services. Account established in July 2008; prior to that, contract city, public entity, and private entity insurance had been placed together in Sheriff Miscellaneous Trust Account (TK7-7364) for many years. Potential liability exists. Self-insurance fund to settle claims arising from the performance of law enforcement services provided under contract to school districts and private entities. No revenue is generated and no expenses were incurred from this trust account in the last five fiscal years 2014-15 to 2018-19.	\$21,223,766

Review Results

Set forth below are the results of the specific tasks as outlined in the work order:

Task No. 1: We performed a historical analysis of LASD's annual revenues and expenditures for the five fiscal years (2014-15 to 2018-19) for each of the 11 Special Funds and eight Trust Funds with a fund balance over \$200,000 as of June 30, 2019.

Special Funds

We analyzed the revenues and expenditures of the eleven (11) Special Funds for the last five fiscal years and noted that three of the Special Funds: Processing Fee Fund, Narcotics Enforcement Fund and Inmate Welfare Fund have total combined expenditures more than its total combined revenues. Additionally, these three Special Funds have continually had expenditures exceed revenues almost every year in the last five fiscal years reviewed. Although these three Special Funds had excess expenditures, the expenditures were fully covered by each Fund's respective accumulated fund balances as noted below.

The summary of our analysis of the Special Funds for the last five fiscal years is presented below:

Fund Code and Special Revenue Funds	Total FYs 2014-15 to 2018-19			Fund Balance As of June 30, 2019
	Revenues	Expenditures	Net Revenues (Expenditures)	
1 BR3 - Processing Fee Fund	\$ 21,454,155	\$ 32,112,529	\$ (10,658,375)	\$ 4,108,916
2 BR7 - Automation Fund	20,751,361	12,706,152	8,045,210	31,209,182
3 BR8 - Special Training Fund	10,456,482	7,214,182	3,242,300	7,899,551
4 BS1 - Vehicle Theft Prevention Program Fund	67,550,686	52,208,846	15,341,840	19,847,164
5 DN2 - Narcotics Enforcement Fund	28,548,791	31,453,720	(2,904,929)	15,030,960
6 DN5 - Countywide Warrant System Fund	9,635,747	9,611,272	24,475	293,661
7 DN6 - Automated Fingerprint Identification System Fund	53,383,304	47,305,551	6,077,753	78,312,451
8 K02 - Inmate Welfare Fund	178,304,238	202,444,875	(24,140,637)	15,272,339
9 S13 - Seized Assets Interest-Bearing Account Fund	-	-	-	1,686,026
10 S21 - Safety and Justice Challenge Program Fund	661,297	445,292	216,005	216,005
11 SJ6 - Metropolitan Transportation Authority Police Liability Trust Fund	803,049	-	803,049	4,693,101

Moreover, the remaining seven Special Funds, except for Seized Assets Interest-Bearing Account Fund, have excess total combined revenues over its total combined expenditures for the last five fiscal years. The Seized Asset Interest-Bearing Account Fund does not have any

revenues and expenditures. This fund is an interest bearing account and interest is earned, but the money is held and distributed to its owners when the dispute is resolved. Likewise, the Sheriff/LACMTA Police Liability Trust Fund did not have any expenditures in the last five fiscal years. This fund holds liability insurance surcharges to fund indemnity payments for claims made against the Sheriff's Department, and there are no related LASD S&EB costs to this fund.

Trust Funds

Our review of the Trust Funds disclosed that these funds are held in trust by the LASD for the specific purpose that the funds were established. There were no LASD related revenues or expenditures of these funds for the last five fiscal years reviewed. The fund balances as of June 30, 2019 of these Trust Funds are summarized below.

Account - Sub-Account - Trust Fund	Fund Balance June 30, 2019
1 SQ6 - 7247 - Modified Automated Process and Accounting System (MAPAS) Trust Accou	\$ 7,335,121
2 TK7 - 7240 - Modified Automated Process and Accounting System (MAPAS) Trust Accou	23,507,009
3 TK7 - 7358 - Inmate Trust Account	3,997,098
4 TK7 - 7364 - Department Miscellaneous Trust Account	8,272,691
5 TK7 - 7370 - Manual Lockbox Collections	215,643
6 TK7 - 7375 - Smith House Donation Trust Account	3,500,000
7 TK7 - 7347 - Parking Citation Collections	288,821
8 TK7 - 7532 - Private Entity Liability Trust Account	21,223,766

Task No. 2: We reviewed the Special and Trust Fund accounts for each of the 11 Special Funds and eight Trust Funds with a FY 2018-19 year-end balance over \$200,000 and determined whether the Department is fully reimbursing all allowable General Fund expenditures.

The salaries and employee benefits (S&EB) of LASD employees assigned or working for a particular fund were initially paid by the LASD's General Fund. The General Fund is then reimbursed by the respective fund through the established reimbursement process of the Department. Of the 11 Special Funds reviewed, there are seven Special Funds (Processing Fund, Automation Fund, Special Training Fund, Vehicle Theft Program Fund, County-wide Warrant System Fund, Automated Fingerprint Identification System Fund, and Inmate Welfare Fund) that have full S&EB reimbursement arrangements/agreements within the Department. The S&EBs of the other four (4) Special Funds (Narcotics Enforcement Special Fund, Seized Money/Assets Interest Account, Safety and Justice Challenge Program, and Sheriff/Metropolitan Transportation Authority (MTA) Liability Trust Fund) are not reim-

bursable as explained in the fund background section of this report pages 1 to 5. We reviewed S&EBs reimbursements of the identified funds and noted that LASD is fully reimbursing all allowable S&EB General Fund expenditures.

Our review of the eight Trust Funds disclosed that there were no LASD related expenditures incurred out of these funds for the last five fiscal years. Thus, no S&EB reimbursements were claimed for the five fiscal years reviewed.

Task No. 3: We identified any opportunities to improve the classification and utilization of the Department's Special and Trust Funds.

Based on our review, we identified no opportunities to improve the classification and utilization of the Department's Special and Trust funds. The funds were properly utilized as intended and the corresponding transactions were properly classified and recorded. Moreover, each Special and Trust Fund is for a specific purpose thereby limiting the opportunities to reclassify or reutilize the funds.

6. GRANTS

Introduction/Summary of Conclusions

During the last five fiscal years 2014-15 to 2018-19, LASD had 237 total grants totaling \$378 million from various sources (i.e., federal, State, and local). Our review found that LASD had fourteen (14) grants with unused funds totaling \$3,769,873 for the last five fiscal years, which represents less than 1% of total grant funds awarded. LASD management explained that these unused grant funds were due to the following reasons: 1) not able to spend the grant funds within the grant period, 2) not able to complete the projects/program within the grant period due to staffing shortages, and 3) insufficient grant documentation requirements (i.e., sole source documentation was dated after purchase order date). We also found eight (8) grants that were subsequently cancelled totaling \$3,527,894. These canceled grants were due to subsequently denied, rejected, or not accepted by LASD or canceled by the grantors. **The details of the grants with unused funds and canceled grants are discussed in the Review Results section and detailed in Exhibits I and II of this report.**

In conjunction with our grants review, we also noted that LASD's grant log can be enhanced to list all grants applied for, the date the grant was applied for, and the award or denial date. This would assist in determining LASD's success rate of its grant application process. For FY 2019- 20, LASD's Grants Unit represented that they had a 95% success rate. However, we were unable to verify this representation because the current grants log tracks only those grants applied for and awarded for a particular fiscal year. We also noted that most of the grants listed for the last five fiscal years reviewed were continuing grants carried over to the next fiscal year or renewed after the expiration of the grant period.

In view of the foregoing observations, we recommend that LASD implement the following actions to improve its grant application, utilization and monitoring process:

1. Design plans and procedures to ensure that grant funds are fully utilized within the grant period. The procedures may include a possible grant extension request to the grantor when the grant period is about to expire, especially for those grants with material unused amounts;
2. Adopt a strict documentation and approval process to comply with the grantor's documentation requirements to prevent any instances of denied, rejected, or canceled grants; and
3. Make enhancements to its grant log to include all grants applied for, the date grant was applied for, and the award or denial date. If denied, include the reasons for denial. Maintaining this grant data will improve grants monitoring and grant performance reporting results. In addition, we recommend that LASD maintain a log/record for the revenue offset programs for each grant, if applicable, to monitor and ensure that grant expenditures are aligned with budgeted and available grant revenue amounts and are fully reimbursable.

LASD Grants Background

LASD receives various State and federal grants that are intended to be used for specific purposes/programs, such as the Traffic Safety Program, Human Trafficking Task Force, etc. The Department's grants monitoring and recording is done by its Grants Unit Section. The LASD Grants Unit is primarily responsible for applying for new grant funding, monitoring use of current grant funds, and reporting. The Grants Unit coordinates with the various operational units within LASD when searching for and applying for new grants to ensure the grants fit the LASD's needs.

Review Results

Set forth below are the results of the specific tasks as outlined in the work order:

Task No.1: Perform a historical analysis of LASD's grants, including the grants applied for, award amounts, expenditures (listing of grants) etc. for the last five (5) fiscal years from 2014-2015 to 2018-2019.

We reviewed the listing of grants for the last five fiscal years from 2014-15 to 2018-19 and made inquiries for grants with unused or unclaimed amounts over \$100,000 for each fiscal year. We also reviewed grants application that were approved and subsequently denied, rejected or canceled for various reasons. During the last five fiscal years, LASD had 237 total grants totaling \$378 million from various sources (i.e., federal, State, and local) as follows:

Fiscal Year	Total Number of Grants			Award Amount (All Grants)
	New	Carried-Over- Recurring	Total	
2018-2019	25	30	55	81,607,663
2017-2018	20	25	45	78,298,295
2016-2017	16	24	40	50,152,804
2015-2016	18	30	48	93,568,021
2014-2015	19	30	49	74,379,069
Totals	98	139	237	\$ 378,005,852

The results of our review found fourteen (14) grants with unused grant monies totaling \$3,769,873 and eight (8) canceled grants totaling \$3,527,894 for the five fiscal years, as summarized below:

Fiscal Year	No. of Unused Grants	Award Amount (for those with Unused Amount)	Unused Amount	% of Unused	No. of Canceled Grants	Canceled Grants
2018-2019	3	\$ 2,563,590	\$ 1,123,167	44%	4	\$ 1,468,684
2017-2018	4	3,790,385	1,378,284	36%	2	659,610
2016-2017	1	1,000,000	152,378	15%	2	1,399,600
2015-2016	4	14,632,055	822,202	6%	-	-
2014-2015	2	2,030,250	293,842	14%	-	-
Totals	14	\$ 24,016,280	\$ 3,769,873	16%	8	\$ 3,527,894

The total grant award amounts for the 14 grants with unused funds total \$24,016,280 and the total unused amount of these grants total \$3,769,873 or 16% of the total 14 grants. The reasons provided by LASD for the unused grant amount are summarized below.

Explanations by LASD	Unclaimed balance	% of total
Unable to spend grant funds within the allotted grant period	\$2,501,451	66%
Unable to complete the grant within the grant period due to staffing shortages	\$1,004,836	27%
Due to non-compliance of documentation requirement	\$263,586	7%
Totals	\$3,769,873	100%

For the canceled grants, LASD explained that these are grant applications that were subsequently denied, rejected, or not accepted by LASD, or canceled by the grantors.

The details of the foregoing amounts/grants, explanation provided LASD are presented in Exhibit-I (Unused Grants Amount) and Exhibit-II (Canceled Grants) of this report.

We also reviewed LASD's approval/success rate of its grant applications for each fiscal year. However, we could not accurately determine LASD's success rate because LASD does not have a readily available log that tracks all the grants applied for and approved for each fiscal year. Furthermore, we noted that most of the grants applied for are continuing grants (existing grants and applied for another grant period).

Task No. 2: Evaluate whether LASD appropriately analyzes available grants and takes the necessary steps to apply for eligible and relevant grants timely.

LASD's Grants Unit seeks out grant funds based on departmental needs and LASD's priorities. LASD's operational units either email or call the Grants Unit with their requests. The Grants Unit also uses both eCivis (a privately-owned search website/software for available government grants) and Grants.gov (a US government-owned website to search for available government grants) to search for new grant funding. Any potential grants applicable to the Department are sent out to the operational units for their consideration. The Grants Unit regularly searches those websites for potential grant opportunities appropriate to the Department and the County's Strategic Goal Plans.

Upon finding such grants, they send out a Grant Availability Notice (GAN) to all Division Heads and they disseminate to their respective units. LASD's Grant Unit represented in our inquiries that they had a 95% approval rate for FY 2019-20. However, we could not readily verify this success rate because LASD's current grants log did not include all grants applied for that were awarded or denied. Based on inquiries, discussions and review of LASD's grant application and monitoring process, we determined LASD had the available tools and resources to appropriately analyze available grants. We could not, however verify that LASD had taken the necessary steps to apply for eligible grants on a timely basis in the absence of grants application data that lists all grants applied for and awarded or denied for each fiscal year.

Task No. 3: Review grants with material unused balances at the end of each fiscal year, identify instances where the Department does not appear to have fully claimed reimbursement for eligible expenditures.

Based on our review of LASD's grants application and monitoring process, the receiving units (recipient of the grant) track their expenditures and use the Department's procurement

system to maximize the use of the grant funds. Units are also required to update the monthly grant revenue report which is sent out by the Grants Unit. This report captures expenditure history and available grant balances. The Grants Unit provides quarterly and semi-annual reports to the funding agency and the Department has a quarterly control report. County funded and Grantor funded are accounted for by activity codes and object codes in eCAPS.

In FY 2019-20, LASD had coordinated with the Auditor-Controller's Office for the implementation of the grants function in the County's Electronic Countywide Accounting and Purchasing System (eCAPS) to improve its grant monitoring. The foregoing systems ensure that all eligible expenditures are claimed for reimbursement by the Department. In our review of the material unused balances (total of \$3,769,873 as presented in Task 1 results), we found no instances where the Department did not fully claim for reimbursement of all eligible expenditures. The unused grant balances were not attributable to unclaimed allowable expenditures.

Task No. 4: Evaluate whether LASD appropriately tracks and monitors available grant fund balances to ensure that usage is maximized to the extent possible. Identify instances where the grant was claimed, but services were not fully provided.

As previously discussed in Task 3 results, LASD has a system in place to monitor available grant fund balances. Based on our review, we did not identify any instances where that grant was claimed, but the services were not provided. Most of the LASD grants were on a reimbursement basis, which requires LASD to incur the expenditures/or provide the services first before a claim can be submitted for reimbursement

7. OTHER POTENTIAL REVENUE SOURCES

Introduction/Summary of Conclusions

This section of our report discusses the results of our review and analysis of the LASD's other current revenue streams and identification of any potential funding that could increase the Department's annual revenues.

Other Potential Revenue Sources Background

The LASD derives its revenues from various sources, with a majority of revenues from federal and State grants, County funding and other local sources. Aside from these revenue sources, other revenue sources/streams were identified by reviewing the Department's other revenue sources.

Review Results

Set forth below are the results of the specific task as outlined in the work order:

Task No. 1: Review and analyze the LASD's other current revenue streams and identify potential funding that may increase the Department's annual revenues.

To accomplish the foregoing task, we conducted an analysis and comparison of the budget and actual revenue amounts for the FY 2019-20. We identified the total regular number of revenue sources/streams with annual budgets, and revenues received during the fiscal year which were not included in the budget (these are revenue streams not identified during the budgeting process, but revenue transactions occurred during the year).

The summary of our analysis and budget to actual comparison is presented below:

No. of Revenue Sources/Streams	Budget Information	Final Budget	Actuals	Over (Under) Budget	Over (Under) Budget %
78	Revenue sources/streams with annual budget	\$ 1,743,146,000	\$ 1,692,173,105	\$ (50,972,895)	-3%
16	Revenue sources/streams not included in the budget	-	34,399,968	34,399,968	100%
-	Prior-year accrued revenues collected in FY 19-20	-	(2,169,457)	(2,169,457)	
94		<u>\$ 1,743,146,000</u>	<u>\$ 1,724,403,616</u>	<u>\$ (18,742,384)</u>	<u>-1%</u>

As noted in the above analysis, the LASD had a shortfall of \$50.97 million or 3% under budget of its regular revenues (78 sources/streams) during the FY 2019-20. The Department's top five (5) revenue sources for the fiscal year are derived from the following:

Revenue Sources	Actual Revenue (In Millions)	Over (Under) Budget (In Millions)
1) Proposition 172	\$646.37	\$1.98
2) Contract Cities Services	\$335.48	(\$6.34)
3) AB109	\$233.11	(\$3.79)
4) Trial Court Security	\$153.20	(\$6.87)
5) MTA Contract Services	\$59.23	\$6.65

In addition to the above revenue sources, we also noted that LASD received \$34.4 million in unbudgeted revenues derived from 16 sources during the FY 2019-20. The largest contributor of these revenues was from a federal COVID-19 grant totaling \$26 million. Overall, the Department's actual revenues for the FY 2019-20 totaled \$1.72 billion, which was \$18.74 million or 1% under budget (net of surplus/over budget of some revenue sources/streams). ***The details of the above analysis and budget to actual comparison are presented in Exhibit – III.***

In addition to the foregoing procedures/analysis, we inquired and attempted to analyze and review actual revenues and expenditures of each of the revenue sources to determine what revenue source or program resulted in a NCC. Based on our inquiry and analysis, we have determined that most of the recorded/invoiced revenues equaled expenditures claimed for each revenue source/program since LASD follows the reimbursement system in recognizing revenues (expenditures incurred were invoiced or claimed for reimbursements). We were informed that the County's eCAPS is unable to generate an actual expenditures report for general fund revenue sources/programs. Thus, due to this limitation, we were unable to analyze and compare certain revenue source/program actual revenues versus actual expenditures that may have resulted in a NCC.

LOS ANGELES SHERIFF'S DEPARTMENT
SCHEDULE OF GRANTS WITH UNUSED AMOUNTS
FOR THE FIVE FISCAL YEARS FROM 2014-2015 TO 2018-2019

Fiscal Year	Grant Name	Date Applied	Date Awarded	Grant Number	State / Federal or Both	Name of Grantor	Award Amount	Total expenditures for each fiscal year	Unused and Unclaimed grant balances	Status of the Grant	LASD's Explanation
1 18-19	2011 - Second Chance Act Adult Offender Reentry Program for Planning & Demonstration Projects: Implementation	6/30/2011	9/15/2011	2011-CZ-BX-0034	Federal	BJA	\$ 718,205	16/17 - \$21,320.24 17/18 - \$16,659.84 18/19 - \$37,980.08	\$ 642,245	Closed 12/17/18	The unit was unable to use the funds in the allotted time of grant.
2 18-19	OTS - Selective Traffic Enforcement Program (STEP Traffic Grant) - FY 2017-18	1/24/2017	8/24/2017	PT18090	State	OTS	\$ 1,107,231	17/18 - \$456,032.00 18/19 - \$271,795.00	\$ 379,404	Closed 10/26/18	The unit was unable to use all the funds in the allotted time. The number for this and the below are the same but two different programs.
3 18-19	OTS - Selective Traffic Enforcement Program (STEP Traffic Grant) - FY 2017-18	1/24/2017	8/24/2017	PT18090	State	OTS	\$ 738,154	17/18 - \$426,343.00 18/19 - \$210,293.00	\$ 101,518	Closed 10/26/18	The unit was unable to use all the funds in the allotted time. The number for this and the above are the same but two different programs.
Totals for FY 2018-2019							\$ 2,563,590		\$ 1,123,167		
1 17-18	Selective Traffic Enforcement Program(STEP) FY 17/18 - (Minimum Penalties for Repeat Offenders for Driving While Intoxicated - 164AL)	1/24/2017	8/24/2017	PT18090	State	OTS	\$ 1,107,231	17/18 - \$456,032.00	\$ 651,199	Closed - 10/25/17	The annual grant number is not the same, but continues with the entire program. This is a 17/18 grant which continues into FY 18/19.
2 17-18	Selective Traffic Enforcement Program(STEP) FY 17/18 - (State and Community Highway Safety 402PT)	1/24/2017	8/24/2017	PT18090	State	OTS	\$ 738,154	17/18 - \$426,343.00	\$ 311,811	Closed - 10/25/17	The annual grant number is not the same, but continues with the entire program. This is a 17/18 grant which continues into FY 18/19.
3 17-18	Selective Traffic Enforcement Program(STEP) FY 16/17 - (Minimum Penalties for Repeat Offenders for Driving While Intoxicated - 164AL)	1/25/2016	6/2/2016	PT1766	State	OTS	\$ 1,135,000	16/17 - \$512,168.00 17/18 - \$336,003.00	\$ 286,829	Closed - 10/25/17	They are the same grant number for 16/17 year program, but they are two different programs, with two different amounts per program. The Unit was not able to spend in allotted time. The BOS did not approve until six weeks after the program should have started which gave them a late start.
4 17-18	Selective Traffic Enforcement Program(STEP) FY 16/17 - (State and Community Highway Safety 402PT)	1/25/2016	6/2/2016	PT1766	State	OTS	\$ 810,000	16/17 - \$435,310.00 17/18 - \$246,245.00	\$ 128,445	Closed - 10/25/17	They are the same grant number for 16/17 year program, but they are two different programs, with two different amounts per program. The Unit was not able to spend in allotted time. The BOS did not approve until six weeks after the program should have started which gave them a late start.
Totals for FY 2017-2018							\$ 3,790,385		\$ 1,378,284		

LOS ANGELES SHERIFF'S DEPARTMENT
SCHEDULE OF GRANTS WITH UNUSED AMOUNTS
FOR THE FIVE FISCAL YEARS FROM 2014-2015 TO 2018-2019

Fiscal Year	Grant Name	Date Applied	Date Awarded	Grant Number	State / Federal or Both	Name of Grantor	Award Amount	Total expenditures for each fiscal year	Unused and Unclaimed grant balances	Status of the Grant	LASD's Explanation	
1	16-17	Selective Traffic Enforcement Program FY 15-16 / Repeat Offenders for Driving While Intoxicated.	1/22/2015	7/16/2015	PT1672	State	OTS	\$ 1,000,000	15/16 - \$532,601.00 16/17 - \$315,021.00	\$ 152,378	Closed 1st Qtr., FY 2016-17	The Unit was unable to complete all scheduled DUI checkpoints due to staffing shortages and local wild fires which created a demand on deputies being assigned to patrol areas.
Totals for FY 2016-2017							\$ 1,000,000		\$ 152,378			
1	15-16	2013 - Homeland Security Grant Program - RTAC/JRIC 13	6/1/2013	10/28/2013	2013-00110	State		\$ 2,750,000	14/15 - \$2,478,328.00 15/16 - \$8,086.00	\$ 263,586	Closed 7/31/16	the Sole source letter prior approval letter dated after the invoice date. It should had been dated before the invoice date. The JRIC actually expended the funds but the department didn't seek reimbursement due a sole source issue.
2	15-16	FY 2011 COPS Hiring Program	5/25/2011	9/28/2011	2011-UL-WX-0003	Federal	COPS	\$ 8,535,100	13/14- \$4,781,982.00 14/15 - \$3,133,810.00 15/16 - \$383,486.00	\$ 235,822	Closed FY 15/16	The Unit was unable to complete the grant program due to hiring delays and staffing shortages.
3	15-16	14/15 Selective Traffic Enforcement Program	2/5/2014	9/30/2014	PT 1545	State	OTS	\$ 1,587,705	14/15 - \$965,383.00 15/16 - \$443,259.00	\$ 179,063	Closed 11/30/15	The Unit was unable to complete all scheduled DUI checkpoints due to staffing shortages. Fewer operations were scheduled with fewer deputies, and the City of Santa Clarita decided to not conduct DUI checkpoints.
4	15-16	2014 Homeland Security Grant Program (HSGP)	8/1/2014	9/24/2014	2014-00093	State	Cal OES	\$ 1,759,250	15/16 - \$1,615,519.99	\$ 143,731	Closed 11/24/00	The program unit was unable to complete the program within the allotted time due to staffing shortages.
Totals for FY 2015-2016							\$ 14,632,055		\$ 822,202			
1	14-15	13/14 Sobriety Checkpoint Grant Program (Safe-Trec)	1/2/2013	5/24/2013	SC14501	State		\$ 1,419,250	13/14- \$900,411.00 14/15 - \$343,238.00	\$ 175,601	Closed 1st Quarter FY 2014/15	Unable to complete due to staffing shortages.
2	14-15	FY 13-14 Selective Traffic Enforcement Program (Offenders for Driving While Intoxicated-164AL)	3/30/2013	10/15/2013	PT14118	State	OTS	\$ 611,000	13/14 - \$284,726.00 14/15 - \$208,033.00	\$ 118,241	Closed 1st Quarter FY 2014/15	Due to staffing shortages the Units were unable to complete all the DRE training required and complete the contract in a timely manner.
Totals for FY 2014-2015							\$ 2,030,250		\$ 293,842			
Grand Total for Five Years (2014-2015 through 2018-2019)							\$ 24,016,280		\$ 3,769,873			

LOS ANGELES SHERIFF'S DEPARTMENT
SCHEDULE OF CANCELLED GRANTS
FOR THE FIVE FISCAL YEARS FROM 2014-2015 TO 2018-2019

	Fiscal Year	Grant Name	Date Applied	Date Awarded	Grant Number	State / Federal or Both	Name of Grantor	Award Amount	Unused grant balances	Status of the Grants	LASD's Explanation
1	18-19	FY2018 Comprehensive Opioid Abuse Site-Based Program	6/18/2018	9/28/2018	2018-AR-BX-K224	Federal	BJA	\$ 870,000	\$ 870,000	Denied 10/3/19 - Administratively closed by agency 12/30/19	The unit was unable to proceed because the contracted positi on intended beyond the scope of the grant program.
2	18-19	Grant Assistance Program (GAP)	3/28/2018	N/A	17G-LA22	State	ABC	\$ 100,000	\$ 100,000	Not Awarded	The proposal for the grant was rejected due to the lack of minor staff statistics and operations.
3	18-19	FY 2018/2019 Law Enforcement Equipment Program Grant	5/1/2018	7/30/2018	C18L0611	State	CA Parks & Rec.	\$ 78,684	\$ 78,684	Cancelled 4/3/2019 Unable to execute contract in a timely manner	Due to the County's lengthy approval process we were unable to complete the program in a timely manner and were unable to get an extension.
4	18-19	OTS - General Grant - Regional Drug Impaired Driving Forensic Toxicology Program	6/14/2019	N/A	DII 8034 - Previous number DII 721	State	NHTSA/OTS	\$ 420,000	\$ 420,000	Did not accept award	They are all the same grant. On 5/15/18 the awarding agency did not anticipate the award to be approved before the grant program end date. The National Highway & Traffic Safety Admin stated, that the Federal Dept of Transportation, has placed a *hold* on reviewing waivers. The award was never approved by the agency.
Total Unclaimed FY18-19									\$ 1,468,684		
1	17-18	2016 National Crime Statistics Exchange (NCS-X) Implementation Assistance Program: Phase III - Support for Large Local Agencies	6/10/2016	9/13/2016	2016FU-CX-K064	Federal	DOJ/BJS	\$ 239,610	\$ 239,610	Closed 4th Quarter 17/18 - 5/23/18	It was decided by Bureau of Justice Assistance (BJA) and the Sheriff's Dept not proceed due to National Incident-Based Reporting System (NIBRS) not compliant. It was decided by BJA and the Sheriff to return the grant funds.
2	17-18	OTS - General Grant - Regional Drug-Impaired Driving Forensic Toxicology Program	2/2/2017	N/A	DII 8034 - Previous number DII 721	State	OTS	\$ 420,000	\$ 420,000	Did not accept the award	They are all the same grant. During this FY they were still on hold for the agreement due to the agency didn't believe our purchases would quality and meet the standards for the Buy America Act.
Total Unclaimed FY17-18									\$ 659,610		
1	16-17	2016 Body worn Camera Systems	4/27/2016	9/26/2016	2016-BC BX-K041	Federal	DOJ	\$ 999,600	\$ 999,600	Did not accept award 1/30/18	The Department realized that the initial cost of cameras and the cost of a network to run the software was not compatible. The Department could not afford to put a new network in to run and staff a new Unit. The yearly maintenance was not affordable.
2	16-17	OTS - General Grant - Regional Drug-Impaired Driving Forensic Toxicology Program	1/25/2016	2/2/2017	DII 721 became DII 8034	State	OTS	\$ 400,000	\$ 400,000	Did not accept award - Grant number changed to DII 8034	They are all the same grant. This was the original grant agreement number and amount at start of process. It wasn't until 11/16 the agency changed the number, amount, and had the Sheriff sign a new agreement and it became DII 8034.
Total Unclaimed FY16-17									\$ 1,399,600		
Grand totals for Five Years (2014-2015 through 2018-2019)									\$ 3,527,894		

COUNTY OF LOS ANGELES SHERIFF'S DEPARTMENT
REVENUE BUDGET TO ACTUAL COMPARISON AND REVENUE STREAMS ANALYSIS
FOR THE FISCAL YEAR 2019-2020

Revenue Stream Count	Revenue Source Code	Current Revenue Categories	Adjusted Budget	Actual	Unrealized Revenue (Shortfall)/ Surplus	Shortfall/ Surplus %
Revenue Streams With Annual Budgets:						
<u>In County's General Fund for the Account of LASD:</u>						
1	8890	State Aid-Public Safety Augmentation Fund (PSAF) Proposition 172	\$ 644,385,000	\$ 646,367,208	\$ 1,982,208	0%
2	9317	Contract Cities Services	341,826,000	335,481,001	(6,344,999)	-2%
3	8944	2012 Public Safety Realignment (AB109)	236,899,000	233,106,542	(3,792,458)	-2%
4	9333	Trial Court Security 2011 Public Safety Realignment	160,070,000	153,195,757	(6,874,243)	-4%
5	9313	Metropolitan Transportation Authority Contract Services	52,580,000	59,227,139	6,647,139	13%
6	9320	Other County Departments	45,253,000	36,932,586	(8,320,414)	-18%
7	9315	Los Angeles Community College	23,944,000	25,387,778	1,443,778	6%
8	8403	Vehicle Code Fines	12,117,000	12,712,536	595,536	5%
9	9031	Federal Grants	11,857,000	10,807,289	(1,049,711)	-9%
10	9314	Southern California Regional Rail Authority (SCRRA)/Metrolink Contract	9,564,000	8,803,464	(760,536)	-8%
11	9316	School Resource Deputy	6,651,000	6,910,234	259,234	4%
12	9301	Law Enforcement Services	11,934,000	6,284,482	(5,649,518)	-47%
13	9325	Private Entity Services	6,859,000	5,523,242	(1,335,758)	-19%
14	8909	State-Citizens Option for Public Safety (COPS) (Brulte)	7,146,000	5,345,437	(1,800,563)	-25%
15	9251	Civil Process Fees	5,309,000	3,820,178	(1,488,822)	-28%
16	9302	Prisoner Transportation	4,728,000	3,688,021	(1,039,979)	-22%
17	9428	Prisoner Maintenance-Other	500,000	3,529,415	3,029,415	606%
18	9443	Law Enforcement Training (Peace Officer Standards and Training - POST)	3,861,000	2,902,705	(958,295)	-25%
19	9326	School District Services	616,000	2,784,339	2,168,339	352%
20	9461	Other Charges for Services	5,680,000	2,767,228	(2,912,772)	-51%
21	9001	Federal Other	882,000	2,626,713	1,744,713	198%
22	9081	Whole Person Care	2,872,000	2,619,957	(252,043)	-9%
23	9020	Los Angeles Regional Interoperable Communications System	1,235,000	1,931,068	696,068	56%
24	9686	Donations	3,500,000	1,909,473	(1,590,527)	-45%
25	9323	Recording Fee-Real Estate	1,519,000	1,709,642	190,642	13%
26	8933	Realignment 2011-High Technology Theft Apprehension and Prosecution Program	2,597,000	1,641,318	(955,682)	-37%
27	8843	Senate Bill (SB) 90	1,600,000	1,464,100	(135,900)	-8%
28	9198	Community Development Commission	1,003,000	1,405,554	402,554	40%
29	9091	AB 1058 Superior Court Security	762,000	1,191,698	429,698	56%
30	9318	Courtroom Security (Superior Court Supportive Services)	1,911,000	1,004,380	(906,620)	-47%
31	8937	Realignment 2011-Sexual Assault - Special Victims Bureau	1,198,000	815,405	(382,595)	-32%
32	8935	Realignment 2011-California Multi-Jurisdictional Met	1,310,000	644,122	(665,878)	-51%
33	8932	Realignment 2011-California Gang Violence Suppression	605,000	627,109	22,109	4%
34	9731	Reimbursement of Expense	499,000	585,629	86,629	17%
35	9324	Special Event Contract	1,445,000	560,540	(884,460)	-61%
36	9431	Meals	345,000	470,484	125,484	36%
37	8647	Rents & Concessions	388,000	441,658	53,658	14%
38	9013	Federal - Community Development	604,000	438,833	(165,167)	-27%
39	8431	Forfeitures & Penalties (Including Driving Under Influence, Controlled Substances)	924,000	435,816	(488,184)	-53%
40	9332	Los Angeles Impact Group (Public Entity Contract)	3,633,000	425,174	(3,207,826)	-88%
41	9903	Sale of Autos/Auctions	180,000	330,906	150,906	84%
42	9711	Non-Recurring Miscellaneous (including Non-Budgeted Accounts)	286,000	288,286	2,286	1%
43	9679	Miscellaneous-Ongoing	264,000	239,094	(24,906)	-9%
44	906A	Local Grants	491,000	219,368	(271,632)	-55%
45	9319	Perimeter Security (Trial Court) Inc in 9333	750,000	217,796	(532,204)	-71%
46	8861	Off Highway-Motor Vehicle	451,000	179,746	(271,254)	-60%
47	9171	Legal Services	2,774,000	171,725	(2,602,275)	-94%
48	R959	Co-Generation Revenue	48,000	171,050	123,050	256%
49	9641	Other Sales	140,000	158,419	18,419	13%
50	8810	State-Special Grants	991,000	74,415	(916,585)	-92%
51	9278	Handicap Assessment	26,000	24,625	(1,375)	-5%
52	8123	Motion Picture Operational Permits	53,000	23,200	(29,800)	-56%
53	8995	Federal-State Criminal Alien Assistance Program	3,000,000	-	(3,000,000)	-100%
54	9021	Other Governmental Agencies - Measure B	120,000	-	(120,000)	-100%
55	9266	Booking Fees	810,000	-	(810,000)	-100%
56	9981	Damage Claim General fund	23,000	-	(23,000)	-100%
<u>Operating transfers with annual budgets:</u>						
57	9911	Operating Transfers In	39,910,000	26,614,741	(13,295,259)	-33%
	9916	Operating Transfers In - DNA Identification	1,550,000	669,332	(880,668)	-57%
	9918	Operating Transfers In - Measure H	465,000	431,330	(33,670)	-7%
57		Sub-total	1,672,943,000	1,618,339,287	(54,603,713)	-3%

COUNTY OF LOS ANGELES SHERIFF'S DEPARTMENT
REVENUE BUDGET TO ACTUAL COMPARISON AND REVENUE STREAMS ANALYSIS
FOR THE FISCAL YEAR 2019-2020

Revenue Stream Count	Revenue Source Code	Current Revenue Categories	Adjusted Budget	Actual	Unrealized Revenue (Shortfall)/ Surplus	Shortfall/ Surplus %
<u>In LASD's Books of Accounts</u>						
58	8641	Vending Machines	18,704,000	21,200,931	2,496,931	13%
59	9679	Miscellaneous-Ongoing	7,500,000	15,052,213	7,552,213	101%
60	8715	State Motor Vehicle I	16,100,000	12,020,449	(4,079,551)	-25%
61	8715	State - Motor Vehicle I	8,100,000	6,100,989	(1,999,011)	-25%
62	9679	Miscellaneous-Ongoing	1,830,000	4,313,616	2,483,616	136%
63	9116	Sheriff Processing Fee-AB 11	4,000,000	3,954,201	(45,799)	-1%
64	9298	Sheriff Fees-AB709-\$3M	3,000,000	2,892,500	(107,500)	-4%
65	9679	Miscellaneous-Ongoing	5,000,000	2,647,923	(2,352,077)	-47%
66	8605	Interest from Treasury	1,200,000	1,344,911	144,911	12%
67	8431	Forfeitures & Penalties	1,634,000	1,180,636	(453,364)	-28%
68	8431	Forfeitures & Penalties	1,230,000	1,003,951	(226,049)	-18%
69	8605	Interest from Treasury	100,000	537,290	437,290	437%
70	8605	Interest from Treasury	255,000	399,062	144,062	56%
71	8605	Interest from Treasury	335,000	365,415	30,415	9%
72	9260	Sheriff-Proof of Corr F	700,000	351,223	(348,777)	-50%
73	8605	Interest from Treasury	200,000	256,698	56,698	28%
74	8605	Interest from Treasury	130,000	88,902	(41,098)	-32%
75	9903	Sale of Autos/Auctions	45,000	62,922	17,922	40%
76	8857	POST-POST Training	50,000	59,311	9,311	19%
77	9679	Miscellaneous-Ongoing	30,000	675	(29,325)	-98%
78	9431	Meals	60,000	-	(60,000)	-100%
Sub-totoal			70,203,000	73,833,818	3,630,818	5%
78	Total Revenue Streams with Annual Budgets		1,743,146,000	1,692,173,105	(50,972,895)	-3%
Revenue Streams Without Annual Budgets:						
<u>In County's General Fund for the Account of LASD:</u>						
1	90W0	Federal - COVID-19 Grant	-	26,008,045	26,008,045	100%
2	9910	Operating Transfers In	-	1,320,000	1,320,000	100%
3	8831	State-Other	-	928,120	928,120	100%
4	9879	Insurance Collection	-	350,477	350,477	100%
5	9004	Federal - Homeland Security	-	79,021	79,021	100%
6	967W	Inventory Adjustments	-	7,255	7,255	100%
7	9738	Service Charge-Returned Checks	-	5,023	5,023	100%
8	9699	Forfeits & Escheats	-	775	775	100%
9	9680	Cash Overage	-	637	637	100%
10	8421	Other Court Fines	-	180	180	100%
11	9734	Returned Checks	-	(901)	(901)	100%
Sub-total			-	28,698,632	28,698,632	11
<u>In LASD's Books of Accounts:</u>						
12	99V1	Prior Year - State Vehicle	-	4,266,178	4,266,178	100%
13	99V1	Prior Year - State Vehicle	-	2,159,679	2,159,679	100%
14	8605	Interest from Treasury	-	77,702	77,702	100%
15	9731	Reimbursement of County	-	12,914	12,914	100%
16	9769	Miscellaneous Refund	-	192	192	100%
	9641	Other Sales	-	(358,958)	(358,958)	100%
	77R1	Capital Assets Sale Revenue	-	(432,971)	(432,971)	100%
	77R1	Capital Assets Sale Revenue	-	(2,250)	(2,250)	100%
	77R1	Capital Assets Sale Revenue	-	(3,600)	(3,600)	100%
	77R1	Capital Assets Sale Revenue	-	(17,550)	(17,550)	100%
Sub-total			-	5,701,336	5,701,336	100%
16	Total Revenue Streams Without Annual Budgets		-	34,399,968	34,399,968	100%
Deduct, Prior-year Revenues Collected in the Current Year				(2,169,457)	(2,169,457)	
94	Grand Total For All Revenue Streams		\$ 1,743,146,000	\$ 1,724,403,616	\$ (18,742,384)	-1%



OFFICE OF THE SHERIFF

COUNTY OF LOS ANGELES

HALL OF JUSTICE

ALEX VILLANUEVA, SHERIFF



October 28, 2021

Michael J. de Castro, Managing Partner
BCA Watson Rice, LLP
2355 Crenshaw Boulevard, Suite 150
Torrance, California 90501

Dear Mr. de Castro:

**LOS ANGELES COUNTY SHERIFF'S DEPARTMENT'S
RESPONSE TO THE REPORT ON POTENTIAL
REVENUE SHORTFALLS/LOSSES**

Attached is the Los Angeles County Sheriff's Department's (Department) response to the Report on Potential Revenue Shortfalls/Losses performed by BCA Watson Rice, LLP.

The Department is in partial agreement with the report findings and will work with the applicable bureaus/units to implement the report recommendations.

Should you have any questions regarding the Department's response, please contact Assistant Division Director Glen Joe, Administrative Services Division, at (213) 229-3305.

Sincerely,

ALEX VILLANUEVA, SHERIFF

A handwritten signature in blue ink, appearing to read "Timothy K. Murakami".

TIMOTHY K. MURAKAMI
UNDERSHERIFF

211 WEST TEMPLE STREET, LOS ANGELES, CALIFORNIA 90012

A Tradition of Service
— Since 1850 —

Mr. de Castro

-2-

October 28, 2021

TKM:CM:GJ:gj/mdr
(Administrative Services Division)

Attachments

c: Timothy K. Murakami, Undersheriff
Conrad Meredith, Division Director, Administrative Services Division (ASD)
Glen Joe, Assistant Division Director, ASD
Richard F. Martinez, Assistant Division Director, ASD
Allen M. Castellano, Commander, Court Services Division
Eliezer Vera Jr., Commander, Court Services Division
Sergio Escobedo, Captain, Contract Law Enforcement Bureau

**SHERIFF'S DEPARTMENT - REPORT ON POTENTIAL REVENUE SHORTFALLS/LOSSES
DEPARTMENT ACTION PLAN/RESPONSE**

ISSUE 1:	
BCA Recommendation	We recommend that the Los Angeles County Sheriff's Department (LASD) in consultation with the Auditor-Controller Accounting Division verify and quantify the costs not being fully billed for the above-identified LASD functions to determine the cost impact to the contract cities billing model. Once those costs are quantified, LASD should seek direction from the Board to determine whether it is appropriate for LASD to work with the contract cities and its association to review the nature of these additional costs and whether it is feasible to pass some or all of these costs onto the contract cities in a manner that does not result in reductions in service or other adverse impacts.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan¹	Based on statutory language and intent of Section 51350, we believe the Board Of Supervisors (BOS) has the authority to include or exclude Countywide Functions from the cost model, thus the LASD will collaborate with the Auditor Controller's Office (A-C) to determine the cost impact to Contract Cities. LASD will also consult with the Chief Executive Office and County Counsel to determine whether the BOS will be required to adopt board policy to apply additional costs not currently allocated. If it is determined BOS action is required, the LASD would then seek direction from BOS by memorandum.
Planned Implementation Date	April 2022
Additional Information (optional)²	<p>As part of the annual rate development process (i.e. Indirect Cost Proposal), the LASD has historically collaborated closely with the A-C to identify billable costs including, any specialized functions previously provided countywide becoming a billable service(s). As cities' discretionary funding for law enforcement services decline and the cost to contract for the LASD's services continues to increase, contract cities will have little choice but to reduce the amount of contract law enforcement services placing communities at risk.</p> <p>Further, the Municipal Law Enforcement Services Agreement (MLESA) does not support charging contract cities certain costs as described in Section 4.0 of the MLESA, Performance of the Agreement, "4.1. For the purpose of performing general law enforcement services under this Agreement, the County shall furnish and supply all necessary labor, supervision, equipment, communication facilities, and supplies necessary to maintain the agreed level of service to be rendered hereunder." Portable radios and other public safety equipment (i.e. firearms, ammunition, magazines, duty gun belt, pepper spray, baton, etc.) are issued to each employee contemporaneous of graduating the Sheriff's Academy, and remain assigned to the employee for the duration of the service life of the equipment. Furthermore, Psychological Services Bureau, Professional Development Bureau, and Regional Community Policing Institute can be viewed as having a role in supplying or maintaining labor (deputies) to perform at the contracted levels of service purchased by contract cities.</p>

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.

² In this section the Department can provide any background or clarifying information they believe is necessary.

ISSUE 2:	
BCA Recommendation	In future negotiations between LASD and the Court, LASD should attempt to more clearly define what constitutes supplemental services to make the policy consistent across courthouses and ensure full reimbursement for supplemental services. In prior negotiations, LASD negotiated terms to provide LASD more flexibility in staffing courthouses by eliminating its requirement to achieve 98% staffing over the course of the year. LASD should implement practices to maximize this new staffing flexibility to minimize the need for overtime or supplemental staffing.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan¹	The LASD is operating from an established service level, which was defined as a result of realignment. The Supplemental services have been clearly defined in the 2014 MOU-section III COSTS A. BASELINE SERVICE LEVELS 3. Any increase in positions above the baseline that are requested by COURT shall be funded by COURT as supplemental services. (See excerpt of 2014 MOU in Additional Information section below). Additionally, the LASD has negotiated a new MOU with the Superior Court, which eliminates the mandated 98% service level compliance language. The new MOU is currently pending final approval by the BOS. This new MOU would allow the LASD to effectively deploy daily resources based on need rather than on an identified compliance number, which will help reduce overtime.
Planned Implementation Date	November 2021

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² In this section the Department can provide any background or clarifying information they believe is necessary.

Additional
Information
(optional)²

Excerpt of 2014 MOU

III. COSTS

A. BASELINE SERVICE LEVEL

1. Funding for SHERIFF's provision of baseline service levels set forth in Exhibit A, Master Service Level Form, of this Agreement is provided by the State of California directly to SHERIFF pursuant to California Government Code sections 30025 and 30027(c)(1).
2. COURT reserves the right to move deputy bailiff security positions to deputy bailiff (courtroom) positions, based on the needs of COURT, to reflect the agreed upon service levels in the 2010-11 baseline, subject to advance consultation with SHERIFF.
3. Any increase in positions above the baseline that are requested by COURT shall be funded by COURT as supplemental services.

LASD's Court Services Division has consistently attempted to recover all costs that were above the baseline services but were not always successful based on previous Court administrations. The audit does not convey this point accurately.

The LASD is bound by the Government Code, specifically Sections 69920-69927.

- Government Code Section 69920 states:

This article shall be known and may be cited as the Superior Court Security Act of 2012. This article implements the statutory changes necessary as a result of the realignment of superior court security funding enacted in Assembly Bill 118 (Chapter 40 of the Statutes of 2011), in which the Trial Court Security Account was established in Section 30025 to fund court security. As such, this article supersedes and replaces Function 8 of Rule 10.810 of the California Rules of Court. Although realignment changed the source of funding for court security, this article is not intended to, nor should it, result in reduced court security service delivery, increased obligations on sheriffs or counties, or other significant programmatic changes that would not otherwise have occurred absent realignment.

The Superior Court has always argued that they are not subject to a reduction in court security services based on the above Government Code. Therefore, the Court has not entertained signing an MOU with lower service levels. In fact, Government Code 69922 mandates our attendance for all superior court sessions consistent with the presiding judge's determination. This mandate does not leave much room for negotiation.

- Government Code Section 69922 states:
 - (a) Except as otherwise provided by law, whenever required, the Sheriff shall attend all superior court sessions held within his or her county. A Sheriff shall attend a noncriminal, non-delinquency action, however, only if the presiding judge or his or her designee makes a determination that the attendance of the Sheriff at that action is necessary for reasons of public safety. The court may use court attendants in courtrooms hearing those noncriminal, non-delinquency actions. Notwithstanding any other law, the presiding judge or his or her designee may provide that a court attendant take charge of a jury, as provided in

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.

² In this section the Department can provide any background or clarifying information they believe is necessary.

Sections 613 and 614 of the Code of Civil Procedure. The Sheriff shall obey all lawful orders and directions of all courts held within his or her county.

(b) Subject to the memorandum of understanding described in subdivision (b) of Section 69926, the court security services provided by the Sheriff may include, but shall not be limited to, all of the following:

- (1) Bailiff functions, as defined in Sections 830.1 and 830.36 of the Penal Code, in criminal and noncriminal actions, including, but not limited to, attending court.
- (2) Taking charge of a jury, as provided in Sections 613 and 614 of the Code of Civil Procedure.
- (3) Patrolling hallways and other areas within court facilities.
- (4) Overseeing and escorting prisoners in holding cells within court facilities.
- (5) Providing security screening within court facilities.
- (6) Providing enhanced security for judicial officers and court personnel.

In addition, the Superior Court is restricted from paying for court security services, as defined in Government Code Section 69923. It does not mandate that the Court SHALL pay for services. Court Services Division has consistently attempted to recover all costs that were above the baseline services but were not always successful based on previous Court administrations. The audit does not convey this point accurately.

- Government Code Section 69923 states:

(a) A superior court shall not pay a sheriff for court security services and equipment, except as provided in this article.

(b) Subject to the memorandum of understanding described in subdivision (b) of Section 69926, the court may pay for court security service delivery or other significant programmatic changes that would not otherwise have been required absent the realignment of superior court security funding enacted in Assembly Bill 118 (Chapter 40 of the Statutes of 2011), in which the Trial Court Security Account was established in Section 30025 to fund court security.

Lastly, Government Code Section 69926 as a reference to Government Code Section 69922 and 69923 (above):

(a) This section applies to the superior court and the Sheriff in those counties in which the Sheriff's Department provides court security services.

(b) The sheriff, with the approval and authorization of the board of supervisors, shall, on behalf of the county, enter into an annual or multiyear memorandum of understanding with the superior court specifying an agreed-upon level of court security services and any other agreed-upon governing or operating procedures. The memorandum of understanding and the court security plan may be included in a single document.

The wording of the Government Code is critical to the audit because it truly shows the challenges the Sheriff's Department faces with Trial Court Security Funding. The language does not allow for the Sheriff's Department to operate from an advantageous position. The Department is restricted from reducing service levels and/or recovering costs from the Superior Court; therefore, the real issue lies with the State's funding for Trial Court Security. The funding gap has continued to increase year after year based on the State's current funding mechanism.

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.

² In this section the Department can provide any background or clarifying information they believe is necessary.

ISSUE 2:

Lastly, the auditor's language, "Additionally, prior to FY 2018-19, the LASD did not routinely and consistently seek reimbursement from the Court for "supplemental services" is not accurate. The LASD sought reimbursement but was not always successful in receiving it from the Superior Court.

ISSUE 3:

BCA Recommendation	In light of the change in the federal administration and the success of the recent protest of reporting requirements within the Byrne JAG Grant, we recommend that the LASD apply for future SCAAP grants using the same approach taken for the Byrne JAG Grant. Based on current policy, the County is no longer eligible for SCAAP funding. Were the policy to change to permit the required reporting to the federal government, there is the potential to increase revenue in excess of \$2 million annually.
Priority	PRIORITY 3
Agree/Disagree	Partially Agree
Department Action Plan¹	Contingent on the internal Departmental policy direction, as well as County eligibility allowances, the LASD will proceed accordingly and as necessary.
Planned Implementation Date	Not Applicable
Additional Information (optional)²	

ISSUE 4:

BCA Recommendation	<p>We recommend that LASD implement the following actions to improve its grant application, utilization, and monitoring process:</p> <ol style="list-style-type: none"> 1. Design plans and procedures to ensure that grant funds are fully utilized within the grant period. The procedures may include a possible grant extension request to the grantor when the grant period is about to expire, especially for those grants with material unused amounts; 2. Adopt a strict documentation and approval process to comply with the grantor's documentation requirements to prevent any instances of denied, rejected, or canceled grants; and 3. Make enhancements to its grant log to include all grants applied for, the date grant was applied for, and the award or denial date. If denied, include reasons for denial. Maintaining this grant data will improve grants monitoring and grant performance reporting results. In addition, we recommend that LASD maintain a log/record for the revenue offset programs for each grant, if applicable, to monitor and ensure that grant expenditures are aligned with budgeted and available grant revenue amounts and are fully reimbursable.
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¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.

² In this section the Department can provide any background or clarifying information they believe is necessary.

ISSUE 4:	
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan ¹	<p>1. To ensure that grants funds are fully utilized, the LASD has previously implemented the inclusion of language when a grant is awarded to the Department for the first time, which allows the Department to apply for the same grant and/or renewal without having to go back before the BOS.</p> <p>2. Historically, with the award of a new grant, the grant's analyst and grant's accountant meet with the unit project director and project manager responsible for using the utilization of the grant funds via a "kick-off" meeting. During this meeting, the grants analyst goes through the grant award documents going over the specifics of the grants with the project director and project manager. This includes the budget, required documents, deadlines for submission of documents, etc.</p> <p>3. The LASD currently maintains an up-to-date log of grants that we have applied for, those that were awarded, and those that were denied/rejected. We also maintain a log of grants that we have had to return funds.</p> <p>Further, on October 15, 2020, the Department of Justice (DOJ) launched JustGrants, a Grants and Payment System, eliminating three separate DOJ tracking systems into one. We have been uploading the information from the three systems into the JustGrants system as time permits. Being a new system, the JustGrants system has had issues that we are working on directly with the DOJ JustGrants coordinator to resolve. We have not completed the uploading of our grants due to critical positions being curtailed/eliminated and the inability to hire behind vacant positions due to the hiring freeze, and attrition. We upload grants as time permits.</p>
Planned Implementation Date	September 2022
Additional Information (optional) ²	<p>A significant challenge in the administration of a grant(s) is that upon the grantor's awarding of grant funds, the Department must file a Board Letter to the BOS to accept the award. The process of securing placement on the Board agenda can take upwards of 2 months. For the grantor, the grant period begins at the time/date of award. Therefore, we lose 2 months or more seeking the BOS acceptance.</p> <p>Additionally, the Department's ability to fully utilize/expend awarded grant funds also comes down to the availability of personnel throughout the organization to fulfill our grant obligations. Given the historical under-resourcing of staff throughout the Department and our inability to readily hire professional and sworn personnel as a result of the hiring and promotion freeze and the suspension of deputy academy classes the department just cannot be assured that well we will have the personnel available/needed to handle all of our responsibilities, including our grant responsibilities. This is further compounded with the amendment(s) of staff familiar with a specific grant due, to the knowledge loss.</p>

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.

² In this section the Department can provide any background or clarifying information they believe is necessary.



COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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MAJIDA ADNAN
ROBERT G. CAMPBELL
CONNIE YEE

June 30, 2023

TO: Each Supervisor

FROM: Oscar Valdez, Interim Auditor-Controller

SUBJECT: **SHERIFF'S DEPARTMENT – REPORT ON OPERATIONAL REVIEWS**
(Board Agenda Item 10, October 1, 2019)

Background

The Los Angeles County Sheriff's Department (Sheriff, LASD, or Department) provides general law enforcement services to 141 unincorporated communities. The Department also houses and cares for over 13,000 people in the County's eight Custody facilities. In addition, the Sheriff provides contractual law enforcement services to 42 contract cities, the Southern California Regional Rail Authority, the Los Angeles County Metropolitan Transportation Authority, and the Superior Court. For Fiscal Year (FY) 2021-22, the Sheriff had 17,085 budgeted positions and a budget of approximately \$3.5 billion, with a net cost to the County General Fund of \$1.6 billion.

Audit Scope and Objectives

On October 1, 2019, your Board instructed the Auditor-Controller (A-C), in collaboration with the Chief Executive Office (CEO) and the Office of Inspector General, to conduct an operational review of the Sheriff to determine whether there are areas that can be more efficient and/or operate more effectively. The Board also directed a review of prior reports/audits.

We contracted with BCA Watson Rice LLP (BCA) in March 2020 to perform an Audit Report Follow-ups and Operational Review, and BCA will issue a total of four separate reports for this project: (1) Potential Revenue Shortfalls/Losses (issued January 11, 2022), (2) Operational Review (this report), and future reports on (3) Audit Report Follow-ups, and 4) Summary of Audit Results. BCA indicated they plan to complete the Audit Report Follow-ups and Summary of Audit Results by September 29, 2023 and October 31, 2023, respectively.

Review Summary

As part of the audit, BCA analyzed and reviewed the Sheriff's operations for overtime, employee benefits, and facilities. The primary objectives of this review were to identify significant causes of budget surpluses/shortfalls, evaluate process and monitoring controls to improve efficiencies, and identify potential alternatives to decrease shortfalls/mitigate costs, while minimizing the impact on public and deputy safety.

BCA's report included three Priority 1 recommendations and five Priority 2 recommendations. The Priority 1 issues are discussed below.

Overtime Reporting - Improve Overtime Reporting Accuracy and Conduct Trend Analysis

BCA identified that the current overtime data collected based on the Sheriff's Overtime Hours Work Report Form (Overtime Form) completed for each overtime request does not yield useful overtime data since the Sheriff indicated that at least some portion of the time assigned is the result of the County's electronic Countywide Accounting and Purchasing System (eCAPS) automatically categorizing certain overtime costs with a "Blank" Overtime Reason Code even though a code was entered) and staff not adequately coding overtime on their timecards (e.g., use of non-descriptive or blank Overtime Reason and Activity Codes). BCA noted that approximately 45% of the Overtime Reason Codes in eCAPS for FY 2020-21 were "Blank".

In addition, BCA noted that LASD attributed a portion of the overtime to the County's settlement in the case of Alex Rosas, et al. v. Leroy D. Baca and the subsequent recommendations made by the Citizens' Commission on Jail Violence (CCJV), which required LASD to provide additional staffing/overtime within the Custody Division. However, BCA indicated that reliable data was not available to show the nature of the overtime increases as practices developed to track the "reason" for and the "activity" associated with each overtime expense were flawed.

As a result, while this did not impact the appropriate payment of overtime to employees, due to this lack of specificity and since the Department did not create any mechanism within eCAPS to track overtime associated with these functions, the Department does not have current and complete overtime data from which to draw meaningful conclusions about the long-term trends related to the drivers of overtime costs. BCA recommended that the Sheriff develop processes to ensure that the nature of overtime is reported accurately and used as an effective management tool, including identifying and correcting misreported categorizations of overtime in eCAPS, requiring more specific and accurate overtime codes, conducting routine overtime trend analyses, and developing mitigation strategies to reduce potential excesses in individual overtime categories.

The Sheriff's response indicates that the Sheriff will engage the A-C and CEO to identify potential solutions available within the current Countywide systems which may improve accuracy in reporting. In response to this recommendation, the Sheriff should re-review updates to eCAPS in 2020 that were intended to help the Department address the "Blank" overtime code issue identified in the audit.

Overtime Approval - Enhance Overtime Approval Accountability

BCA noted that the Sheriff has policies for approving overtime that require supervisors to provide a detailed explanation and justification for overtime, a code to identify the reason for the overtime, and a code to identify why the hours were worked on the Overtime Form. However, supervisors and Unit Commanders have not consistently followed the guidelines associated with these policies and as a result, authorizations for overtime are routinely approved without sufficient details to allow Unit Commanders and management to effectively evaluate how the Department fills overtime shifts and draw meaningful conclusions about the long-term trends related to the drivers of overtime costs.

BCA recommended that the Sheriff hold supervisors and Unit Commanders accountable for the approval of overtime that does not conform to the Department's policies and guidelines.

The Sheriff's response indicates that they will establish a process of issuing reminders to Unit Commanders about the overtime policies. In addition, the Department will enforce their non-emergency overtime pre-approval policy.

Annual Overtime Budget - Improve the Accuracy and Usefulness of the Overtime Budget to Minimize Ongoing Structural Deficits

BCA noted that the Sheriff's overtime policies and procedures are consistent with their peers at the Los Angeles Police Department and Orange County Sheriff's Department and with best practices identified by the Department of Justice. However, the Sheriff exceeded their overtime budget from FY 2014-15 to FY 2020-21 by amounts ranging from \$50.8 million (33%) to \$150.8 million (127%).

Based on BCA's review, the annual overtime budget developed by the CEO Budget does not realistically project actual overtime expenses, but rather is used as a mechanism to require LASD to manage its overtime budget more aggressively. As a result, the Sheriff has an ongoing structural deficit within their overall budget that must be addressed on an annual basis through reductions in spending in other areas of the Department's approved budget (e.g., under filling budgeted positions, deferring capital and maintenance costs, or underspending the Services and Supplies budget).

BCA recommended that the Department develop a more comprehensive understanding of their overtime expenses and develop an approved overtime budget that reflects the actual and justifiable needs of the Department. The process must begin with developing internal controls that ensure compliance with existing policies related to the approval and coding overtime requests. This process must also include consultations with CEO Budget to determine what additional data and information would allow the CEO to better evaluate LASD's overtime needs.

The Sheriff's response indicates that the Department will collaborate with the A-C and CEO to identify potential solutions available within the current Countywide systems. In addition, the Department will collaborate with the CEO during the budget process to right-size the overtime budget.

Details of these and other findings and recommendations are included in BCA's attached report (Attachment I).

In accordance with our standard procedures, we do not plan to perform follow-ups of recommendations from external consultants/entities. As a result, we recommend that the Sheriff notify the Board upon implementation of the recommendations.

Review of Report

BCA discussed their report with Sheriff's management. The Department's response, included in Attachment II, indicates agreement with the report recommendations.

Each Supervisor
June 30, 2023
Page 4

If you have any questions please call me, or your staff may contact Mike Pirolo at mpirolo@auditor.lacounty.gov.

OV:RGC:MP:JU:gu

Attachments

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Robert G. Luna, Sheriff
Max Huntsman, Inspector General

County of Los Angeles
Auditor-Controller

Sheriff's Department
Audit Report Follow-ups and Operational Reviews

REPORT ON OPERATIONAL REVIEWS

FINAL REPORT

December 2022



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June 21, 2023

Mr. Oscar Valdez
Interim Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012

Dear Mr. Valdez,

BCA Watson Rice LLP is pleased to present the attached report on Operational Reviews of the Los Angeles County Sheriff's Department's (LASD) management and use of overtime, facilities, and employee benefits. The recommendations contained in this report could improve the reporting and/or cost controls over the LASD's management of overtime, facilities, and workers' compensation. LASD management agrees with all of the report's recommendations. LASD's written management response and actions to be taken to each recommendation is included at the end of this report.

We would like to thank LASD management and staff for their efforts and cooperation throughout the review. Please feel free to contact me directly at 310 792-4640 ext. 110 if you should have any questions.

Respectfully,

A handwritten signature in blue ink that reads 'Michael J. de Castro'. The signature is stylized with a large, looped 'M' and a cursive 'de Castro'.

Michael J. de Castro
Managing Partner

TABLE OF CONTENTS

1. Executive Summary..... 1

2. Introduction and Background 5

3. Objectives, Scope and Methodology 6

4. Detailed Results..... 9

 Overtime..... 9

 Facilities 18

 Employee Benefits..... 26

Attachment: LASD Management Response

1. EXECUTIVE SUMMARY

This executive summary provides a brief description of the more significant results by area. For a more detailed discussion of the results, please refer to the body of the report.

Background, Scope, and Objectives

For Fiscal Year (FY) 2019-20, the Los Angeles County Sheriff's Department (Sheriff, LASD or the Department) had 18,300 budgeted positions with a budget of \$3.4 billion. The net cost to the County's General Fund was \$1.6 billion. In September 2019, the Chief Executive Office (CEO) notified the Board of Supervisors (Board) that the LASD closed FY 2018-19 with a net deficit of \$63.4 million. The CEO attributed this net deficit to over-expenditures in salaries and employee benefits, other charges, and under-realization of revenue.

In October 2019, the Board requested that the Auditor-Controller in collaboration with the CEO and the Office of Inspector General conduct an operational review of the LASD to determine whether there are any areas that can be more efficient and/or operate more effectively. The Board also directed a review of LASD's operations, including a review of prior audits and reports.

In March 2020, the Auditor-Controller contracted with BCA Watson Rice (BCAWR) to conduct various audit report follow-ups and operational reviews of LASD operations for overtime, employee benefits, and facilities. This report provides the results of BCAWR's operational review and analyses of those three (3) areas.

The objectives of this operational review were to identify the more significant causes of any budget surpluses/shortfalls, evaluate process and monitoring controls to improve efficiencies, and identify potential alternatives to decrease shortfalls/mitigate costs, while minimizing the impact on public and deputy safety. To conduct our review and analyses, we reviewed information and data from the last five fiscal years, where appropriate. We began our review in June 2021 and completed our review in July 2022.

Overall, we found that there are opportunities for LASD to improve its monitoring of overtime approval and expenditures, and the recording of facilities expenditure transactions. We found that employee benefits deficits were primarily caused by a structural budgetary issue rather than one time expenditure occurrences. We summarize the more significant issues and discuss these opportunities below and provide more detail in the body of this report.

SIGNIFICANT RESULTS AND RECOMMENDATIONS

Finding No. 1: Supervisors are required to approve an Overtime Hours Worked Report Form for each overtime request. This form is designed to allow Unit Commanders and LASD management to identify trends in overtime in units, divisions and within the entire Department. Through system errors and inadequate coding practices, however, the current overtime data does not allow for a meaningful trend analysis to identify the various reasons for overtime costs incurred within LASD.

Recommendation No. 1 (Priority 1)

LASD should develop processes to ensure that the nature of overtime is reported accurately and used as an effective management tool. First, LASD should work with the Auditor-Controller to identify and correct any systems errors within eCAPS that may result in misreported categorizations of overtime. Second, Supervisors and Unit Commanders should require that Reason and Activity Codes are filled out with reasonable specificity and are reported accurately within the system. And third, once accurate data is secured, Unit Commanders should routinely conduct trend analyses related to the nature of overtime usage within their units. Where negative trends are identified, Unit Commanders should develop mitigation strategies to curb potential excesses in individual overtime categories.

Finding No. 2: As discussed in Finding No. 1 above, because overtime request forms are not routinely filled out with specificity, LASD does not have the overtime data to evaluate how effectively the Department fills overtime shifts. While LASD has policies for approving overtime, the approvals are not always consistent with those policies.

Recommendation No. 2 (Priority 1)

LASD should hold supervisors and Unit Commanders accountable for the approval of overtime that does not conform to the policies set forth in LASD's Manual.

Finding No. 3: While LASD has developed several mitigation measures to minimize the use of overtime, it does not document those practices in sufficient detail to evaluate the fiscal impact of those mitigation measures.

Recommendation No. 3 (Priority 2)

LASD should develop tools to evaluate the impact of mitigation measures undertaken to minimize overtime. These impacts include both the fiscal savings associated with the mitigation measure, and the potential detrimental impact of utilizing those mitigation measures.

Finding No. 4: At present, the approved budget for LASD does not reasonably reflect LASD's actual overtime costs. As a result, LASD's annual budget has a built-in deficit which must be addressed through reductions in spending in other areas of its approved budget. Historically, LASD has addressed this structural deficit by under filling budgeted positions (salary savings) and reducing other types of expenditures. These practices weaken the usefulness and transparency of the budget process.

Recommendation No. 4 (Priority 1)

We recommend that LASD develop a more comprehensive understanding of its overtime expenses. The process must begin with developing internal controls that ensure compliance with existing policies related to the approval and coding overtime requests. Reporting accurate and meaningful data is critical. This process must also include consultations with CEO Budget to determine what additional data and information would allow the CEO's Office to better evaluate LASD's overtime needs. The goal should be for the County to develop an approved overtime budget that reflects the actual and justifiable needs of the Department.

Finding No. 5: Facilities Services Bureau (FSB) maintains at least 48 different categories of expenses for the purposes of budgeting and reporting. We found that these budgetary line items do not consistently represent the true nature of the actual expenditure. First, the line items contain too many insignificant categories of expenses as represented by the dollar amounts assigned. Second, there is inconsistency in the nature and scope of the expense categories. Some line items represent expenses, other line items represent projects, and finally some line items represent the method of funding or form of payment. These budgeting practices have resulted in a lack of clarity in developing and tracking FSB's expenditures.

Recommendation No. 5 (Priority 2)

We recommend that FSB work with the LASD's Administrative Services Bureau (ASB) to develop a more tailored and clearly defined set of expense category line items. These line items should provide well-defined descriptions of key categories of expenses to ensure the effective utilization of resources, provide greater accountability and improve the recording of individual expenditures. Additionally, FSB should consider tracking project costs separately and apart from the way it budgets and tracks ordinary expenses. Finally, FSB should eliminate line items that represent the method of payment or funding.

Finding No. 6: Facilities Planning Bureau (FPB) budgetary line items vary significantly in the dollar amounts assigned and scope of services provided. Individual categories can range from \$1,000 to \$1 million, representing almost half of the overall budget. Moreover, generalized categories of expenses such as "Additional Funding" and "Facilities Planning Projects" provide little guidance to the nature of the expenses being tracked. This has led to a lack of clarity in developing and tracking the nature of FPB's expenses.

Recommendation No. 6 (Priority 2)

We recommend that FPB work with ASB to develop a more tailored set of line items. These line items should provide clear descriptions of key categories of expenses to ensure effective utilization of resources, provide greater accountability and improve the recording of individual expenditures. Additionally, FPB should consider tracking project costs separately and apart from the way it budgets and tracks ordinary expenses. Finally, FPB should eliminate line items that represent the method of funding.

Finding No. 7: FPB has difficulty accurately budgeting for the Facilities Planning Projects and CAP Project Consultant Services. While a portion of underspending is based on the variable nature of the work being performed, some of the underspending is due to a lack of definition to the expense categories and not adequately considering the projects expected to occur in the upcoming fiscal year.

Recommendation No. 7 (Priority 2)

The FPB should more closely align the budget for Facilities Planning Projects and CAP Project Consultant Services with the list of known or expected projects for the following year.

Finding No. 8: The Department's employee benefits categories that consistently have the largest budgetary shortfalls for Fiscal Years 2014-15 to FY 2019-20 are as follows:

1. Workers' Compensation
2. Separation Pay
3. Retiree Health Insurance

The identified budgetary shortfalls were consistent for the six fiscal years reviewed (FY 2014-15 to FY 2019-20), where actual costs exceeded budgeted costs year after year.

Combined Average Annual Actual Over Budget for Workers' Compensation, Separation Pay, and Retiree Health Insurance					
FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
\$ 8,560,033	\$ 10,322,602	\$ 18,938,538	\$ 23,830,502	\$ 31,212,265	\$ 19,369,879

The details of the above amounts are presented on page 27, Table 9.

Thus, these budgetary shortfalls appear to be a structural budgetary issue rather than a one-time occurrence, and these shortfalls are foreseeable each year. Workers' compensation is the only employee benefit that the LASD potentially can control a portion of the costs by improving employee safety and training, but an assessment of LASD's efforts and effectiveness in controlling workers' compensation costs is beyond the scope of this review. For separation pay and retiree health insurance¹, LASD has very little to no control over managing these costs. The LASD Budget Services Unit (BSU) monitors changes in all employee benefit costs monthly and provides monthly Budget Status Reports (BSRs) to the CEO.

Recommendation No. 8 (Priority 2)

We recommend that a detailed assessment of LASD's efforts to control workers' compensation costs be performed. The detailed assessment should include identifying the contributing factors behind the increase in workers' compensation costs and proposing ways to mitigate on-the-job injury risk factors. In addition, conducting a comparative workers' compensation benchmarking analyses to other law enforcement agencies will assist in identifying best practices for controlling workers compensation claims and costs.

¹ Effective in FY 2022/23, retiree health insurance will be centrally funded.

2. INTRODUCTION AND BACKGROUND

The Los Angeles County Auditor-Controller contracted with BCA Watson Rice (BCAWR) to conduct an audit report follow-up and operational review of certain LASD operations. For FY 2019-20, the LASD had 18,300 budgeted positions with a budget of \$3.4 billion. The net cost to the County's General Fund was \$1.6 billion. In September 2019, the Chief Executive Office (CEO) notified the Board of Supervisors that the LASD closed FY 2018-19 with a net deficit of \$63.4 million. The CEO attributed this net deficit to over- expenditures in salaries and employee benefits, other charges, and under-realization of revenue.

The LASD enforces laws and County ordinances in the unincorporated areas and is responsible for maintaining law and order in all cities in the County. The LASD also provides direct traffic and law enforcement contract services to 42 cities, the Los Angeles County Metropolitan Transportation Authority, and other public agencies. In addition, the LASD provides placement, housing, and care to an average of approximately 13,000 individuals incarcerated in the County jail in eight custody facilities (as of May 2022) and provides bailiff services to the Superior Court.

In October 2019, the Board requested that the Auditor-Controller in collaboration with the CEO and the Office of Inspector General conduct an operational review of the LASD to determine whether there are any areas that can be more efficient and/or operate more effectively. The Board also directed a review of LASD's operations, including a review of prior audits and reports.

In March 2020, the Auditor-Controller contracted with BCAWR to conduct various audit report follow-ups and operational reviews of LASD operations. This report provides the results of BCAWR's operational review and analyses of the following three (3) areas: Overtime, Facilities, and Employee Benefits.

3. OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this operational review were to identify the more significant causes of any budget surpluses/shortfalls, evaluate process and monitoring controls to improve efficiencies, and identify potential alternatives to decrease shortfalls/mitigate costs, while minimizing the impact on public and deputy safety.

The scope of our review and analysis covered the last five fiscal years, when applicable. We conducted our review and analysis remotely due to the health and safety protocols of the pandemic. Information was requested and received electronically, and interviews were conducted via conference call or video conferencing.

Below we provide a brief description and the list of the tasks performed for each of the three areas reviewed:

1. Overtime

The Sheriff's Department (LASD) has routinely exceeded its overtime budget with variances ranging from 52% to 113% over the last seven years (excluding FY 2020-21 due to the pandemic). This section will evaluate the nature of these variances by evaluating four tasks below:

Task No. 1: Performed a budget-to-actual overtime trend analysis.

Task No. 2: Identified and evaluated how the Department fills overtime shifts and the means of selecting staff overtime.

Task No. 3: Benchmarked overtime policies with other law enforcement entities.

Task No. 4: Reviewed and evaluated the methodology used to develop the overtime budget by division and accounting for adjustments throughout the fiscal year.

2. Facilities

LASD has two units that address its facility needs. The Facilities Services Bureau (FSB) is the larger of the two units and is responsible for the maintenance of existing infrastructure including repairs and upgrades. The Facilities Planning Bureau (FPB) is responsible for non-capital improvements (less than \$100,000) to existing infrastructure such as tenant improvements.

The primary objective of this review was to evaluate variances between the amounts budgeted and expended for facilities for LASD. This includes determining how facilities costs are budgeted, efforts to track and monitor facilities expenditures, if facility budgets have been consistently

LASD – Operational Reviews

underspent and can be reduced, and the potential impact of overspending in other areas of LASD on facility spending practices. To accomplish this, we performed the following tasks:

Task No. 1: Performed a historical analysis of the Sheriff's facilities budget and expenditures (as it relates to services and supplies).

Task No. 2: Reviewed and evaluated how the Sheriff budgets their annual facilities' cost, including sub-budget allocations, and any adjustments throughout the fiscal year.

Task No. 3: Evaluated the LASD's efforts to track and monitor their facilities expenditures and any actions taken to address significant budgetary shortfalls or overages.

Task No. 4: Analyzed areas where the Sheriff's annual facility expenditures have been consistently under budgeted and determine if the budgetary funding in those areas can be reduced.

Task No. 5: Identified any potential impacts of Sheriff's over expenditures in other areas (e.g., sworn salaries, overtime, employee benefits, etc.) on facility service spending practices.

3. Employee Benefits

Between FY 2014-15 and FY 2019-20, the LASD has reported to the CEO significant budgetary shortfalls. Sheriff's management attributed a portion of these budgetary shortfalls to significant underfunding of its employee benefit costs. The LASD budgetary appropriations related to employee benefits are intertwined with current and retired staffing levels. These costs are funded from the Department's revenues sources. However, Department appropriations are not sufficient when it comes to funding their increasing employees' benefit costs. To verify these budgetary shortfalls, we performed the following tasks:

Task No. 1: Reviewed and evaluated how the Sheriff annually budgets for the indicated employee benefit and how any required adjustments throughout the fiscal year are addressed.

Task No. 2: We identified employee benefits with significant budgetary shortfalls.

Task No. 3: We identified the primary causes of the budget shortfalls. We determined whether the shortfall appears to be a structural budgetary issue or a one-time occurrence.

Task No. 4: We evaluated whether the extent of the budget shortfall was foreseeable during the fiscal year.

LASD – Operational Reviews

Task No. 5: We reviewed and evaluated the Sheriff's efforts to monitor the budgetary shortfall and whether they took timely action to mitigate the actual or anticipated shortfall.

Task No. 6: We identified opportunities to improve and enhance the Sheriff's employees' benefit processes/practices and include recommendations where possible/practical.

4. DETAILED RESULTS

Below we provide the details on the results of each of the three review areas:

1. Overtime

Introduction

The Sheriff's Department (LASD) routinely exceeded its overtime budget during the audit period. This section evaluates the nature of the overtime variances by evaluating the following four elements of LASD's overtime budget and actual expenses: (1) a trend analysis of overtime usage within LASD, (2) the processes used by LASD to assign overtime, (3) a comparison of LASD's overtime policies with peer agencies, and (4) the methodology used to develop LASD's annual overtime budget.

Findings and Recommendations

Task 1: Perform a budget-to-actual overtime trend analysis.

The goal of this task is to present a trend analysis of overtime costs from FY 2014-15 through FY 2020-21. Below, we present an analysis with respect to (1) trends in annual budget-to-actual overtime variances, (2) trends in the causes of overtime expenses and, (3) how overtime costs are calculated and passed on to contract agencies.

Total Overtime Usage

As shown in Table #1 below, LASD has exceeded their budgetary allowances for overtime consistently during the audit period.

The largest increase in overtime occurred in FY 2015-16 with costs increasing by over \$83.9 million, resulting in a 98.6% variance with the budget. As will be discussed more fully below, reliable data was not available to show the nature of the overtime increases as practices developed to track the "reason" for and the "activity" associated with each overtime expense were flawed.²

While LASD's overtime expenses stabilized after FY 2015-16, the overtime budget continued to experience large variances from FY 2016-17 to FY 2019-20. In those years, LASD exceeded its overtime budget by \$125.2 million, \$150.8 million, \$146.7 million, and \$134.7 million,

² During our interviews, LASD indicated that a portion of the increase was related to the County's settlement in the case of *Alex Rosas, et al. v. Leroy D. Baca* (ROSAS). This settlement, as well as the subsequent recommendations made by the Citizens' Commission on Jail Violence (CCJV), required LASD to provide additional staffing within the Custody Division. Because no additional FTEs were provided for this function, LASD has indicated that it utilized overtime to address their increased personnel needs due to this requirement. LASD, however, did not create any mechanism within eCaps to track the overtime associated with this function. As a result, we are unable to quantify the impact of the ROSAS settlement and CCJV recommendations.

LASD – Operational Reviews

respectively. In FY 2020-21, the first full year of the COVID-19 pandemic, LASD was able to curb its overtime spending by approximately \$100 million resulting in approximately a \$50.7 million variance. This reduction in overtime expenses, however, was unique to the pandemic and is expected to rise back to previous levels in future years.

Table #1							
Departmental Overtime – Budget to Actuals							
	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Adjusted Budget	\$124,858,000	\$137,751,000	\$158,756,000	\$118,879,000	\$154,024,000	\$145,569,000	\$129,621,000
Actuals	\$189,646,000	\$273,571,667	\$283,973,099	\$269,673,939	\$300,706,234	\$280,237,475	\$180,376,856
Dollar Variance	-\$64,788,000	-\$135,820,667	-\$125,217,099	-\$150,794,939	-\$146,682,234	-\$134,668,475	-\$50,759,000
Percent Variance	51.9%	98.6%	78.9%	126.8%	95.2%	92.5%	32.7%

These trends represent a fundamental breakdown in the process for budgeting for and control of overtime expenses during the review period.

Trends in the Causes of Overtime Expenditures (A Review of Budget Activity and Reason Codes)

To better understand the nature of overtime expenses within the Department, LASD developed policies designed to track the “reason” for and the “activity” associated with each overtime expense. To do this, LASD requires that supervisors approve overtime requests using the Overtime Hours Worked Report Form (SH-AD-678), which includes sections to allow supervisors to enter in both the “reason” for the overtime expense and the related “activity” (i.e., Reason and Activity Codes). This practice is designed to allow Unit Commanders and management a tool for high-level tracking and understanding of the causes of overtime as well as justifications of individual overtime requests.

The Reason Code identifies the function being performed (e.g., Custody, Judicial Procedures, etc.). As stated in LASD’s Manual of Policies and Procedures (“Manual”), when selecting a Reason Code, the supervisor should:

- “Use the most specific code (e.g., what job did the employee perform?).”
- When multiple codes are applicable, “consolidate all activities to the most specific code.”
- When more than one employee is reporting overtime related to several activities, “use the most specific code.”
- “When unable to comply with the above guidelines, code the activity that required the most time.”

The Activity Code identifies “why” the activity is being performed as overtime (e.g., Vacancy Relief, Investigations, etc.). Like the Reason Code, the Manual requires the supervisor to “use the most specific code” when identifying the stated activity.

Despite these policies (implemented in FY 2015-16), these efforts have not yielded useful overtime data. As shown below in Tables #2 and #3, reports tracking the Reason Code and the Activity Code often show “blank” or non-descriptive categories of work, resulting in overtime data that does not enable an in-depth analysis. Nor does it provide a supervisor coding to allow them to sufficiently evaluate the justification for the overtime request. For example, in Table #2 below, the most common Reason Code represented is entitled “Blank”.

LASD – Operational Reviews

Table #2						
Reason Code Trend -- Top 5						
Reason Code	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
"Blank"	50.4%	27.9%	53.7%	69.3%	55.4%	44.9%
Other Custody	18.6%	23.7%	15.8%	10.0%	15.1%	15.9%
Crime Car	6.2%	10.5%	5.9%	3.4%	4.2%	7.1%
Other Operation	4.4%	6.4%	4.3%	2.9%	4.5%	5.5%
Other Judicial Procedures	3.7%	6.3%	4.3%	2.7%	2.7%	3.0%

Similarly, as shown in Table 3 below, the most reported Activity Code was "Sheriff Default Activity", a category that does not provide any detail as to the nature of the overtime. Table 3 below displays the top 5 reported "activities" for FY 2018-19.³

Table #3			
Paid Overtime by Activity Code (FY2018-19) -- Top 5			
		Cost	Percent of Total Overtime
SH99	Sheriff Default Activity	\$84,850,149	28.2%
VA09	All Other Vacant Positions	\$37,013,261	12.3%
RE11	Contract Vacancy	\$20,419,173	6.8%
VA01	Injured on Duty	\$15,645,574	5.2%
RE16	Board Funded Program	\$15,417,962	5.1%

Our review indicates two potential reasons for the flawed reporting. First, LASD staff has indicated that at least some portion of the time assigned to "Blank" is the result of the overtime system within eCAPS automatically mis-categorizing certain entries resulting in the overuse of this category. Based on our analysis, however, this explanation does not fully account for the commonality of this designation. A second explanation is that supervisors do not closely monitor overtime forms resulting in the use of non-descriptive or blank coding. Due to this lack of specificity, LASD has no overtime data from which to draw meaningful conclusions about the long-term trends related to the drivers of overtime costs within LASD.

Finding No. 1: Supervisors are required to approve an Overtime Hours Worked Report Form for each overtime request. This form is designed to allow Unit Commanders and LASD management to identify trends in overtime in units, divisions and within the entire Department. Through system error and lack of adequate coding practices, however, the current data does not allow for a meaningful trend analysis as to the reasons for overtime costs within LASD.

Recommendation No. 1: LASD should develop processes to ensure that the nature of overtime is reported accurately and used as an effective management tool. First, LASD should work with the Auditor-Controller to identify and correct any systems errors within eCAPS that may result in misreported categorizations of overtime. Second, Supervisors and Unit Commanders should require that Reason and Activity Codes are filled out with reasonable

³ Our analysis used FY2018-19 because that was the last full fiscal year pre-pandemic. Additionally, we have excluded the hours provided by the LASD associated with the overtime costs. After review with the LASD, it was determined that a flaw exists with the reporting of the overtime hours data as compared to the overtime costs. While the Sheriff believes the reported overtime costs are accurate, the primary purpose of this table is to show that the Department is not adequately categorizing overtime worked.

LASD – Operational Reviews

specificity and are reported accurately within the system. And third, once accurate data is secured, Unit Commanders should routinely conduct trend analyses related to the nature of overtime usage within their units. Where negative trends are identified, Unit Commanders should develop mitigation strategies to curb potential excesses in individual overtime categories.

Overtime for Contracted Agencies

LASD categorizes overtime costs as “reimbursable” or “non-reimbursable.” “Reimbursable” overtime represents overtime costs incurred while working for a contracted agency or a grant funded program. While the amount of “reimbursable” overtime varied during the audit period, these costs represented between 24% to 44% of all overtime expenditures.

Overtime related to contract agencies (e.g., Contract Cities, LA Metro, etc.) is fully recouped and does not result in a Net County Cost. To ensure full reimbursement, overtime costs are built into the contracted rate which is recalculated on an annual basis. The Auditor-Controller develops a cost methodology using the prior year’s personnel costs, including overtime. To calculate the amount of overtime to include in the methodology, the Auditor-Controller reviews the amount of overtime used less overtime costs associated with filling vacant positions reported by LASD. As a result, there is no Net County Cost.

Task 2: Identify and evaluate how the Department fills overtime shifts and the means of selecting staff overtime.

Overtime occurs when a deputy or staff is required to work hours beyond their scheduled shift. Overtime can occur due to a wide variety of situations ranging from a sworn deputy being involved in an incident towards the end of a shift, to cover for a deputy required to appear in court, to address a special event or emergency, or to address short- and long-term vacancies and/or absences of staff.

Process for Filling Overtime

The process for authorizing overtime is detailed in the LASD Manual. Except for emergencies, all overtime must be authorized in advance by either Unit Commanders or designated supervisory personnel. It is the responsibility of the supervisor to determine that overtime cannot otherwise be satisfied using proper scheduling, the utilization of reserve deputies or other mitigation measures.

For each separate period of overtime worked, an Overtime and Paid Hours Worked Report form must be submitted. The form requires the supervisor to identify the number of hours worked, provide a detailed explanation and justification, and identify the Reason Code (what job was performed) and the Budget Activity Code (why were the hours worked). To avoid misuse and mismanagement, the Manual requires Unit Commanders to conduct a monthly audit of their overtime accrual to ensure adherence to the guidelines established by the Department. This

LASD – Operational Reviews

includes an evaluation of the Overtime and Paid Hours Worked Reports.

Despite these policies, supervisors and Unit Commanders have not consistently followed the guidelines associated with these policies. As discussed in Task #1, authorizations for overtime are routinely approved without sufficient detail to allow Unit Commanders and management to evaluate those overtime requests and hold supervisors accountable for unnecessary overtime usage. Unless and until LASD improves practices for approval of overtime, it is not feasible to determine whether LASD is adequately authorizing overtime consistent with the policies of the Department.

Measures to Mitigate Overtime Spending

LASD has undertaken several efforts to mitigate overtime spending. These efforts include the use of reserve deputies for short-term fill-in assignments, monitoring late calls for possible reassignment to oncoming personnel, and minimizing vacation leaves where overtime would be required to fill positions.

The most innovative mitigation measure -- but also most controversial -- is the Cadre of Administrative Reserve Personnel Program (CARP). As set forth in LASD's Manual, CARP is the process of utilizing personnel to work vacant fixed post assignments to prevent overtime. The shared staff simply work their regular shift at another unit/location. This short-term loan program is a management tool to address temporary operational shortages and are for a limited duration (less than 30 days). The most common usage of CARP is to fill positions due to vacation, leave or special events requiring additional staff. While CARP has been successful in mitigating some of the need for overtime, LASD staff have suggested that this process is not without consequences. For example, if a deputy is temporarily reassigned to patrol, that individual is not performing their own responsibilities within their unit. In custody, CARP staff may not have been fully trained for the unique roles of this unit limiting their productivity and even the potential for safety issues.

While LASD has used strategies to mitigate overtime costs, it is not possible from existing records to evaluate the overall impact of those mitigation measures. LASD does not have a system to track the use of these practices and the impact they have on reducing overtime costs.

Finding No. 2: Because overtime request forms are not routinely filled out with specificity, it is difficult to evaluate how effectively the Department fills overtime shifts. As discussed in Finding No. 1, while LASD has policies for approving overtime, the approvals are not always consistent with those policies.

Recommendation No. 2: LASD should hold supervisors and Unit Commanders accountable for the approval of overtime that does not conform to the policies set forth in LASD's Manual.

Finding No. 3: While LASD has developed several mitigation measures to minimize the use of overtime, it does not document those practices in sufficient detail to evaluate the

fiscal impact of these mitigation measures.

Recommendation No. 3: LASD should develop tools to evaluate the impact of mitigation measures undertaken to minimize overtime. These impacts include both the fiscal savings associated with the mitigation measure, and the potential detrimental impact of utilizing those mitigation measures.

Task 3: Benchmark overtime policies with other law enforcement entities.

LASD's Manual sets forth a comprehensive set of policies and procedures addressing the utilization of and reporting for overtime. In this study, we compared and analyzed these practices with two peer law enforcement agencies within the region: the City of Los Angeles Police Department (LAPD) and the Orange County Sheriff's Department (OCSD). We also compared LASD's policies with a set of best practices set forth by the Department of Justice (DOJ). The goal of this analysis was to identify potential best practices to control overtime.

Key Elements of LAPD and OCSD Overtime Policies²

The core elements of LAPD and OCSD's policies are concise and narrowly focused. The agencies' policies emphasize the following elements:

- *Approval Process and Acceptable Use of Overtime*
 - All overtime must be approved by an appropriate supervisor.
 - The overtime assignment must serve a "legitimate business need" (not defined with specificity in either agency's policies).
 - Special provisions are developed for Court appearances.
- *Fiscal Accountability and Reporting*
 - Supervisors are responsible for ensuring they do not exceed their overtime budget.
 - Overtime must be reported using a properly coded form.

National Institute of Justice

The National Institute of Justice through the DOJ published a report detailing key issues associated with controlling overtime within law enforcement. Their findings outline four critical categories of strategies to control the misuse of overtime: Recording, Analyzing, Managing and Supervising.

- *Recording* – maintaining accurate records of the total overtime obligations and the types and circumstances of overtime use. This allows both internal staff and external stakeholders to review and analyze the amount of overtime being utilized and the reasons for the additional costs.
- *Analyzing* – supervisors, managers and leadership must justify the work to be performed or whether such work could be done on "straight time." This justification occurs at the

² Our analysis included a review of OCSD's Policy 1038 (<https://ocsheriff.gov/sites/ocsd/files/2021-03/Policy%201038%20Overtime.pdf>) regarding the use of overtime within the department and LAPD's Policy 708.

LASD – Operational Reviews

time of approval of individual overtime requests, but more importantly is guided by a department's guidelines on the appropriate uses of overtime.

- *Managing* – clear guidance is provided by leadership that managing overtime is an important tool for fiscal integrity. To aid in the management of overtime, it is critical for an agency to establish strategies to mitigate against the most common types of overtime including court appearances, shift extensions, staff size, emergency mobilizations and special events.
- *Supervising* –front-line supervisors' primary role is to ensure they are following the policies and procedures. While front-line supervisors are envisioned as the "first line of defense" to control overtime expense, ensuring the policies and procedures established by the agency are enforced are far more impactful in controlling overall costs, which is the responsibility of management.

Elements of LASD Overtime Policies

LASD's policies and procedures are consistent with and, in some instances exceed the controls of their peers at LAPD and OCSD. Moreover, LASD's adopted policies represent an overall framework that is consistent with the DOJ's report on best practices for the management of overtime within law enforcement agencies. The following is a summary of the core elements of LASD's policy for managing overtime:

- *Approval Process and Acceptable Use of Overtime*
 - All overtime must be pre-approved by the Unit Commander or designated supervisory personnel except for emergencies.
 - Detailed explanation and justification of overtime and/or hours worked.
 - Efforts taken to avoid overtime.
 - Ensure proper scheduling to address unmanned positions are filled without overtime.
 - Utilization of reserved deputies where feasible and appropriate.
 - Delaying assignments where possible during shift changes.
 - Use of CARP
 - Detailed guidelines for specific activities including arrests, subpoenas, late arrests, travel time, training, qualification shooting, and time off
 - Special provisions related to court time
- *Fiscal Accountability and Reporting*
 - Supervisors are responsible for ensuring they do not exceed their overtime budget
 - Unit Commanders are required to perform routine audits of overtime usage.
- *Reporting of Overtime*
 - All overtime must be approved and detailed using an Overtime Hours Worked Report Form. This form is designed to require the supervisor to detail with specificity each element of the form. The Manual provides a summary of the key categories and provides descriptions to aid in filling out the form.

LASD – Operational Reviews

The overtime policies adopted by LASD are consistent with the guidance provided by the DOJ and the policies currently being used by two regional peers. However, we found that in some instances, the actual practices of the Department do not always comply with the policies and processes stated in the Manual.

For example, based on our interviews with LASD staff and management, there are no formal guidelines on when and how to hold Supervisors or Unit Commanders accountable for exceeding their overtime budget or ensuring compliance with overtime protocols. This creates a disincentive for Supervisors or Unit Commanders to address overages in their overtime budget. In addition, as discussed in Task #4 below, the current reporting protocols and system do not allow the Department to produce reports that would allow them to adequately evaluate the nature of overtime usage. The lack of effective reporting tools and practices limit the ability of both LASD and the CEO's Office to conduct a meaningful overtime analysis.

Task 4: Review and evaluate the methodology used to develop the overtime budget by division and accounting for adjustments throughout the fiscal year.

In developing the overall budget, CEO Budget assigns an annual target for overtime expenses for LASD. This target is largely based on prior year budgets with occasional adjustments made to address overtime related to the grant funded program or overtime adjustments for contract agencies. During the audit period, no increases to the overtime budget were provided based on annual Cost of Living increases.³

Based on our review, the annual overtime budget developed by the CEO Budget does not realistically project actual overtime expenses, but rather is used as a mechanism to require LASD to manage its overtime budget more aggressively. The result is an ongoing structural deficit within LASD's overall budget that must be addressed on an annual basis by LASD. Set forth below is the methodology used by LASD to manage its overtime budget.

Once the budget is approved by the Board of Supervisors, LASD develops a monthly overtime budget for each division. These internal budget numbers are then tracked by both divisional leadership and budget staff within the Administrative Services Bureau (ASB). Divisional staff is expected to review their overtime numbers on a weekly, if not daily basis. When numbers spike due to unforeseen events or circumstances, it is the expectation that each division will take all reasonable measures to offset the temporary spikes and adjust moving forward to stay within their assigned budget. Set forth on the following page in Table #4 is a summary of actual overtime costs by division during the audit period.

³ According to LASD, not adjusting overtime costs to reflect COLA increases is a long-standing practice that only further serves to cause deficits in overtime spending.

LASD – Operational Reviews

Table #4						
Overtime Summary Trends By Division						
Summary by Division	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Administrative & Training	\$5,659,794	\$5,247,563	\$5,208,168	\$5,785,142	\$6,383,469	\$3,146,208
Central Patrol	\$17,668,496	\$17,209,515	\$18,088,904	\$19,692,168	\$19,130,300	\$13,532,467
Countywide Services	\$5,299,654	\$6,248,045	\$5,969,183	\$8,212,962	\$8,774,303	\$5,577,639
Court Services	\$28,724,319	\$29,852,941	\$31,905,611	\$36,094,290	\$25,055,560	\$13,954,690
Custody Services	\$98,159,150	\$101,452,327	\$103,011,066	\$99,386,449	\$103,122,227	\$67,214,481
Detective	\$10,525,661	\$11,680,616	\$11,461,994	\$13,035,023	\$14,478,907	\$13,068,185
East Patrol	\$11,674,834	\$11,808,776	\$11,251,187	\$13,766,930	\$12,898,134	\$10,498,293
Executive Office	\$995,473	\$278,732	\$951,898	\$941,554	\$1,111,585	\$622,160
Field Operations Region	\$0	\$158	\$449	\$424	\$0	\$0
Homeland Security	\$7,601,319	\$5,883	\$153	\$258	\$0	\$0
Medical Services	\$8,005,391	\$8,073,408	\$518,716	\$287,844	\$4,337	-\$2,209
North Patrol	\$22,322,655	\$23,278,028	\$24,254,238	\$26,924,405	\$25,791,912	\$16,194,782
Parks & County Services	\$14,481,012	\$15,046,134	\$14,170,494	\$17,254,946	\$17,204,663	\$12,935,845
Professional Standards	\$1,774,681	\$1,927,965	\$1,870,763	\$2,052,398	\$1,701,347	\$1,768,271
South Patrol	\$17,669,636	\$18,163,256	\$19,393,063	\$21,362,797	\$20,413,824	\$15,114,489,26
Special Operations	N/A	\$7,860,550	\$8,949,970	\$19,092,175	\$6,473,590	\$4,358,900
Technology and Support	\$2,487,591	\$2,716,772	\$2,452,909	\$2,605,159	\$2,914,026	\$2,120,529
Transit Policing	\$20,423,592	\$22,558,846	\$10,215,173	\$14,211,312	\$14,194,431	\$14,214,284
Totals	\$273,473,261	\$283,409,553	\$269,673,939	\$300,706,234	\$280,237,475	\$180,376,854

As a result of the structural deficit caused by the under budgeting of overtime costs, LASD must purposefully underspend other items within its approved budget. Overall Departmental costs can be reduced by under filling budgeted positions (salary savings), deferring capital and maintenance costs, or underspending the Services and Supplies budget.

LASD's most impactful means of reducing cost is by leaving approved positions vacant. As can be seen in Table #5 below, during the audit period LASD operated with vacancies ranging from 4.5% to 16.2%.⁴

Table #5							
Vacancy by Fiscal Year							
	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Positions Available to Fill	19,153	20,404	20,337	20,054	18,584	18,550	17,095
Full Time Positions Filled	16,867	17,040	16,997	15,889	16,209	16,372	15,642
Less than Full-Time Positions	177	235	233	255	253	240	173
Reserves	782	663	663	654	557	546	510
Total Positions (all categories)	17,826	17,938	17,893	16,798	17,019	17,158	16,325
Percent Vacancy	6.9%	12.1%	12.0%	16.2%	8.4%	7.5%	4.5%

Vacancy adjustments are made on an on-going basis with an effort to identify positions that can be reduced without impacting the ability of the Sheriff to conduct its core law enforcement services. We were unable to identify a reasonable means to calculate the actual amount of salary savings for each fiscal year because the number of vacancies changes over the course of the fiscal year and the costs associated with each vacant position varies greatly. In addition to salary savings associated with maintaining vacancies, LASD also attempts to reduce costs on a case-by-case basis without one single budget category being a primary focus. Historical reductions include deferring capital purchases and reductions in services and supplies.

⁴ The data in Table #5 are based on LASD Budget Summaries. The calculations were made based on data for each fiscal year closest to June 30/July 1.

LASD – Operational Reviews

While LASD utilizes a relief factor – a multiplier used to ensure duty posts are manned during short-term vacancies (e.g., vacations, sick time, etc.) – this relief factor generally is designed to offset structural deficits in overtime caused by long-term vacancies.

Finding No. 4: At present, the approved budget for LASD does not reasonably reflect LASD's actual overtime costs. As a result, LASD's annual budget has a built-in deficit which must be addressed through reductions in spending in other areas of its approved budget. Historically, LASD has addressed this structural deficit by under filling budgeted positions (salary savings) and reducing other types of expenditures. These practices weaken the usefulness and transparency of the budget process.

Recommendation No. 4: We recommend that LASD develop a more comprehensive understanding of its overtime expenses. The process must begin with developing internal controls that ensure compliance with existing policies related to the approval and coding overtime requests. Reporting accurate and meaningful data is critical. This process must also include consultations with CEO Budget to determine what additional data and information would allow the CEO's Office to better evaluate LASD's overtime needs. The goal should be for the County to develop an approved overtime budget that reflects the actual and justifiable needs of the Department.

2. Facilities

Introduction

LASD has two units that address facility needs. The Facilities Services Bureau (FSB) is the larger of the two units and is responsible for the maintenance of existing infrastructure including repairs and upgrades. The Facilities Planning Bureau (FPB) is responsible for non-capital improvements (less than \$100,000) to existing infrastructure such as tenant improvements (e.g., reconfiguration of existing spaces, painting, changing floors and lighting, etc.).

The objective of this review is to evaluate variances between the amounts budgeted and expended for both FSB and FPB. This analysis includes evaluating how facility costs are budgeted, efforts to track and monitor facility expenditures, if facility budgets have been consistently underspent and can be reduced, and the potential impact of overspending in other areas of LASD on facility spending practices.

Findings and Recommendations

Below are the responses to the specific tasks outlined in the work order:

Task No. 1: Perform a historical analysis of the Sheriff's facilities budget and expenditures (as it relates to services and supplies).

LASD – Operational Reviews

We conducted a historical analysis of the individual and combined Services and Supplies budget for FSB and FPB over a seven-year period. Below is a chart showing the seven-year historical trend. We analyzed these trends for FSB and FPB below.

Table #6							
Comparison of Facilities Services and Supplies Budgeted to Actuals							
	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21
Facilities Services Budget	\$10,856,488	\$12,341,446	\$10,913,407	\$13,407,994	\$12,124,841	\$14,868,479	\$12,919,353
Facilities Services Actuals	\$10,086,195	\$12,411,576	\$11,385,797	\$15,201,649	\$9,659,543	\$11,655,933	\$9,924,140
Variance Amount	\$770,293	-\$70,130	-\$472,390	-\$1,793,655	\$2,465,298	\$3,212,546	\$2,995,213
Variance Percentage	7.1%	-0.6%	-4.3%	-13.4%	20.3%	21.6%	23.2%
Facilities Planning Budget	\$7,587,995	\$2,478,260	\$2,050,942	\$1,691,480	\$2,181,071	\$2,397,951	\$516,030
Facilities Planning Actuals	\$5,573,833	\$2,663,911	\$1,589,990	\$560,149	\$1,479,421	\$643,264	\$244,134
Variance Amount	\$2,014,162	-\$185,651	\$460,952	\$1,131,331	\$701,650	\$1,754,687	\$271,896
Variance Percentage	26.5%	-7.5%	22.5%	66.9%	32.2%	73.2%	52.7%
Overall Budget	\$18,444,483	\$14,819,706	\$12,964,349	\$15,099,474	\$14,305,912	\$17,266,430	\$13,435,383
Overall Actuals	\$15,660,028	\$15,075,487	\$12,975,787	\$15,761,798	\$11,138,964	\$12,299,197	\$10,168,274
Variance Amount	\$2,784,455	-\$255,781	-\$11,438	-\$662,324	\$3,166,948	\$4,967,233	\$3,267,109
Variance Percentage	15.1%	-1.7%	-0.1%	-4.4%	22.1%	28.8%	24.3%

Facilities Services Bureau

The FSB is responsible for the day-to-day maintenance and upgrades of LASD's facilities. These responsibilities include repairs and upgrades to mechanical, electrical, and plumbing. FSB develops its budget using historical data and an analysis of anticipated one-time projects. Using at least 48 different expense categories, FSB prepares their initial estimates which are reviewed and integrated into a master budget for the unit.

A seven-year analysis of FSB budgets shows both overspending and underspending of budgeted amounts across the review period. The total variance for the seven-year period was \$7.1 million. The largest budget-to-actual variance was in FY2020-21 where the unit underspent its budget by over 23%. In reviewing the individual categories of expenses, some line-items had wide swings in variances (See chart below for a sampling of expense categories).⁵ One example is the line-item entitled "Operating Budget." This expense category relates to a broad range of costs from vehicles, car wash services, fuel use, elevator services, as well as others. In FY 2018-19, the unit budgeted \$987,700 for the Operating Budget line-item, but only spent \$42,595. During our review, FSB staff indicated that the variance appeared to be largely the result of the miscoding of expenses, citing the line-item for Janitorial Expenses in FY 2018-19 was overcharged by \$746,000 during that same period. While our analysis suggests this miscoding of expenses is a likely explanation for this variance, the example represents more significant underlying issues related to the budgeting and reporting of FSB costs.

⁵ FSP has over 50 different categories of expenses, so the chart provides a sampling of key expenses to evidence the wide swings in variance.

LASD – Operational Reviews

Table #7							
FSB Operating Budget to Actuals (Sampling of Expense Categories)							
Description	FY14-15 Variance	FY15-16 Variance	FY16-17 Variance	FY17-18 Variance	FY18-19 Variance	FY19-20 Variance	FY20-21 Variance
Budget Analyst Fund	\$57,100	-\$66,249	\$0	\$35,000	-\$2,250	N/A	N/A
Union Hall Expenses	\$209,827	\$62,082	\$17,942	\$25,160	\$290,714	\$1,717	\$162,807
Custodial & Janitorial Services	\$270,180	-\$357,208	\$0	\$0	-\$746,407	\$182,214	\$109,654
Operating Budget	\$203,305	\$444,208	\$360,246	-\$167,711	\$945,105	\$118,559	\$331,781
Hall of Justice Repair and Reuse Project	\$9,789	-\$145,870	\$0	\$279,847	\$466,869	\$75,922	\$362,449
Cal Card Credit Cards	\$9,213	\$26,748	\$0	\$24,257	\$97,987	\$14,971	\$120,000
Facilities Services and/or Planning Projects (General Funds)	\$86,987	\$193,470	-\$530,957	-\$1,017,619	\$236,964	\$998,244	\$603,330
Additional Funding, Not Part of Annual Disc. Allocation	\$164,352	\$748	\$140,546	\$0	\$12,657	0	N/A
Utilities	-\$454,161	-\$374,466	-\$415,318	\$24,311	\$80,988	\$80,988	\$92,460
Unit/Bureau Discretionary Fund	\$629	\$741	\$23,223	\$54,112	\$2,713	\$2,666	\$105

In reviewing the 48 separate line-items⁶, we found that the nature and scope of the existing expense categories had led to an unclear picture of the nature of the unit's actual work and confusion over how to report incoming expenses. The following represents the key issues within the FSB budget identified by our review:

- The amount budgeted for individual line items can range from \$1,000 to over \$4.4 million. While some diversity of expenditures is expected, tracking multiple low dollar expenses diverts focus and attention from more impactful expenditures. Moreover, too specific expense categories (e.g., Rental of Portable Toilets) as well as too generalized categories of expenses with large dollar amounts (e.g., Operating Budget) do not provide adequate insight to the nature and scope of the services being provided.
- Some of the unit's line-items relate to expense types (e.g., Sewer Maintenance, Water Quality Services, etc.), some relate to individual projects (e.g., Hall of Justice Repair and Reuse Project, etc.), and finally some relate to the method of payment (e.g., Cal Card Credit Cards). Once again, these categories do not provide a consistent and clear picture of the types of expenses being budgeted.

The above issues have contributed to a portion of the problems experienced in FY 2018-19, wherein entire categories of expenses were recorded improperly and/or misallocated. But, more importantly, these issues represent a long-term concern for budgeting and reporting this unit's expenses.

Finding #5: FSB maintains at least 48 different categories of expenses for purposes of budgeting and reporting. We found that these budgetary line items do not consistently represent the true nature of the actual expenditure. First, the line-items contain too many insignificant categories of expenses as represented by the dollar amounts assigned. Second, there is inconsistency in the nature and scope of the expense categories. Some line-items represent expenses (e.g., utilities), other line-items represent projects (e.g., Hall of Justice), and finally some line-items represent the method of funding or form of payment (e.g., FSB credit cards). These budgeting practices have resulted in a lack of clarity in developing and tracking FSB's expenditures.

⁶ The exact number of line-items can change year by year as line-items can be added for specific projects.

LASD – Operational Reviews

Recommendation #5: We recommend that FSB work with the LASD’s Administrative Services Bureau (ASB) to develop a more tailored and clearly defined set of expense category line-items. These line-items should provide well-defined descriptions of key categories of expenses to ensure the effective utilization of resources, provide greater accountability and improve the recording of individual expenditures. Additionally, FSB should consider tracking project costs separately and apart from the way it budgets and tracks ordinary expenses. Finally, FSB should eliminate line items that represent the method of payment or funding.

Facilities Planning Bureau

FPB is responsible for supporting small tenant improvements, building infrastructure, office re-alignments due to changes in space standards and similar non-capital improvements (less than \$100,000) to Sheriff facilities. The budget for FPB is prepared using both historical data and estimates related to anticipated improvements during the fiscal year. FPB can use 20+ line-items to budget for and track expenses depending on the fiscal year.

During the seven-year review period, budget-to-actual variances were significant with six out of seven years showing unspent funds. Some of the variances are due to timing issues and/or anticipated projects not moving forward. For example, in FY 2018-19 a portion of the end balance was due to the comparatively light workload for in-house projects, specifically modular furniture configurations and/or workspace refreshing. This not only impacted project related materials, but also the need for project management consulting services. While some of the unit’s variances can be attributed to timing, if this was the sole issue we would expect to see more of a balance between positive and negative variances over time.

Some of the difficulty in analyzing the FPB budget and determining the exact nature of the variances is due to the inconsistent and unclear categorization of expenses, such as:

- Individual line items can have budgets ranging from \$1,000 to \$1 million with little guidance as to what represents a consequential expenditure of funds.
- Categories such as “Additional Funding, Not Part of Annual Discretionary Allocation” and “Facilities Planning Projects, Servicing LASD Locations” provide little guidance as to how the money is being used, yet those two categories represent almost half of the unit’s budget. Conversely, items such as “Proprietorship Program, Public Works” and “Airfare Expenses” combined contribute to only 1.5% of their overall budget.
- Occasionally, line-items are created for individual projects (e.g., Hall of Justice Repair and Reuse Project). It is not effective to do project budgeting and tracking using line-items.
- Some line-items represent the source of funding (e.g., Additional Funding, Not Part of Annual Discretionary Fund). These types of categories do not provide meaningful guidance to the nature of the expenses, the primary purpose of an expense category.

LASD – Operational Reviews

Table #8							
FPB Operating Budget to Actuals (Sampling of Expense Categories)							
Description	FY14-15 Variance	FY15-16 Variance	FY16-17 Variance	FY17-18 Variance	FY18-19 Variance	FY19-20 Variance	FY20-21 Variance
CAP Project Consultant Services	\$239,842	\$0	\$326,626	\$1,000,000	\$0	\$372,623	\$0
Rent	\$747	-\$177,908	\$5,837	-\$66,454	\$59,764	\$10,360	\$35,919
Facilities Planning Projects, Servicing Department Locations	\$270,475	\$414,851	\$77,089	\$133,976	\$219,386	\$400,960	\$205,934
Additional Funding, Not Part of Annual Disc. Allocation	\$631,707	\$12,107	\$50,883	-\$21	\$358,663	\$946,050	N/A

Like FSB, the current model for individual line-items has contributed to a portion of the variance issues. Additionally, a more descriptive and coherent set of line-item categories will likely lead to more accurate budgeting and reporting of expenses. (In Task No. 4 we recommend additional budgeting practices to minimize variances and underspending).

Finding #6: FPB budgetary line-items vary significantly in the dollar amounts assigned and scope of services provided. Individual categories can range from \$1,000 to \$1 million dollars, representing almost half of the overall budget. Moreover, generalized categories of expenses such as “Additional Funding” and “Facilities Planning Projects” provide little guidance to the nature of the expenses being tracked. This has led to a lack of clarity in developing and tracking the nature of FPB’s expenses.

Recommendation #6: We recommend that FPB work with ASB to develop a more tailored set of line-items. These line items should provide clear descriptions of key categories of expenses to ensure effective utilization of resources, provide greater accountability and improve the recording of individual expenditures. Additionally, FPB should consider tracking project costs separately and apart from the way it budgets and tracks ordinary expenses. Finally, FPB should eliminate line items that represent the method of funding.

Combined Budget and Expenditures

During the review period, Facilities showed both positive and negative variances. In four out of the seven years, Facilities underspent their budget from between 15.1% and 28.8%. In the other three years, Facilities experience negative variances in the range of 0.1% to 4.4%. Our analysis suggests that some of these variances can be attributed to the variable nature of facilities maintenance and improvements. However, our analysis also suggests that a portion of these variances are due to the existing structure for how the Department budgets for and tracks expenses. Because Facilities does not effectively categorize their expenses, it is difficult for ASB to conduct a meaningful analysis of the budget-to-actuals using the existing reporting structure. As a result, it is more difficult for both the units and the ASB to prevent over- and under-budgeting of significant categories of expenditures.

Task No. 2: Review and evaluate how the Sheriff budgets their annual facilities’ cost, including sub-budget allocations, and any adjustments throughout the fiscal year.

Both FSB and FPB prepare annual budgets. These budgets are prepared using both historical data as well as reviewing existing or potential projects that will require special funding. These

LASD – Operational Reviews

budgets are generally prepared by considering anticipated new projects and deferred maintenance. Expenses are tracked on a regular basis at both the aggregate level, and by project and by region.

As set forth in Task No. 1 above, the primary difficulty in performing a meaningful evaluation of the individual budgets of FSB and FPB is the current structure of the expense categories. Because some of the categories are ambiguous, it is difficult to evaluate the existing budget to determine how the dollars are being spent. In short, the budget does not clearly depict the types of work being performed. Based on interviews with FSB and FPB management, they have a good understanding of the underlying expenses and the relationship to their projects, but those understandings are not represented in the current budgeting and reporting structure.

To develop a more consequential budget and reporting structure, we recommend revamping the existing categories of expenses. (See Recommendations 4, 5 and 6).

Task No. 3: Evaluate the LASD's efforts to track and monitor their facilities expenditures and any actions taken to address significant budgetary shortfalls or overages.

As set forth above in Task Nos. 1 and 2, the existing reporting structure for budget-to-actuals for FSB and FPB is flawed. The result is that ASB and other management outside of FSB and FPB have difficulty conducting a thorough and comprehensive analysis of budgetary shortfalls or overages using existing financial reporting processes. LASD staff have attempted to identify areas of concern and address them over time, but the absence of a coherent reporting structure makes it difficult to evaluate and hold individual functions accountable. Instead, they must rely on meetings with FSB and FPB staff to gain additional information, much of which would be time consuming to verify.

While we found that LASD accurately tracks and monitors facility expenditures, our report recommendations would significantly improve the ability of both Facilities staff, and more importantly non-Facilities staff to understand the budgets and expenditures of FSB and FPB.

Task No. 4: Analyze areas where the Sheriff's annual facility expenditures have been consistently under budgeted and determine if the budgetary funding in those areas can be reduced.

Our review included an examination of seven years of budgeted and actual expenditures (FY 2014-15 through FY 2020-21) for the individual line-items within the FSB and FPB budgets to determine if there are expenses that are consistently under budgeted.

Facilities Services Bureau

The line-item for "Operating Budget" within FSB had consistent variances during the review period. This line item represents expenses related to a broad range of costs from vehicles, car wash services, fuel use, elevator services, as well as others. In FY 2018-19, the budget for this line-item was \$987,000, but actual expenses reported were only \$43,000. In fact, in six out of the seven years this line item showed significant underspending.

LASD – Operational Reviews

As discussed in Task No. 1, expenses for this line-item are routinely miscoded to other line-items giving the appearance of underspending. This is because this line-item description does not match the nature of the expenses and includes too many different types of unrelated expenses in one category. The result is that in years where this line-item has seen significant underspending, other line-items have seen significant overspending. For example, in FY 2018-19, the Custodial & Janitorial Services line-item was overspent by \$746,000. In FY 2015-16, the Utilities line-item was overspent by \$374,000 and the Custodial & Janitorial Services line-item was overspent by \$357,000, both of which served to help offset the underspending in the Operating Budget line-item.

Our report recommends that FSB reconfigure its current line items to better reflect the nature of the expenses more accurately, and work with ASB to ensure both groups understand how expenses should be categorized.

Facilities Planning Bureau

During the seven-year review period, FPB experienced significant underspending in two line-items: Facilities Planning Projects (Service LASD Locations) and CAP Project Consultant Services.

The Facilities Planning Projects line-item represents labor and other expenditures in support of tenant improvements of less than \$100,000. This line item is for both anticipated and unanticipated needs of the LASD's facilities so requires some flexibility. The amount budgeted changes each year based on the expected expenses (ranging from approximately \$340,000 to \$730,000).

In each of the seven years reviewed, this line-item was underspent with the largest difference occurring in FY 2015-16 with underspending of \$414,000 (based on a budget of \$728,000). FPB stated that a portion of these variances were due to timing issues related to construction/improvements outside of their control, and the need for flexibility to ensure that unanticipated expenses would be covered. However, due to the wide variety of expenses included within this one line-item, it is difficult to document the exact causes of the variances over time.

The CAP Project Consultant Services line-item represents costs associated with retaining outside consultants to perform project management services for larger projects within FPB. For six of the seven years reviewed, FPB budgeted \$700,000 to \$1 million for outside consultant services. In four of those years, this line-item was underspent (\$239,000 in FY 2014-15, \$326,000 in FY 2016-17, \$1 million in FY 2017-18 and \$372,623 in FY2019-20).

Project management services costs can be difficult to predict, especially when project delays occur, or unexpected projects arise. However, FPB should have some understanding of the magnitude of the expected projects for which these services will be required. Based on that magnitude and given that this line-item represents almost half of their overall budget, we would expect FPB to adjust this number from year to year to more accurately budget for these

LASD – Operational Reviews

expenses. It is critical that money be available for unanticipated expenditures related to facilities, but our analysis suggests that given the historic underspending that has been experienced, a more accurate approach to budgeting for this line-item should be made.

Finding #7: FPB has difficulty accurately budgeting for the Facilities Planning Projects and CAP Project Consultant Services. While a portion of underspending is based on the variable nature of the work being performed, some of the underspending is due to a lack of definition to the expense categories and not adequately considering the projects expected to occur in the upcoming fiscal year.

Recommendation #7: FPB should more closely align the budget for Facilities Planning Projects and CAP Project Consultant Services with the list of known or expected projects for the following year.

Task No. 5: Identify any potential impacts of Sheriff's over expenditures in other areas (e.g., sworn salaries, overtime, employee benefits, etc.) on facility service spending practices.

Based on our interviews with both LASD and CEO Budget staff, there are structural deficits related to overtime and employee benefits. Overtime and employee benefit costs have not been consistently budgeted for County departments to include cost increases. As a result, the LASD must absorb unbudgeted increased costs within its existing budget. Each year, the LASD requests that bureaus and units restrict "discretionary" spending to provide cost savings to cover these unbudgeted cost increases.

FSB and FPB are conscious of the overall budgetary needs of the LASD, and efforts are made within these units to reduce expenditure where feasible. However, there does not appear to be a consistent trend within the Facilities units of over-budgeting for the purpose of using those funds elsewhere within the LASD. Our review of the Facilities budgets from FY2014-15 through FY2020-21 shows that actual expenditures for Facilities have been both under- and over-spent compared to budget. In FY2015-16, FY2016-17 and FY2017-18, Facilities either met their budget or were over budget by as much as 4.4%. In the years where there were positive variances, staff provided explanations for a portion of the underspending including construction delays outside of their control, but our analysis suggests that the primary cause relates to flaws within the existing budgeting structure. Therefore, we have recommended a series of steps to address those issues to minimize significant variances moving forward.

3. Employee Benefits

Introduction

The Sheriff's budgetary appropriations related to employee benefits are intertwined with current and retired staffing levels. These costs are funded from the Department's revenues sources, such as contract law enforcement services and various grants. Department appropriations are limited when it comes to funding their increasing employees' benefit costs. In the CEO's September 25, 2019 "Sheriff's Department Fiscal Year 2018-19 Year-end Closing" memorandum, the Sheriff's over-expenditures in employee benefits in FY 2018-19 were partly attributed to cost overruns in Retiree Health Insurance, Workers' Compensation, and Separation Pay. At the October 1, 2019, Board meeting, Sheriff's management attributed a portion of their overall FY 2018-19 budgetary shortfalls to significant underfunding of employee benefit costs.

The Sheriff Department works with the CEO by providing reports, complying with administrative policies, and working to address budget matters. The CEO acts as the Board's agent to manage County-wide policy objectives and departmental performance management. In accordance with the County Budget Act, the County prepares and adopts a budget on or before October 2 of each fiscal year. The County budget is organized by budget unit and by expenditure object. For example, Patrol is a budget unit and salaries, and employee benefits is the expenditure object.

Between FY 2014-15 and FY 2019-20, the LASD has reported to the CEO significant budgetary shortfalls. Sheriff's management attributed a portion of these budgetary shortfalls to significant underfunding of its employee benefit costs. To verify these budgetary shortfalls, we conducted a historical analysis of the Sheriff's employee benefits cost component and performed procedures/tasks as detailed in the following pages.

Our key conclusions are:

- The Department's employee benefits that consistently have the largest budgetary shortfalls for Fiscal Years 2014-15 through 2019-20 are shown in Table 9 on the following page:

LASD – Operational Reviews

Table #9						
Largest Categories of Employee Benefit Shortfalls - Year over Year						
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Workers' Compensation						
Budget	\$ 99,373,000	\$ 103,578,000	\$ 102,049,000	\$ 106,308,000	\$ 98,480,000	\$ 108,639,000
Actual	\$ 110,257,244	\$ 116,265,538	\$ 120,768,285	\$ 136,262,651	\$ 143,733,641	\$ 154,957,525
Over (Under) Budget Total	\$ 10,884,244	\$ 12,687,538	\$ 18,719,285	\$ 29,954,651	\$ 45,253,641	\$ 46,318,525
% Actual Cost Exceed Budget	11%	12%	18%	28%	46%	43%
Separation Pay						
Budget	\$ 14,396,000	\$ 14,396,000	\$ 14,396,000	\$ 14,396,000	\$ 16,399,000	\$ 35,408,000
Actual	\$ 26,071,561	\$ 28,309,165	\$ 41,013,819	\$ 40,009,160	\$ 45,538,153	\$ 51,299,106
Over (Under) Budget Total	\$ 11,675,561	\$ 13,913,165	\$ 26,617,819	\$ 25,613,160	\$ 29,139,153	\$ 15,891,106
% Actual Cost Exceed Budget	81%	97%	185%	178%	178%	45%
Retiree Health Insurance						
Budget	\$ 81,722,000	\$ 89,759,000	\$ 85,174,000	\$ 78,094,000	\$ 81,773,000	\$ 111,021,000
Actual	\$ 84,842,294	\$ 94,126,103	\$ 96,652,509	\$ 94,017,695	\$ 101,017,000	\$ 106,921,007
Over (Under) Budget Total	\$ 3,120,294	\$ 4,367,103	\$ 11,478,509	\$ 15,923,695	\$ 19,244,000	\$ (4,099,993)
% Actual Cost Exceed Budget	4%	5%	13%	20%	24%	-4%
Combined Average Annual Actual Over Budget	\$ 8,560,033	\$ 10,322,602	\$ 18,938,538	\$ 23,830,502	\$ 31,212,265	\$ 19,369,879

Workers' Compensation – Workers' compensation benefits are designed to provide medical treatment needed to recover from work related injury or illness, and partially replace wages.

Separation Pay – Separation pay is the lump-sum amount paid to retirees for the accumulation of vacation, sick leave and overtime.

Retiree Health Insurance – Retiree health insurance is a County subsidized retiree health care program based on the years of County service credits completed by County retirees.

- LASD's budget processes appear reasonable considering the budgetary reporting requirements of the County. The Department's Budget Services Unit (BSU) internally tracks the budget and monitors changes/increases in Employee Benefit (EB) costs monthly. Since 2019, changes/increases in EB costs are reported to the CEO/Board by way of Budget Status Reports (BSRs).
- EB deficits occurred year after year for the past several fiscal years. Thus, the budgetary shortfalls appear to be a structural budgetary issue rather than a one-time occurrence, and these shortfalls are foreseeable each year.
- Our review of budget adjustments revealed that any changes/increases of EB costs over its respective budgeted appropriations during the fiscal year are absorbed by the Department.

Findings and Recommendations

Below are the results to the specific tasks outlined in the work order:

Task No. 1: We reviewed and evaluated how the Sheriff annually budgets for the indicated employee benefit and how any required adjustments throughout the fiscal year are addressed.

As a matter of procedure, the County employees' benefits are addressed Countywide by the CEO during the County's budget process. The CEO sends out annual budget instructions to all County departments, which include notification of certain employees' benefit increases that the Department must absorb.

Most employee benefits programs are centrally funded with Net County Costs (NCC), subject to subvention funding. NCC funding for these benefits is provided when a new position is added to the budget. Centrally funded benefits are adjusted during the various budget phases for rate changes or for cost-of-living adjustments (COLA). Only salary-driven employee benefits are adjusted for COLA, since the benefits are directly correlated to salary movements.

Employee benefits that are not centrally funded with NCC include workers' compensation, separation pay and retiree health benefits. Departments are required to absorb cost increases associated with these benefits within their current resources.

Upon receipt of the budget instructions, the LASD's BSU starts preparing the Department's budget for a particular fiscal year taking into consideration the prior-year budget from actual data. The final department budget is then submitted to the CEO for approval. Any budget adjustments, including those related to employees' benefits, are recommended by the CEO for Board approval.

The BSU internally tracks the Department's budget. The BSU monitors changes/increases in EB costs monthly by performing an analysis using a combination of actual EB expenses and estimates. These increases are reported to the CEO/Board by way of BSRs. BSRs are required of all County departments at the 5th, 7th, 9th, and 11th month of the year. However, since approximately 2019, the Department has been required to provide monthly BSRs to the CEO due to the Department year-end budgetary shortfalls. The BSU also stays in regular communication with the CEO throughout the year and periodically receives updates on various employee benefit cost estimates from the CEO. We found that LASD's budget processes are reasonable considering the budgetary reporting requirements of the County.

LASD – Operational Reviews

We also inquired and reviewed the LASD procedures in addressing budget adjustments throughout the fiscal year to accommodate changes in budgeted costs. Our review was focused on the following three (3) employees' benefits categories: 1) *Workers' Compensation*, 2) *Retiree Health Insurance*, and 3) *Separation Pay*, which have the most significant budgetary shortfall between FY 2014-15 and FY 2019-20.

The results of our review on budget adjustments revealed that any changes/increases of the above employees' benefits categories over its respective budgeted appropriations during the fiscal year are absorbed by the Department, such that, overages in employee benefits will be offset by under spending in other areas. Historically, LASD has addressed this deficit primarily by under filling budgeted positions (salary savings) and deferring maintenance expenditures.

Task No. 2: We identified employee benefits with significant budgetary shortfalls.

We determined the budget to actual variances of the employee benefits categories for the period of FY 2014-2015 through FY 2019-20, and identified three (3) employee benefits categories that consistently have significant unfavorable budget variances highlighted yellow in table #10 below:

Table #10				
Fiscal Years 2014-15 to 2019-20 Employee Benefits Totals				
Employee Benefit	Cumulative Budget	Cumulative Actual Cost	Cumulative Actual Over Budget	% Over Budget
1 Workers' Compensation	\$ 618,427,000	\$ 782,244,884	\$ 163,817,884	26%
2 Separation Pay	109,391,000	232,240,963	122,849,963	112%
3 Retiree Insurance	527,543,000	577,576,608	50,033,608	9%
4 OASD/Medicare	146,579,000	154,429,234	7,850,234	5%
5 LTD Health Insurance	8,122,000	15,144,993	7,022,993	86%
6 Dental Insurance	23,678,000	26,988,801	3,310,801	14%
7 Options	311,972,000	315,058,880	3,086,880	1%
8 Life Insurance	10,001,000	11,389,712	1,388,712	14%
9 Pension Savings Plan	2,586,000	2,705,969	119,969	5%
10 Retiree Health OPEB Contributions	108,503,000	107,731,000	(772,000)	-1%
11 Flexible Benefit Plan	4,761,000	3,282,534	(1,478,466)	-31%
12 Peace Officer Relief Contributions	21,522,100	20,020,654	(1,501,446)	-7%
13 Unemployment Insurance	3,719,000	2,111,874	(1,607,126)	-43%
14 Disability	19,501,000	17,721,464	(1,779,536)	-9%
15 Dependent Care Spending Account	12,720,000	9,583,851	(3,136,149)	-25%
16 Miscellaneous Bonus/Main	10,683,000	6,507,358	(4,175,642)	-39%
17 Megaflex	90,204,000	80,446,596	(9,757,404)	-11%
18 Savings Plan	29,531,000	19,032,986	(10,498,014)	-36%
19 Health Insurance	55,005,000	43,377,428	(11,627,572)	-21%
20 Choices Plan	1,421,438,000	1,404,990,771	(16,447,229)	-1%
21 Horizons Plan	317,844,000	279,843,250	(38,000,750)	-12%
22 County Retirement	2,298,516,000	2,253,019,950	(45,496,050)	-2%
23 Sheriff S&EB Cost Allocation	6,007,152,000	5,923,794,655	(83,357,345)	-1%
FY 2015-2020 Cumulative Totals	12,159,398,100	12,289,244,415	129,846,315	1%

LASD – Operational Reviews

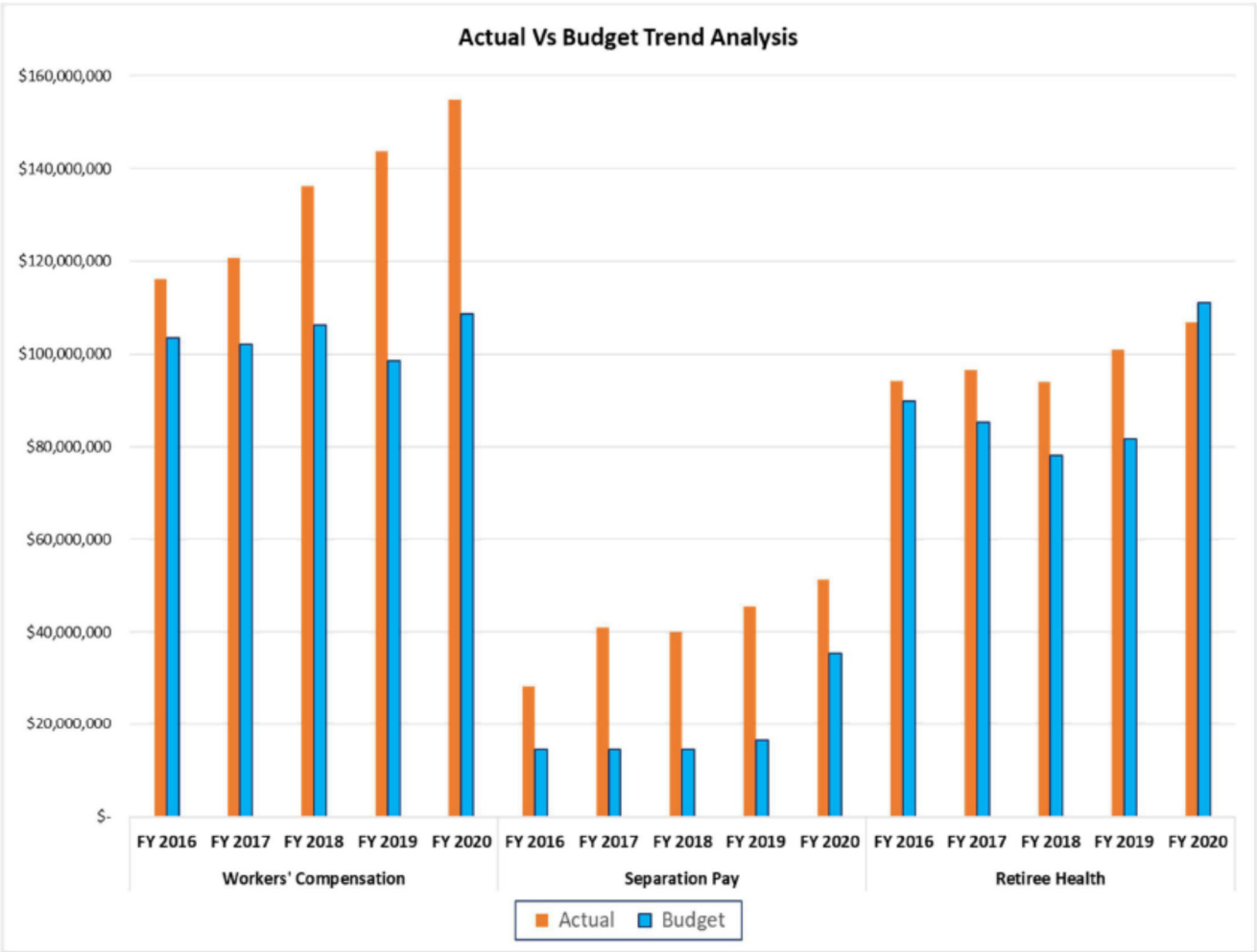
Task No. 3: We identified the primary causes of the budget shortfalls. We determined whether the shortfall appears to be a structural budgetary issue or a one-time occurrence.

Based on our analysis, the budget shortfall appears to be a structural budgetary issue rather than a one-time occurrence. The trend is the actual cost of employee benefits increases whereas the budget for these costs are not keeping pace. Based on information from CEO, workers' compensation budgets are based on three years of historical experience. Retirement health benefits are based on the number of active members in the retirement system.

Below we provide Table 11 and related chart showing the annual average variance year by year of actual EB costs versus budgeted EB costs. As shown, actual EB costs have consistently exceeded budgeted EB costs year over year. For FY 2018-19, the Department attributed the decrease in the budgeted amount for Workers' Compensation compared to prior years to a decrease in the number of Department employees that were transferred to the Department of Homeland Security (DHS) and Metro contracts.

Table #11											
% Change in Budget and Actual - Year over Year - FY 2015 through FY 2020											
	FY 2014-15	FY 2015-16	% FY16 over FY15	FY 2016-17	% FY17 over FY16	FY 2017-18	% FY18 over FY17	FY 2018-19	% FY19 over FY18	FY 2019-20	% FY20 over FY19
Workers' Compensation											
Budget	\$ 99,373,000	\$ 103,578,000	4%	\$ 102,049,000	-1%	\$ 106,308,000	4%	\$ 98,480,000	-7%	\$ 108,639,000	10%
Actual	\$ 110,257,244	\$ 116,265,538	5%	\$ 120,768,285	4%	\$ 136,262,651	13%	\$ 143,733,641	5%	\$ 154,957,525	8%
Separation Pay											
Budget	\$ 14,396,000	\$ 14,396,000	0%	\$ 14,396,000	0%	\$ 14,396,000	0%	\$ 16,399,000	14%	\$ 35,408,000	116%
Actual	\$ 26,071,561	\$ 28,309,165	9%	\$ 41,013,819	45%	\$ 40,009,160	-2%	\$ 45,538,153	14%	\$ 51,299,106	13%
Retiree Health Insurance											
Budget	\$ 81,722,000	\$ 89,759,000	10%	\$ 85,174,000	-5%	\$ 78,094,000	-8%	\$ 81,773,000	5%	\$ 111,021,000	36%
Actual	\$ 84,842,294	\$ 94,126,103	11%	\$ 96,652,509	3%	\$ 94,017,695	-3%	\$ 101,017,000	7%	\$ 106,921,007	6%

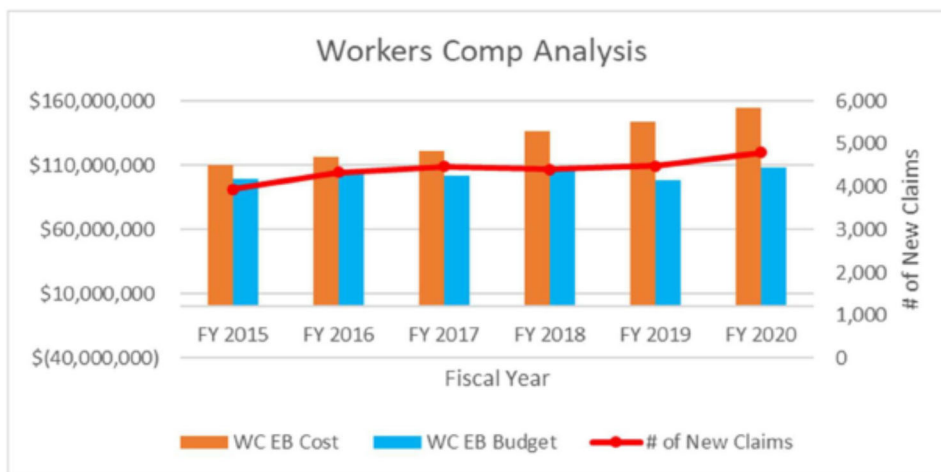
LASD – Operational Reviews



Workers' Compensation

The number of workers' compensation claims were relatively static, but the cost of those claims increased from FY 2014-15 through FY 2019-20. The CEO budget for workers' compensation claims did not keep up with the increased costs related to the claims for FY 2014-15 through FY 2019-20, as shown in the graph below.

LASD – Operational Reviews



As explained by LASD, the increases in costs of the above employees' benefits are somewhat beyond the control of the Department. For example, for Workers' Compensation costs, the Sheriff's Department's task is to monitor the safety of its personnel and attempt to get injured employees healthy and back to work in an efficient manner. Monthly meetings are held with Sedgwick (County's third-party administrator for Workers' Compensation) and CEO Risk Management regarding early return to work or some type of action plan to assist each employee with progress of claim or help with the process of filing for service-connected disability or disability retirement, voluntary demotion, or voluntary demotion with salary supplement.

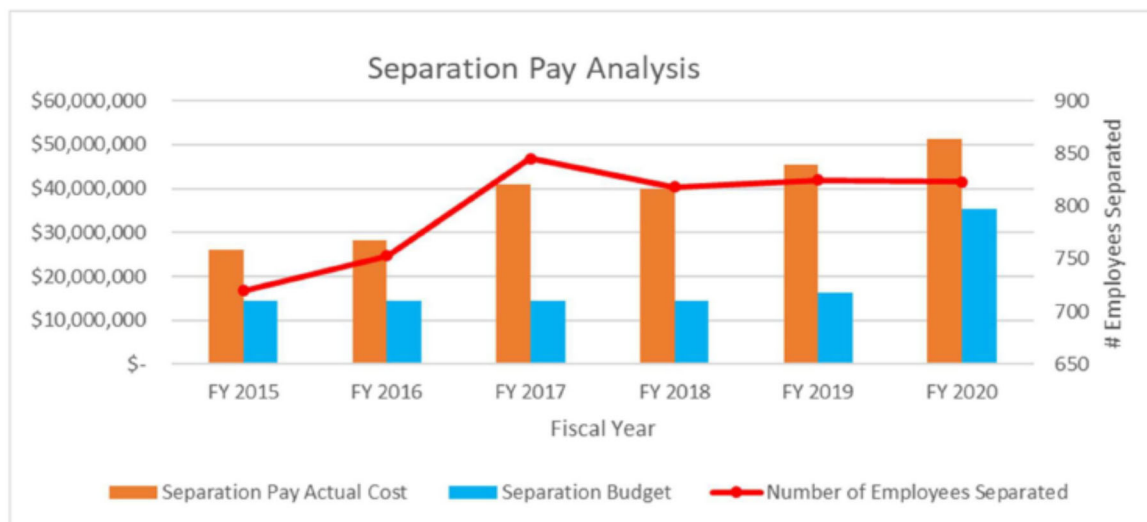
Finding #8: Workers' compensation is the only employee benefit that the LASD potentially can control a portion of the costs of by improving employee safety and training, but an assessment of LASD's efforts and effectiveness in controlling workers' compensation costs is beyond the scope of this review.

Recommendation #8: We recommend that a detailed assessment of LASD's efforts to control workers' compensation costs be performed. The detailed assessment should include identifying the contributing factors behind the increase in workers' compensation costs and proposing ways to mitigate on-the-job injury risk factors. In addition, conducting a comparative workers' compensation benchmarking analyses to other law enforcement agencies will assist in identifying best practices for controlling workers compensation claims and costs.

Separation Pay

The number of employees separated from the Department each year remained relatively consistent; however, the cost of separation pay, which includes accumulation of vacation, sick leave, and overtime, increased every year from FY 2014-15 through FY 2019-20. The CEO budget for separation pay did not likewise increase commensurate with employee salary increases for the same period, as shown in the graph below.

LASD – Operational Reviews



Retiree Health

Likewise, the budgetary shortfalls of the Retiree Health Insurance were attributable to the increasing costs of health insurance. Retiree Health benefits is a part of the County of Los Angeles employee benefit package. The budgeted costs of retiree health benefits are determined by a third-party actuarial firm. LASD does not monitor retirees' health insurance; they only oversee claims for active employees, which is handled by its Injury Health and Support Unit (IHSU).

Task No. 4: We evaluated whether the extent of the budget shortfall was foreseeable during the fiscal year.

Due to the structural nature of the budgetary shortfalls, it stands to reason that the budget shortfalls are foreseeable each year. The Department continuously communicates the budget shortfalls related to EBs via the monthly BSRs and the County budget process. The foreseeable shortfall is documented in the Department's submission of the annual Recommended Budget Request and through monthly Budget Status Reports to the CEO. Additionally, the EBs shortfalls are further communicated in a semi-annual joint-letter from the CEO and the A-C, in consultation with the LASD, regarding the Department's financial status to the Board.

Task No. 5: We reviewed and evaluated the Sheriff's efforts to monitor the budgetary shortfall and whether they took timely action to mitigate the actual or anticipated shortfall.

The Department monitors the EBs costs monthly throughout the fiscal year. To mitigate the anticipated shortfall, the Department actively curtailed overtime, where possible, and routinely deferred expenditures in services, supplies, maintenance, and capital assets to

LASD – Operational Reviews

offset shortfalls as much as possible. Prior to the budgetary curtailments of FY 2020-21, the Department also maintained vacancies in budgeted/funded positions (salary savings) to mitigate the increasing costs of employee benefits.

Task No. 6: We identified opportunities to improve and enhance the Sheriff's employees' benefit processes/practices and include recommendations where possible/practical.

Based on our review and analysis of the three (3) Employees' benefits categories that have significant budget shortfalls, there is only one category, Workers' Compensation, that LASD potentially has influence in controlling a portion of its costs. Controlling workers' compensation claims could be studied but is beyond the scope of this review. The other two categories: 1) Separation Pay, and 2) Retirees' Health Insurance, are not within the Department's ability to mitigate its increasing costs through budget processes or spending practices.

It should be noted that the Department can only attempt to minimize the number of injuries, which results in Workers' Compensation costs. The drivers for the increasing costs (e.g., medical, insurance) in these benefit categories are beyond the Department's control. Accordingly, the Department proactively attempts to provide the training and equipment available to reduce risk in the field. The Department also continuously works with employees returning to work after being injured on duty.



OFFICE OF THE SHERIFF

COUNTY OF LOS ANGELES

HALL OF JUSTICE

ROBERT G. LUNA, SHERIFF



June 5, 2023

Michael J. de Castro, Managing Partner
BCA Watson Rice, LLP
2355 Crenshaw Boulevard, Suite 150
Torrance, California 90501

Dear Mr. de Castro:

LOS ANGELES COUNTY SHERIFF'S DEPARTMENT'S RESPONSE TO THE REPORT ON OPERATIONAL REVIEWS

Attached is the Los Angeles County Sheriff's Department's (Department) response to the Report on Operational Reviews performed by BCA Watson Rice, LLP.

The Department is in agreement with the report's findings and will work with the applicable bureaus/units to implement the recommendations.

Should you have any questions regarding the Department's response, please contact Assistant Division Director Glen Joe, Administrative Services Division, at (213) 229-3305.

Sincerely,

A handwritten signature in blue ink that reads "R. Luna".

ROBERT G. LUNA
SHERIFF

211 WEST TEMPLE STREET, LOS ANGELES, CALIFORNIA 90012

A Tradition of Service
— Since 1850 —

Mr. de Castro

-2-

June 5, 2023

RGL:JFT:mdr
(Administrative Services Division)

Attachments

c: April L. Tardy, Undersheriff
Jill Torres, Assistant Sheriff, CFAO
Conrad Meredith, Division Director, Administrative Services Division (ASD)
Joel L. Barnett, Commander, Personnel Command
Glen C. Joe, Assistant Division Director, ASD
Richard F. Martinez, Assistant Division Director, ASD
Andrew B. Cruz, Acting Captain, Contract Law Enforcement Bureau
Tracey Jue, Director, Facilities Planning Bureau
Clint W. Yates, Director, Facilities Services Bureau

**SHERIFF'S DEPARTMENT – REPORT ON OPERATIONAL REVIEWS
DEPARTMENT ACTION PLAN/RESPONSE**

ISSUE 1	
BCA Recommendation	LASD should develop processes to ensure that the nature of overtime is reported accurately and used as an effective management tool. First, LASD should work with the Auditor-Controller to identify and correct any systems errors within eCAPS that may result in misreported categorizations of overtime. Second, supervisors and unit commanders should require that Reason and Activity Codes be filled out with reasonable specificity and are reported accurately within the system. And third, once accurate data is secured, unit commanders should routinely conduct trend analyses related to the nature of overtime usage within their units. Where negative trends are identified, Unit Commanders should develop mitigation strategies to curb potential excesses in individual overtime categories.
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan¹	In premise the Department does agree with the recommendation. As a result, the Action Plan will be for the Department to engage the Auditor-Controller and the Chief Executive Office (CEO) to seek a collaborative effort to identify potential solutions available within the current Countywide systems (e.g., e-CAPS and e-HR), which may improve accuracy in reporting. The "Planned Implementation" date, intended to reflect a collaborative action, will be underway. However, the necessary changes to the systems will likely take longer.
Planned Implementation Date	August 31, 2023
Additional Information (optional)²	

ISSUE 2	
BCA Recommendation	LASD should hold supervisors and unit commanders accountable for the approval of overtime that does not conform to the policies set forth in LASD's Manual.
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan¹	Establish a process of issuing reminders to Unit Commander about the overtime policies, including requesting overtime based on relevance, such as staffing levels workload requirements imposed by various mandates. The Department's non-emergency overtime pre-approval policy will be enforced.
Planned Implementation Date	August 31, 2023
Additional Information (optional)²	The Department does have a current practice of requiring advanced approval of anticipated overtime, per its <u>Manual of Policies & Procedures (MPP) 3-02/280.10 Overtime Authorization</u> , which results in the issuance of an Overtime Code Number (OCN) for tracking purposes. By and large, overtime is generally worked to fill a position to comply with service levels mandated by court order, contract, or minimum staffing level.

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.

² In this section the Department can provide any background or clarifying information they believe is necessary.

ISSUE 3	
BCA Recommendation	LASD should develop tools to evaluate the impact of mitigation measures undertaken to minimize overtime. These impacts include both the fiscal savings associated with the mitigation measure, and the potential detrimental impact of utilizing those mitigation measures.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan¹	<p>The Department agrees there is a correlated relationship between staffing levels and overtime. As a result, the Action Plan will be to collaborate with the CEO to evaluate this correlation.</p> <p>Further, the Department will examine multiple options related to service delivery with the new administration.</p>
Planned Implementation Date	September 30, 2023
Additional Information (optional)²	Currently, both sworn and professional staff, overtime is necessary to perform the work required despite curtailments, vacancies, impairments, and imposed hiring/promotional freezes. The Department will continue to monitor overtime usage.

ISSUE 4	
BCA Recommendation	We recommend that LASD develop a more comprehensive understanding of its overtime expenses. The process must begin with developing internal controls that ensure compliance with existing policies related to the approval and coding overtime requests. Reporting accurate and meaningful data is critical. This process must also include consultations with CEO Budget to determine what additional data and information would allow the CEO's Office to better evaluate LASD's overtime needs. The goal should be for the County to develop an approved overtime budget that reflects the actual and justifiable needs of the Department.
Priority	PRIORITY 1
Agree/Disagree	Agree
Department Action Plan¹	<p>In premise the Department does agree with the recommendation.</p> <p>As a result, the Action Plan will be for the Department to collaborate with the Auditor-Controller and the CEO to identify potential solutions available within the current countywide systems (e.g., e-CAPS and e-HR), which may improve accuracy in reporting. Further, the Department will collaborate with the CEO during the budget process to right-size the overtime budget. This will likely be a multi-year effort.</p>
Planned Implementation Date	August 31, 2023
Additional Information (optional)²	Improved accuracy in reporting is welcomed. In the interim, it is worth noting that overtime is generally worked to fill a position to comply with service levels mandated by court orders, contracts, minimum staffing requirements, and due to officer safety.

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.

² In this section the Department can provide any background or clarifying information they believe is necessary.

ISSUE 5	
BCA Recommendation	We recommend that Facilities Services Bureau (FSB) work with the LASD's Administrative Services Division (ASD) to develop a more tailored and clearly defined set of expense category line items. These line items should provide well-defined descriptions of key categories of expenses to ensure the effective utilization of resources, provide greater accountability and improve the recording of individual expenditures. Additionally, FSB should consider tracking project costs separately and apart from the way it budgets and tracks ordinary expenses. Finally, FSB should eliminate line items that represent the method of payment or funding.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan¹	The Department will collaborate with the Auditor-Controller and the CEO to identify potential solutions available within the current countywide systems (e.g., e-CAPS and e-Procurement), which may improve tracking of project costs separately and apart from ordinary expenses while utilizing available key categories.
Planned Implementation Date	September 30, 2023
Additional Information (optional)²	The FSB does utilize a subsequent system named Maximo to track expenses associated with maintenance of LASD's facilities. Interfacing with central countywide systems such as e-CAPS could be an area for enhancement for improved information.

ISSUE 6	
BCA Recommendation	We recommend that Facilities Planning Bureau (FPB) work with ASD to develop a more tailored set of line items. These line items should provide clear descriptions of key categories of expenses to ensure effective utilization of resources, provide greater accountability and improve the recording of individual expenditures. Additionally, FPB should consider tracking project costs separately and apart from the way it budgets and tracks ordinary expenses. Finally, FPB should eliminate line items that represent the method of funding.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan¹	The Department will collaborate with the Auditor-Controller and the CEO to identify potential solutions available within the current countywide systems (e.g., e-CAPS and e-Procurement), which may improve tracking of project costs separately and apart from ordinary expenses while utilizing available key categories.
Planned Implementation Date	September 30, 2023
Additional Information (optional)²	

ISSUE 7	
BCA Recommendation	The Facilities Planning Bureau (FPB) should more closely align the budget for Facilities Planning Projects and CAP Project Consultant Services with the list of known or expected projects for the following year.
Priority	PRIORITY 2
Agree/Disagree	Agree

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.

² In this section the Department can provide any background or clarifying information they believe is necessary.

ISSUE 7	
Department Action Plan¹	The Department will collaborate with the Chief Executive Office's Capital Programs to better predict project management costs with the goal of aligning the CAP Project Consultant Services-line item more closely.
Planned Implementation Date	September 30, 2023
Additional Information (optional)²	

ISSUE 8	
BCA Recommendation	We recommend that a detailed assessment of LASD's efforts to control workers' compensation costs be performed. The detailed assessment should include identifying the contributing factors behind the increase in workers' compensation costs and proposing ways to mitigate on-the-job injury risk factors. In addition, conducting a comparative workers' compensation benchmarking analyses to other law enforcement agencies will assist in identifying best practices for controlling workers compensation claims and costs.
Priority	PRIORITY 2
Agree/Disagree	Agree
Department Action Plan¹	The Department, as a first step, will collaborate with the CEO and/or the Department of Human Resources (DHR) to identify a resource, such as an independent assessment/consulting service, to conduct a comparative benchmarking to other law enforcement agencies and perform an analysis resulting in recommendations towards mitigating on-the-job injury risk factors since workers' compensation costs have increased.
Planned Implementation Date	September 30, 2023
Additional Information (optional)²	<p>Additionally, several steps have been or are in the process of being taken to improve our efforts in reducing workers' compensation costs:</p> <ul style="list-style-type: none"> • Working closely with CEO Risk Management and the third-party administrator, Sedgwick, in meeting two times a month to discuss cases in detail, obtain status, and determine an action plan. • Collaborating with CEO and DHR to leverage resources (e.g., staffing, funding, etc.) to minimize department impairments and improve the rate of employees returning to work. • Completed certification training provided by DHR and Shaw HR Consulting launching the new countywide Disability Management and Compliance (DMC) framework; and, • Exploring an Expedited Treatment Policy created by the CEO as piloted by the Fire Department. The purpose is to reduce the real or perceived barriers in the delivery of medical care to employees injured in the course of their employment. The goal under this program is to expedite the delivery of evidence-based quality care, restore functional capacity and return the employee back to employment as soon as practicable.

¹ In this section the Department should only describe the efforts they plan to take to implement the recommendation. Any other information should be included in the Additional Information section below.

² In this section the Department can provide any background or clarifying information they believe is necessary.



COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
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OSCAR VALDEZ
AUDITOR-CONTROLLER

CONNIE YEE
CHIEF DEPUTY AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

MAJIDA ADNAN
ROBERT G. CAMPBELL

June 17, 2024

TO: Each Supervisor

FROM: Oscar Valdez, Auditor-Controller

SUBJECT: **SHERIFF'S DEPARTMENT - REPORT ON PRIOR AUDIT/REPORT FOLLOW-UPS (October 1, 2019, Board Agenda Item 10)**

Background

The Los Angeles County Sheriff's Department (Sheriff, LASD, or Department) provides general law enforcement services to 141 unincorporated communities. The Department also houses and cares for over 12,000 people in the County's eight Custody facilities. In addition, the Sheriff provides contractual law enforcement services to 42 contract cities, the Southern California Regional Rail Authority, the Los Angeles County Metropolitan Transportation Authority, and the Superior Court. For Fiscal Year 2023-24, the Sheriff had 17,481 budgeted positions and a budget of approximately \$3.73 billion, with a net cost to the County General Fund of \$1.75 billion.

Audit Scope and Objectives

On October 1, 2019, your Board instructed the Auditor-Controller, in collaboration with the Chief Executive Office and the Office of Inspector General, to conduct an operational review of the Sheriff to determine whether there are areas that can be more efficient and/or operate more effectively. The Board also directed a review of prior Sheriff's reports/audits.

We contracted with BCA Watson Rice LLP (BCA) in March 2020 to perform an Audit Report Follow-ups and Operational Review. BCA issued a total of three separate reports for this project: (1) Potential Revenue Shortfalls/Losses (issued January 11, 2022), (2) Operational Review (issued June 30, 2023), and (3) Prior Audit/Report Follow-ups.

As part of the audit, BCA performed a follow-up review for the following three prior audits/reports: (1) Sheriff's Forensic Budget Audit, (2) Review of Accounts Payable,

Billing and Revenue, Special Revenue Funds, and Trust Funds, and (3) Review of the Sheriff's Garnishment System (MAPAS). In addition, BCA performed a consolidated and shortened desk follow-up review (note that the follow-up for these reviews shall not constitute an "audit" and does not require a sampling of transactions for testing and verification purposes) for the following three prior audits: (4) Review of Billing and Collections, (5) Review of Cellular Telephones and Other Wireless Devices, and (6) Review of Cash Handling and Cash Collections. The primary objectives of this review were to determine whether the recommendations are still relevant, determine the Department's progress in implementing each recommendation, and make recommendations to improve efficiencies, processes, controls, and monitoring.

Review Summary

BCA's report followed up on a total of 95 prior recommendations and noted that 77 (81%) were implemented, 11 (12%) partially implemented, and five (5%) not implemented. BCA also noted that two (2%) recommendations were no longer applicable. Please see summary in Table 1 below:

Summary of Follow-Up Review Recommendations

Table 1

	TOTAL RECOS	RECOMMENDATION IMPLEMENTATION STATUS			
		OUTSTANDING RECOMMENDATIONS			NO LONGER APPLICABLE
		IMPLEMENTATION STATUS FULLY	PARTIALLY	NOT	
Forensic Budget Audit	14	4	4	5	1
Accounts Payable, Billing and Revenue, Special Revenue Funds, and Trust Funds - Administrative Services Division	12	12	0	0	0
Review of the Sheriff's Garnishment System (MAPAS)	29	27	2	0	0
Billing and Collections Review	11	11	0	0	0
Cellular Telephones and Other Wireless Devices Review	17	16	0	0	1
Review of Cash Handling and Cash Collections - Sheriff's Patrol Stations	12	7	5	0	0
TOTAL	95	77	11	5	2

16

Sheriff management has indicated that the Department has either implemented or plans to take action to implement the outstanding partially and not implemented recommendations where possible/practical.

New Recommendations

BCA also noted opportunities for the Sheriff to improve their civilianization process, controls and monitoring efforts and budgetary processes, which management has agreed to strengthen. For example, LASD will:

- Develop a documented process that reviews individual positions within key bureaus on an on-going basis. LASD will also develop a business plan that details their strategic priorities. This process would be ongoing to reflect potential changes in the roles of an individual position as well as the assignment of officers on “light duty.” Additionally, LASD will track the number of positions that have been converted from sworn to non-sworn. In addition to detailing their priorities, LASD will include corresponding Key Performance Indicators (KPIs) to measure success in achieving their goals and objectives.
- Develop a business plan that details their strategic priorities. In addition, LASD will include corresponding KPIs to measure the success in achieving their goals and objectives, contain process and outcome measures, and be guided by the overall mission of each unit.

These enhancements will improve the Department’s processes and controls to identify potential sworn positions that can be civilianized and enhance their budgetary processes.

For details of BCA’s review, the Department’s corrective actions, and estimated full implementation dates for each new and outstanding recommendation, see Attachment I.

In accordance with our standard procedures, we do not plan to perform follow-ups of recommendations from external consultants/entities. As a result, we recommend that the Sheriff notify the Board upon implementation of the outstanding recommendations.

Review of Report

BCA discussed their report with Sheriff’s management. The Department’s response, included in Attachment II, indicates general agreement with the results of the review and report recommendations.

If you have any questions please call me, or your staff may contact Mike Pirolo at mpirolo@auditor.lacounty.gov.

OV:CY:RGC:MP:JU:gu

Attachments

c: Fesia A. Davenport, Chief Executive Officer
Edward Yen, Executive Officer, Board of Supervisors
Robert G. Luna, Sheriff
Max Huntsman, Inspector General

County of Los Angeles
Auditor-Controller

Sheriff's Department
Audit Report Follow-ups and Operational Reviews

REPORT ON PRIOR AUDIT/REPORT FOLLOW-UPS

FINAL REPORT

January 2024



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May 10, 2024

Mr. Oscar Valdez
Auditor-Controller
500 West Temple Street, Room 525
Los Angeles, CA 90012

Dear Mr. Valdez,

BCA Watson Rice LLP is pleased to present the attached report on our Review of Prior Audits and Reports Follow-Ups of the Los Angeles County Sheriff's Department (LASD). The review found that most of the recommendations from prior audit reports have been implemented by LASD, however, there are some prior audit report recommendations that have been partially implemented or not implemented. LASD management agrees with the results of the review and has addressed their timelines and plans for implementing the outstanding prior audit report recommendations. LASD's written management response is included at the end of this report.

We would like to thank LASD management and staff for their efforts and cooperation throughout the review. Please feel free to contact me directly at 310 792-4640 ext. 110 if you should have any questions.

Respectfully,

A handwritten signature in blue ink that reads 'Michael J. de Castro'. The signature is stylized with a large, circular flourish at the end.

Michael J. de Castro
Managing Partner

TABLE OF CONTENTS

1. Executive Summary..... 1

2. Introduction and Background2

3. Objectives, Scope and Methodology3

4. Detailed Results.....7

Exhibits I thru V: Prior Audit/Report Recommendations – Implementation Status and Actions Taken

Attachment: LASD Management Response

1. EXECUTIVE SUMMARY

This executive summary provides a brief description of the more significant results by area. For a more detailed discussion of the results, please refer to the body of the report.

Background, Scope, and Objectives

For Fiscal Year (FY) 2023-24, the Los Angeles County Sheriff's Department (Sheriff, LASD or the Department) had 17,481 budgeted positions with a budget of approximately \$3.73 billion. The net cost to the County's General Fund was approximately \$1.75 billion. In October 2019, the Board requested that the Auditor-Controller in collaboration with the CEO and the Office of Inspector General conduct an operational review of the LASD to determine whether there are any areas that can be more efficient and/or operate more effectively. The Board also directed a review of LASD's operations, including a review of prior audits and reports.

In March 2020, the Auditor-Controller contracted with BCA Watson Rice (BCAWR) to conduct various audit report follow-ups and operational reviews of LASD operations for overtime, employee benefits, and facilities. This report provides the results of BCAWR's prior audit/report follow-ups.

The objectives of this prior audit/report follow-ups review were to determine whether LASD has implemented, partially implemented, or not implemented the recommendations from the following six (6) prior audits/reports: 1) Sheriff's Forensic Budget Audit, 2) Review of Accounts Payable, Billing and Revenue, Special Revenue Funds, and Trust Funds, 3) Review of the Sheriff's Garnishment System (MAPAS), 4) Review of Billings and Collections, 5) Review of Cellular Telephones and Other Wireless Devices, and 6) Review of Cash Handling and Cash Collections. To conduct our review and analyses, we reviewed information and data on the implementation of recommendations, where appropriate. We also held discussions with pertinent LASD officials to discuss the implementation of recommendations. We began our review in October 2022 and completed our review in February 2023.

Overall, we found that LASD has implemented most of the prior audits/reports' recommendations, except for the recommendations related to the Sheriff's Forensic Budget Audit report issued in December 2013. We found that of the seven (7) recommendations, two (2) recommendations have been partially implemented, three (3) recommendations have not been implemented, and two (2) recommendations have been fully implemented. We determined that the recommendations are still relevant and that LASD should continue efforts to implement the recommendations. For more details, please refer to page 7 in the body of this report.

2. INTRODUCTION AND BACKGROUND

The LASD enforces laws and County ordinances in the unincorporated areas and is responsible for maintaining law and order in all cities in the County. The LASD also provides direct traffic and law enforcement contract services to 42 cities, the Los Angeles County Metropolitan Transportation Authority, and other public agencies. In addition, the LASD provides placement, housing, and care to an average of approximately 13,390 individuals incarcerated in the County jail in eight custody facilities (as of June 2023) and provides bailiff services to the Superior Court.

The Los Angeles County Auditor-Controller contracted with BCA Watson Rice (BCAWR) to conduct an audit report follow-up and operational review of certain LASD operations. For FY 2023-24, the LASD had 17,481 budgeted positions with a budget of \$3.73 billion. The net cost to the County's General Fund was \$1.75 billion. In September 2019, the Chief Executive Office (CEO) notified the Board of Supervisors that the LASD closed FY 2018-19 with a net deficit of \$63.4 million. The CEO attributed this net deficit to over- expenditures in salaries and employee benefits, other charges, and under-realization of revenue.

In October 2019, the Board requested that the Auditor-Controller in collaboration with the CEO and the Office of Inspector General conduct an operational review of the LASD to determine whether there are any areas that can be more efficient and/or operate more effectively. The Board also directed a review of LASD's operations, including a review of prior audits and reports.

In March 2020, the Auditor-Controller contracted with BCAWR to conduct various audit report follow-ups and operational reviews of LASD operations. This report provides the results of BCAWR's prior audit/report follow-ups.

3. OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this prior audit/report follow-ups review were to determine the status of the actions taken, if any, by LASD on prior audit/report recommendations made. This effort was to not only identify the actions taken by LASD, but also to determine whether the prior recommendations are still currently relevant, determine LASD's progress and any additional steps needed in implementing the recommendations, and identifying any additional areas for enhanced efficiencies and cost savings.

The scope of our review and analysis covered the review of six (6) prior audits/reports. Information was requested and received electronically, and interviews were conducted in-person and via conference call or video conferencing.

Below we provide a brief description and the list of the tasks performed for each of the six (6) prior audits/reports reviewed:

1. Sheriff's Forensic Budget Audit Report (Issued 12/20/2013)

The December 20, 2013, Sheriff's Forensic Budget Audit Report included seven (7) recommendations. To follow-up on the actions taken by LASD, we performed the following tasks below:

Task 1: Obtained a written explanation on actions taken to each of the seven (7) prior audit recommendations.

Task 2: Evaluated and discussed with pertinent LASD officials the current status of each recommendation.

Task 3: Obtained documentation, if necessary, to support the actions taken on each recommendation.

Task 4: Evaluated the number of positions that the Sheriff has converted from sworn to non-sworn since the December 20, 2013, audit.

Task 5: Evaluated the impact of any significant organizational changes in the administrative and support functions on the potential to convert the position from sworn to non-sworn (where applicable).

Task 6: Evaluated the Sheriff's progress and efforts to civilianize administrative and support function positions to maximize sworn staff available to provide public safety services. Identify how many sworn positions identified in the December 20, 2013, report that the Sheriff has yet to review and evaluate for civilianization.

Task 7: Identify any additional sworn positions that potentially can be civilianized.

LASD – Prior Audit/Report Follow-ups

We also performed a second follow-up review on seven (7) outstanding recommendations from the December 20, 2013, prior audit report that were partially or not implemented by the Sheriff. These seven (7) recommendations were made in a December 15, 2003, audit report on the budget process and methods used by LASD and the CEO. To follow-up on the actions taken by LASD and/or CEO, we performed the following tasks below:

Task 1: Obtained a written explanation on actions taken to each of the seven (7) prior outstanding audit recommendations.

Task 2: Determined if the recommendations are still applicable and assessed the progress in implementing the recommendations, if any.

Task 3: Determined what factors are considered in the development of the Sheriff's budget.

Task 4: Evaluated how the Sheriff monitors their budget throughout the fiscal year.

Task 5: Reviewed how budgetary savings and shortfalls are reported to the CEO throughout the year.

Task 6: Identified and evaluated the steps the Sheriff takes to mitigate budgetary shortfalls in individual budget units.

Task 7: Determined if any recommendations are needed to improve the Sheriff's budgetary process and monitoring efforts.

2. Review of Accounts Payable, Billing and Revenue, Special Revenue Funds, and Trust Funds – Administrative Services Division (Issued 06/16/2016)

This prior audit report had twelve (12) recommendations. To follow-up on these twelve recommendations, we performed the following tasks:

Task 1: Obtained a written explanation on actions taken to each of the twelve (12) prior audit recommendations.

Task 2: Determined whether the recommendations are still relevant.

Task 3: Evaluated the Sheriff's progress in implementing applicable prior audit recommendations.

Task 4: Determined if any additional steps are needed to implement the recommendations.

Task 5: Identified any additional areas for enhanced efficiencies and cost savings.

LASD – Prior Audit/Report Follow-ups

3. Review of the Sheriff's Garnishment System (MAPAS) (Issued 07/08/2009)

This prior audit report had twenty-nine (29) recommendations. To follow-up on these 29 recommendations, we performed the following tasks:

Task 1: Obtained a written explanation on actions taken to each of the twenty-nine (29) prior audit recommendations.

Task 2: Determined whether the recommendations are still relevant.

Task 3: Evaluated the Sheriff's progress in implementing applicable prior audit recommendations.

Task 4: Determined if any additional steps are needed to implement the recommendations.

Task 5: Identified any additional areas for enhanced efficiencies and cost savings.

4. Sheriff's Department – Billing and Collections Review (Issued 12/12/2013)

This prior audit report had eleven (11) recommendations. To follow-up on these 11 recommendations, we performed the following tasks:

Task 1: Obtained a written explanation on actions taken to each of the eleven (11) prior audit recommendations.

Task 2: Determined whether the recommendations are still relevant.

Task 3: Evaluated the Sheriff's progress in implementing applicable prior audit recommendations.

Task 4: Obtained relevant documents supporting actions taken and held discussions with Sheriff's management/staff to discuss the status of each recommendation.

5. Sheriff's Department – Cellular Telephones and Other Wireless Devices Review (Issued 09/16/2015)

This prior audit report had seventeen (17) recommendations. To follow-up on these 17 recommendations, we performed the following tasks:

Task 1: Obtained a written explanation on actions taken to each of the seventeen (17) prior audit recommendations.

Task 2: Determined whether the recommendations are still relevant.

Task 3: Evaluated the Sheriff's progress in implementing applicable prior audit recommendations.

Task 4: Obtained relevant documents supporting actions taken and held discussions with Sheriff's management/staff to discuss the status of each recommendation.

LASD – Prior Audit/Report Follow-ups

6. Review of Cash Handling and Cash Collections – Sheriff's Patrol Stations (Issued 06/16/2016)

This prior audit report had twelve (12) recommendations. To follow-up on these 12 recommendations, we performed the following tasks:

Task 1: Obtained a written explanation on actions taken to each of the twelve (12) prior audit recommendations.

Task 2: Determined whether the recommendations are still relevant.

Task 3: Evaluated the Sheriff's progress in implementing applicable prior audit recommendations.

Task 4: Obtained relevant documents supporting actions taken and held discussions with Sheriff's management/staff to discuss the status of each recommendation.

4. DETAILED RESULTS

Below we provide the details on the results of each prior audit/report follow-ups:

1. Follow-Up on Sheriff's Forensic Budget Audit

In 2013, Bazilio Cobb Associates (now BCA Watson Rice LLP) conducted a review of the Sheriff's use of sworn staffing and its overall budget practices. The purpose of the review was to (1) review and evaluate the Sheriff's allocation of sworn versus non-sworn staffing within the Department, and (2) review and evaluate the budget process that has resulted in a misallocation of expected expenses and revenues.

The 2013 review resulted in a series of recommendations. The scope of this review is to follow-up on the implementation status of the 2013 recommendations directed to LASD. The following sections provide the recommendations, the implementation status, and whether the recommendations are still relevant today.

Prior Review Recommendations Related to the Use of Non-Sworn Staffing

The 2013 review included a total of four (4) recommendations related to the use of non-sworn staffing. As discussed in the 2013 report, LASD requires a mix of sworn and non-sworn or civilian staffing to provide required functions and services. Non-sworn personnel may be utilized in certain administrative and support positions that do not require specified law enforcement powers, skills, or abilities. The report reviewed -- at an organizational-level -- the use of sworn personnel in these positions Department-wide.

Set forth below are the 2013 report recommendations and their status:

Prior Recommendation No. 1: The Sheriff's Department should review all of the administrative and support functions currently staffed by sworn personnel that do not require law enforcement powers to determine if these functions could be reassigned to non-sworn personnel.

Status: Partially Implemented; Still Relevant

Actions Taken/Not Taken by LASD: LASD has not conducted a formal and comprehensive study of each individual administrative and support position filled by a sworn officer to determine whether that position could be refilled with non-sworn personnel.

LASD indicated that the cost and complexity of a large-scale study would have been excessive given the expected benefit. Alternatively, LASD has chosen to conduct this type of analysis of administrative and support positions when a vacancy occurs. When a vacancy occurs, Unit Commanders conduct an evaluation of whether the position could be filled with non-sworn personnel. This is done both to minimize costs, but also to maximize sworn staff available to provide direct law enforcement services. Given the potential cost savings associated with the use

LASD – Prior Audit/Report Follow-ups

of non-sworn staff, this recommendation is still relevant. While the nature of the savings varies by position, it is estimated that for management positions (e.g. Captain, Commander, and Division Chief), annual savings can be as much as \$55,000 annually. However, it is important to conduct a position review based on the level of staff required as not all non-sworn positions result in an immediate savings to the Department.

Estimated Implementation Date: LASD has indicated that they are interested in studying the conversion of sworn administrative positions to non-sworn personnel where feasible, but they do not have plans for procuring a formal study. While they have not been able to estimate the costs of a formal study, current budget constraints make such a study unlikely in the near term. We recommend that this study be completed by December 31, 2024.

LASD Management Response: *By December 31, 2024, LASD will develop a process to evaluate administrative and support functions currently staffed by sworn personnel when vacated. The Department will collaborate with the Chief Executive Office on a case-by-case interim solution for a non-sworn staff to assume functions until a permanent non-sworn position can be added during the various budgetary phases to formally address the conversion.*

In addition to the follow-up on the recommendation, we conducted a high-level analysis of the following additional issues associated with this prior recommendation:

Identify the number of positions that the Sheriff has converted from sworn to non-sworn since the 2013 audit:

Since the 2013 audit, five positions were converted to non-sworn positions. These positions included:

- Three Sergeants were converted to Law Enforcement Auditors within the Audit and Accountability Bureau.
- One Division Chief was converted to a Division Director within the Technology and Support Division.
- One Assistant Sheriff was converted to a non-sworn position within the Executive Office.

Evaluate the impact of significant organizational changes in the administrative and support functions on the potential to convert positions:

LASD has indicated that there have not been significant organizational changes within the Department's administrative and support functions. Where minor reorganizations have occurred, management has conducted evaluations as to whether new positions could be staffed by non-sworn personnel. Discussed more fully below, as administrative and support positions become available, management conducts an analysis as to whether the position would benefit from law enforcement training and experience. Where law enforcement training is unnecessary or would not be a substantial benefit, those positions are filled with non-sworn personnel. Since the last audit five positions have been converted from sworn to non-sworn staff.

LASD – Prior Audit/Report Follow-ups

Evaluate the Department's progress and efforts to civilianize administrative and support positions to maximize sworn staff available to provide public safety services. In addition, identify the number of sworn positions in the 2013 report that the Sheriff has yet to review and evaluate for civilianization.

As stated above, since the 2013 report, LASD has not conducted a formal and comprehensive study. While no such study has been completed, LASD stated that they routinely evaluate positions for civilianization as the position becomes vacant. However, this process has not been documented and LASD was not able to identify the number of vacant positions that have been evaluated for civilianization since the 2013 report. LASD has converted five positions from sworn to non-sworn personnel since 2013 as previously discussed above.

To validate this civilianization evaluation practice, we conducted interviews with management within the Sheriff Information, Risk Management, Information and Data Systems, Communications and Fleet Services Bureaus. As support and administrative positions filled by a sworn officer become vacant, management evaluates whether the position could be performed by a civilian. The primary factor considered is whether the position requires law enforcement expertise to perform the required duties. Within each unit, we selected one or more positions to review their process and evaluation criteria and concluded that the process was effective for that limited purpose. The following represent examples of this analysis:

- *Information and Data Systems Unit* – In reviewing a recent vacancy for a data liaison position, management's concluded that a sworn officer would have greater understanding of the needs in the field and translating those needs to analysts who could make changes to existing data systems.
- *Fleet Services Unit* -- Of the five sworn staff being utilized in administrative positions, each participated in the vehicle design, build and testing process. It was determined that their experience in the field would provide them with unique insight into the needs of vehicle operations.
- *Communications Unit* – At least a third of their sworn positions were dedicated to radio room operations for which a sworn officer is necessary to communicate the needs of officers in the field.

Identify any additional sworn positions that potentially can be civilianized.

As discussed above, we conducted a high-level review of the practices of five different bureaus within LASD to determine the efforts being undertaken to convert sworn positions. As part of that review, we did not identify any additional positions that could be civilianized, but our scope was limited to the specific tasks outlined in the Objectives, Scope, and Methodology section above.

Make additional recommendations to improve Sheriff's efficiencies, effectiveness, and/or cost savings as it relates to the civilianization process, controls, and monitoring efforts.

LASD – Prior Audit/Report Follow-ups

New Recommendation #1: While a comprehensive review of the entire Department may not be feasible in the short-term, LASD should develop a documented process that reviews individual positions within key bureaus on an on- going basis. Individual units with a higher percentage of support and administrative staff could be required to conduct internal evaluations periodically to provide justification for the use of sworn officers in these positions. This process would be on-going to reflect potential changes in the roles of an individual position as well as the assignment of officers on “light duty.” Additionally, LASD should track the number of positions that have been converted from sworn to non-sworn.

New Recommendation #2: LASD should consider adopting and documenting best or promising practices to civilianize additional positions. In 2014, the US Department of Justice released a study entitled “Integrating Civilian Staff into Police Agencies.” The report identified several promising practices for increasing the use of non-sworn staff. One practice included developing a program to train civilian employees to perform certain tasks within the Department historically reserved to sworn employees. The objective would be to train staff to perform certain functions without the use of sworn staff, making those functions more cost effective. Some of those functions being used by law enforcement agencies that were identified in the 2014 study included:

- First responders to nonviolent calls for service
- Crime scene processors and forensic crime lab employees
- Crime victim service providers in the field
- Analysts, researchers, and planners
- Community liaisons and public information officers

LASD Management Response: *By December 31, 2024, LASD will develop a process to evaluate administrative and support functions currently staffed by sworn personnel when vacated. The Department will collaborate with the Chief Executive Office on a case-by-case interim solution for a non-sworn staff to assume functions until a permanent non-sworn position can be added during the various budgetary phases to formally address the conversion.*

Prior Recommendation No. 2: The Auditor-Controller should conduct an objective analysis of the Sheriff’s review of administrative and support functions currently staffed by sworn personnel that do not require law enforcement powers.

Status: Not Implemented; Still Relevant

Actions Taken/Not Taken by LASD: Since the 2013 review, no outside, objective analysis of the use of sworn staff for administrative and support functions has been completed.

This recommendation was designed to provide an objective analysis of LASD’s comprehensive position by position study of sworn deputies occupying administrative and support roles (see prior recommendation). As LASD did not complete a formal study, an objective review of that study by the Auditor-Controller was not possible. Given the continued emphasis on minimizing the growth of the LASD’s overall budget for personnel, this recommendation is still relevant.

LASD – Prior Audit/Report Follow-ups

As noted above, this type of analysis does not need to be a one-time, comprehensive study. Rather, this type of study could occur on limited basis identifying key units within the Department for a periodic review.

Estimated Implementation Date: LASD has indicated that they are interested in studying the conversion of sworn administrative positions to non-sworn personnel where feasible, but they do not have plans for procuring a formal study. While they have not been able to estimate the costs of a formal study, current budget constraints make such a study unlikely in the near term. We recommend that this study be completed by December 31, 2024. In addition, the Auditor-Controller's objective analysis should be conducted following the completion of the Sheriff's study.

LASD Management Response: *By December 31, 2024, LASD will develop a process to evaluate administrative and support functions currently staffed by sworn personnel when vacated. The Department will collaborate with the Chief Executive Office on a case-by-case interim solution for a non-sworn staff to assume functions until a permanent non-sworn position can be added during the various budgetary phases to formally address the conversion.*

Prior Recommendation No. 3: Information on sworn staff injured or working light duty should be maintained in a searchable database.

Status: Implemented

Actions Taken/Not Taken by LASD: In approximately 2019, LASD began to track Absence Follow-up reports electronically. Using the Risk Management Tracker found on the Station/Bureau/Administration Portal, units can input the information of all their personnel who are off or working light duty to industrial or non-industrial injuries. As a result, they are able to generate a report based on the data contained within Risk Management Tracker.

Prior Recommendation No. 4: Loaned employees should be entered into eHR.

Status: Implemented

Actions Taken/Not Taken by LASD: Based on interviews with LASD staff, as of April of 2012, the Department began tracking sworn staffing that are loaned to other units through the eHR system. This is used by the Department to evaluate staffing is being utilized and where potential gaps in staffing are expected moving forward.

Prior Review Recommendations Related to Budget Practices

The 2013 review included a total of three (3) recommendations directed to LASD related to the development of its budget. Specifically, the review focused on questions related to the factors causing mis-projections of budgeted expenditures and revenues. Our follow-up is summarized below by prior recommendation:

LASD – Prior Audit/Report Follow-ups

Prior Recommendation No. 5: The Sheriff's budget should be realigned to more accurately reflect actual salary and employee benefit and services and supplies budget requirements.

Status: Not Implemented; Still Relevant

Actions Taken/Not Taken by LASD: No significant progress has been made on this issue since the 2013 report as the approved budget for LASD does not reasonably reflect expected salary and benefit costs.

The 2013 review found that LASD consistently under-budgeted personnel costs across all budget units. The review also found that the underbudgeting of personnel costs resulted in the overspending of budgeted personnel costs. To off-set the overspending of personnel costs, LASD routinely underspent its budget for services and supplies, other charges, and capital assets.

Our review indicates that LASD continues to experience large variances in its budgeted expense categories. Set forth on the following page Table #1 is a four-year summary of budget variances by major expense categories:

Table #1				
Expenditures -- Variance from Adjusted Budget (All Budget Units)				
Salaries & Benefits				
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Adjusted Budget	\$2,910,302,000	\$3,076,680,000	\$3,112,266,000	\$3,221,202,000
Actual Expenditures	\$3,007,910,559	\$3,144,405,143	\$3,152,761,590	\$3,310,830,377
Variance	(\$97,608,559)	(\$67,725,143)	(\$40,495,590)	(\$89,628,377)
Services & Supplies				
Adjusted Budget	\$449,330,000	\$376,483,000	\$373,197,000	\$402,600,000
Actual Expenditures	\$403,711,158	\$399,278,517	\$376,984,049	\$395,792,081
Variance	\$45,618,842	(\$22,795,517)	(\$3,787,049)	\$6,807,919
Other Charges				
Adjusted Budget	\$83,077,000	\$75,468,000	\$75,642,000	\$88,870,000
Actual Expenditures	\$91,815,059	\$68,218,493	\$71,495,104	\$67,350,607
Variance	(\$8,738,059)	\$7,249,507	\$4,146,896	\$21,519,393
Capital Assets				
Adjusted Budget	\$30,513,000	\$14,934,000	\$16,098,000	\$19,597,000
Actual Expenditures	\$11,696,170	\$8,883,334	\$11,322,450	\$13,879,521
Variance	\$18,816,830	\$6,050,666	\$4,775,550	\$5,717,479
Items with a parenthesis indicates over budget				
Adjusted Budgets as of August of Fiscal Year				

In each of the prior four fiscal years, the budget for salaries and benefits was exceeded. To help balance the budget with this excess, LASD often underspent other expense categories (e.g., services and supplies, other charges, and capital assets) to mitigate the overages within personnel costs.

The under-budgeting of personnel costs has been a long-time issue for LASD. The primary driver of this issue has been the underfunding of overtime and employee benefit costs. For example, in FY 2021-22, LASD overspent its overtime budget by over \$135.2 million and over the past several years workers' compensation, separation pay, and retiree health costs have continued to increase

LASD – Prior Audit/Report Follow-ups

without a commensurate increase in the budget. As a result, LASD must underspend other items within its budget including under-filling budgeted positions (salary savings), deferring capital and maintenance costs, or underspending its services and supplies budget. As will also be discussed below in a review of the 2003 study conducted by Thompson Cobb, Bazilio and Associates, this is a long-standing issue that remains unresolved.

These budget practices weaken the usefulness and transparency of the budget process and, consequently, the prior recommendation is still relevant.

Estimated Implementation Date: LASD should continue to work with CEO Budget to develop accurate estimates of projected overtime expenditures. We recommend that this task should be completed by December 31, 2024.

LASD Management Response: *By December 31, 2024, LASD will continue to work with the CEO during each budgetary cycle. It should be anticipated that the Department will continue to encounter various line-item budgets not reflecting circumstances the Department is required to address (e.g. vacancies, injuries on duty, call outs, consent decrees, etc.).*

Prior Recommendation No. 6: The Sheriff's Department should review historic budgeted and actual amounts for intra-fund transfers and revenues to determine if more accurate budgeted amounts can be developed.

Status: Implemented.

Actions Taken/Not Taken by LASD: LASD has more accurately budgeted for intra-fund transfers since the 2013 review.

In the 2013 review, it was concluded that during the three-year review period (FY 2009-10 through FY2011-12) intra-fund transfers were not accurately budgeted resulting in revenue deficits ranging from approximately \$15.5 million in FY2011-12 to over \$91.9 million in FY2010-11.

Since 2013, LASD worked with County departments to project the expected need for LASD services more accurately. LASD now meets with the County departments prior to review prior year expenditures and how the departments' needs may have changed moving forward to better project actual expenditures. As can be seen in Table #2 below, during the four-year review period, variances were significantly reduced from those cited in the 2013 review and included both positive and negative variances.

Table #2				
Intrafund Transfer Budget to Actuals				
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Adjusted Budget	\$107,977,000	\$113,149,000	\$110,438,000	\$111,886,000
Revenue	\$112,709,517	\$110,229,589	\$100,496,176	\$121,114,564
Variance	\$4,732,517	(\$2,919,411)	(\$9,941,824)	\$9,228,564

LASD – Prior Audit/Report Follow-ups

The steps taken by LASD have meaningfully reduced intra-fund variances from the prior review by working with their client departments to ensure more reasonable projections of services. As a result, the prior recommendation has been implemented.

Prior Recommendation No. 7: The Sheriff's budget should be realigned to more accurately reflect actual budget requirements by budget unit.

Status: Partially Implemented; Still Relevant

Actions Taken/Not Taken by LASD: The current LASD budget does not accurately project expected costs by budget unit.

The 2013 review found that two of LASD's budget units (Custody and Court Services) had consistent budget savings over the three-year review period. This was largely due to the over-budgeting of non-personnel expenses. This was in contrast with the budgets for Patrol and Detective which were consistently over-budget. The report concluded that the savings realized in Custody and Court Services units were being used to fund the shortfall in other units.

As shown in Table #3 below, except for Administration, most budget units were consistently overbudget in FY2018-19 and 2019-20, largely due to underbudgeting of personnel costs.¹ In all four fiscal years, however, each budget unit experienced noteworthy over or under spending limiting the ability to evaluate the actual requirements of each unit.

Table #3				
Variance from Adjusted Budget By Budget Unit				
	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Patrol	\$4,318,315	\$4,121,616	\$5,055,336	\$12,630,546
Detective	\$15,239,155	\$11,774,778	\$7,513,326	\$5,014,639
Administration	(\$1,125,428)	\$317,160	(\$4,760,709)	(\$25,978,646)
Custody	\$39,238,993	\$48,267,600	\$60,252,169	\$95,130,306
Court Services	\$3,225,245	(\$13,085,371)	(\$14,779,513)	(\$5,215,739)
General Support	\$13,961,923	\$30,218,225	(\$24,526,474)	(\$10,177,098)
County Services	(\$10,631,135)	(\$2,250,341)	(\$5,722,072)	(\$3,605,221)
Unincorporated	\$578,434,900	\$129,701,900	\$578,434,900	(\$181,509)
Specialized and Unallocated	(\$21,415,987)	\$33,348,388	(\$4,341,776)	(\$18,244,827)
Items with a parenthesis indicates under budget				

¹ While some units saw savings in FY 2020-21 and FY2021-22, it is difficult to draw long-term conclusions from these years based on the impacts of the Covid-19 pandemic on staffing and operations.

LASD – Prior Audit/Report Follow-ups

While this recommendation is still relevant, the underlying cause of this issue is the failure to accurately budget personnel costs across the Department. This has led to over-budgeting/underspending of certain cost categories and to over-budgeting/underspending by certain business units. LASD must determine operationally and budgetarily how to right-size its budget then present and work with the CEO to develop a more accurate and predictable budget for personnel costs across all budget units to address this recommendation.

Estimated Implementation Date: We recommend that this task be completed by December 31, 2024.

LASD Management Response: *By December 31, 2024, LASD will continue to work with the Chief Executive Office during each budgetary cycle. It should be anticipated that the Department will continue to encounter various line-item budgets not reflecting circumstances the Department is required to address (e.g. vacancies, injuries on duty, call outs, consent decrees, etc.).*

LASD – Prior Audit/Report Follow-ups

Follow-Up from 2003 Budget Process and Performance Review Recommendations

The 2013 review provided a follow-up of prior recommendations from a 2003 study conducted by Thompson Cobb, Bazilio and Associates in a review of the budget methods and practices used by the Los Angeles County Chief Administrative Office and the LASD. There were seven (7) prior 2003 recommendations that were not fully implemented. Below, we discuss the status of each of the seven recommendations:

Prior Recommendation No. 1: LASD should work with the CEO to expand the budget development process to include a substantive review of key trends in service areas, issues and challenges that need to be addressed, or changes in the demand for service that could drive staffing requirements.

Current Status: Partially Implemented, Still Relevant

LASD currently meets with CEO Budget periodically to review key trends, challenges, and changes in demand for service. These meetings occur during the fiscal year and during the formal budget process. The format of these meetings varies but can include formal presentations to the Board and CEO Budget as well as informal discussions with Board deputies and CEO representatives.

Despite the periodic meetings and presentations, LASD does not align its budget around its short- and long-term needs and strategic priorities to allow for a more in-depth evaluation of how the proposed budget addresses its goals and objectives. The budget process is designed around adjusting the prior fiscal year budget by adding cost living increase and some short-term needs. The budget does not promote the identification and fulfillment of long-term needs and strategies for the Department.

LASD should continue to develop strategies to present their short- and long-term strategic priorities and show how they are being addressed (and potentially not addressed) in the proposed budget.

Estimated Implementation Date: We recommend that this task be completed by December 31, 2024.

LASD Management Response: By December 31, 2024, LASD will continue to work with the Chief executive Office during each budgetary cycle. The Department will further communicate rising challenges and issues as they arise throughout the fiscal year which have an impact on demand for service that could drive staffing requirements.

Prior Recommendation No. 2: LASD, in coordination with the CEO, should consider budgeting and tracking reimbursed overtime expenditures incurred in providing services to contract events, or in meeting grant requirements, separately from other overtime. The budget amounts for reimbursed overtime should be flexible to not discourage the use of this overtime.

LASD – Prior Audit/Report Follow-ups

Status: No Longer Relevant

LASD currently tracks reimbursed overtime expenditures, but these costs are not separately identified within the budget. However, under current practices, reimbursed overtime is tracked and recovered where allowed and, as such, LASD is not discouraged from providing overtime in this context. As discussed in our prior report entitled “Report on Operational Reviews”, we make a series of recommendations related to the overtime process that would make the budgeting and tracking of overtime expenditures more effective. However, at this point, including such additional information within the budget does not appear warranted.

Prior Recommendation No. 3: LASD should consider working with the CEO and Auditor-Controller to establish one budget unit, whereby the Department budget would be formally controlled on a department-wide basis. It should additionally consider establishing eleven “cost” centers within the County accounting system for information and monitoring purposes.

Status: Not Implemented, Still Relevant

In the 2003 review, the study found that the budget units did not match the key organizational and service delivery units of the Sheriff’s Department. All budget development, decision-making, appropriation, tracking, and reporting follow the budget units. The budget units and organizational and service delivery structure of the LASD continue. By creating one budget unit, the budget process would be simplified, but also allow LASD the flexibility to use resources to meet existing needs more effectively during the fiscal year. This recommendation is still relevant for consideration.

Estimated Implementation Date: This would be a significant change in how the budget is developed and tracked. It is a policy decision for the Board of Supervisors, LASD, the Auditor-Controller, and CEO Budget. We recommend that a study on this issue be completed by December 31, 2024.

LASD Management Response: By December 31, 2024, LASD will engage the Chief Executive Office and the Auditor-Controller to establish one budget unit to be controlled on a department-wide basis. Additionally, establishing “cost” centers will be considered when the County accounting system is modified.

Prior Recommendation No. 4: LASD should consider working with the CEO to identify the actual services and supplies (S&S) needs for the Department and develop a budget for services and supplies to ensure the Department’s basic operating requirements are being adequately met.

Status: Partially Implemented, Still Relevant

While both CEO Budget and LASD have worked since the 2003 study to improve the budget process, the current budget still does not accurately predict actual expenditures. As discussed

LASD – Prior Audit/Report Follow-ups

more fully in our June 30, 2023 “Report on Operational Reviews” and as noted in Table 1 above, LASD’s current budget does not accurately reflect its salary and employee benefit costs (S&EB) and, as a result, LASD has historically underspent its S&S portion of the budget to mitigate the overruns in S&EB. According to LASD, this has resulted in the deferral of needed services and supplies to future years.

LASD’s budget should reflect the actual anticipated expenditures for both S&EB and S&S so that LASD can identify strategic priorities within its S&S budget and ensure their funding. Where funding may be unavailable to meet projected needs, identifying those shortfalls during the budget process will allow LASD to prioritize its purchases more accurately prior to the start of the fiscal year.

Estimated Implementation Date: We recommend that this task be completed by December 31, 2024.

LASD Management Response: *By December 31, 2024, LASD will continue to work with the Chief Executive Office at each budgetary cycle to identify and request the actual services and supplies to address basic operating requirements.*

Prior Recommendation No. 5: The LASD should consider developing an annual business plan prior to the initiation of the annual budget that clearly outlines the organizations specific goals, discusses key trends, issues, and challenges; and provides a clear strategic foundation for the budget process.

Status: Not Implemented, Still Relevant

A successful budget aligns the current needs of an agency with anticipated resources. By developing a formal business plan prior to the start of the budget process, LASD will be better able to identify and communicate its needs and how anticipated funding should be used to meet those needs. This process would provide the CEO Budget and the Board more information to allow it to effectively consider how to allocate its limited resources. The Department does believe, however, that it has made some progress in accomplishing the intent of this recommendation by working on a multi-year Equipment Replacement and annually identifying the Department’s discretionary funds with its Services and Supplies budget.

Estimated Implementation Date: We recommend that this task be completed by June 30, 2025.

LASD Management Response: *By June 30, 2025, LASD will outline the development of an annual business plan prior to initiation of each new fiscal year.*

Prior Recommendation No. 6: LASD should consider developing and implementing a performance measurement system to provide meaningful evaluation of the effectiveness of programs and efforts relative to the Department’s mission and goals.

LASD – Prior Audit/Report Follow-ups

Status: Fully Implemented

Since the 2003 report, the County implemented a program entitled “Performance Counts” to use performance measures within the annual budget to reflect each department’s core goals and objectives. Performance measures can provide context to identify needs and show progress in achieving those goals. With the progress of Performance Counts, LASD has continued to refine its development of a set of Key Performance Indicators (KPIs) as part of its annual reporting process. This has enhanced the ability of the Department to identify its more critical needs and provided additional relevant information to the Board and CEO Budget. While these KPIs are listed in the budget, there is no clear reference in the budget as to how future spending will positively or negatively impact the budget. For example, where there are changes in the budget -- or if additional budget requests are not being fulfilled -- what would be the projected impact on KPIs. Would there be a projected impact on key indicators, or the performance measures associated with those indicators.

Prior Recommendation No. 7: The CEO should work collaboratively with the Sheriff to ensure that their budget more accurately predicts actual expense within level two budget units.

Status: Not Implemented, Still Relevant

As mentioned, both CEO Budget and LASD have worked since the 2003 study to improve the budget process, the current budget still does not accurately predict actual expenditures. As set forth more fully in our “Report on Operational Reviews”, S&EB expenses are significantly underestimated in LASD’s budget, largely the result of underestimating overtime and employee benefit costs. The result is a budget that requires LASD to underspend its budget in other categories, most notably S&S. To develop a more effective budget, LASD must work with CEO Budget to review its budget against its actual operations and work to develop more accurate prediction of actual expenditures within each core budget category, and present its findings to the CEO for review, discussion, and potential rightsizing of the budget within the level two budget units.

Estimated Implementation Date: We recommend that this task be completed by December 31, 2024.

LASD Management Response: By December 31, 2024, LASD will continue to work with the Chief Executive Office at each budgetary cycle to better align the salaries and employee benefits to estimated-actual expenses.

In addition to the foregoing follow-ups, we also addressed the following issues:

Determine what factors are considered in the development of the Sheriff’s annual budget.

LASD budget development process is largely dependent on the parameters set forth by CEO Budget in its instruction. LASD begins with a base budget that represents a recurring set of funding and expenses based on the prior year. LASD determines if there will be significant

LASD – Prior Audit/Report Follow-ups

changes to the base budget due to changes in operations, cost of living increases and/or anticipated funding changes associated with changes to grant funding or other sources of revenue. Funding issues related to short- and long-term economic trends are largely defined by CEO Budget, but how to address those changes is the responsibility of LASD.

Prior to and during the budget process, LASD identifies changes in budgetary priorities requiring a shift of funds from different budget units or a request for additional funding from the Board. With respect to capital and S&S, LASD identifies these needs by working with the different budgets unit to identify and prioritize their requests for submission in the budget.

For longer-term programmatic changes that require restructuring of programs and/or staffing, LASD defines the scope of the new program and identifies the costs of implementing that priority. Examples of these types of programmatic shifts include strengthening custody staffing based on court related settlements, requests for additional services from contract agencies, and periodic changes in the size and scope of academy classes. Where additional funding is available, that is factored into the budget. In circumstances where no additional funding is available, LASD must reallocate funding from an existing program or service to address these changes.

Evaluate how the Sheriff monitors their budget throughout the fiscal year; review how budgetary saving and shortfalls are reported to the CEO throughout the fiscal year; identify and evaluate the steps the Sheriff takes to mitigate budgetary shortfalls in individual budget units; and determine what factors are considered as part of any mitigation efforts.

LASD monitors its budget throughout the fiscal year both at the budget unit level and Department-wide. The process of addressing budgetary concerns begins prior to the start of the fiscal year with LASD preparing an internal S&EB budget that more accurately reflects its anticipated overtime and employee benefit costs. LASD then uses these estimates to require budget units to adjust their spending to ensure they remain within their budget.

During the fiscal year, budget units are required to review financial reporting on a monthly basis. For certain categories of expenses, budget units will review costs such as overtime on a more frequent basis. Units are expected to address any negative trends and work with LASD Administrative Services Division (ASD) to address any unanticipated anomalies. Where necessary, ASD will work with CEO budget to address any potential shortfalls and request mid-year adjustments if appropriate. LASD is expected to maximize existing funding by prioritizing its spending and is required to address any budgetary shortfalls.

As discussed above, LASD's budget has historically under budgeted for S&EB costs and is required to fund this shortfall through underspending in other areas of its budget. LASD has implemented a series of different strategies for mitigating budgetary shortfalls within S&EB. The primary means of mitigating overspending in S&EB is to underspend within S&S. This requires LASD to work with individual units to prioritize budgeted services and supplies and delay those costs to a future year where possible. Examples of delaying services and supplies include deferring facility maintenance, slowing the replacement of supplies (e.g., delaying replacement of taser

LASD – Prior Audit/Report Follow-ups

guns, etc.), and minimizing or eliminating non-required training costs. Additionally, LASD has undertaken several efforts to mitigate overtime spending. These efforts include the use of reserve deputies, monitoring late calls for possible reassignment to oncoming personnel, minimizing vacation leaves and the use of the programs such as Cadre of Administrative Reserve Personnel Program (CARP) to avoid overtime (a more detailed summary of these mitigation measures is included within our “Report on Operational Reviews”).

LASD attempts to develop its budget and make necessary adjustments during the year within the backdrop of ensuring public safety. Where possible, LASD prioritizes staffing over supplies and services to ensure its core functions are met.

Make recommendations to improve the Sheriff’s budgetary process and monitoring efforts.

This report includes two recommendations to improve the current budget process. These recommendations are directed toward both the Sheriff and CEO Budget.

Recommendation #1: Develop a realistic S&EB budget that reflects accurate overtime and employee benefit costs.

Our primary recommendation to improve the Sheriff’s budgetary process is to ensure the approved budget represents actual anticipated expenses by the Department over the course of the year. This can only occur by working with CEO Budget to develop realistic budgets related to S&EB costs, particularly overtime and employee benefits. The failure to develop reasonable estimates has resulted in a budget that does not allow the Sheriff to be held reasonably accountable. We recommend that this task be completed by December 31, 2024.

LASD Management Response: By December 31, 2024, LASD will continue to work with the Chief Executive Office at each budgetary cycle to better align the salaries and employee benefits to estimated-actual expenses.

Recommendation #2: As previously recommended in the prior audit (see Prior Recommendation #5), LASD should develop a business plan that details their strategic priorities. In addition to detailing their priorities, LASD should include corresponding KPIs to measure success in achieving their goals and objectives. They should include both process and outcome measures and be guided by the overall mission of each unit.

LASD does not provide a meaningful and comprehensive articulation of its needs and priorities during the budget process. Funding is not clearly tied to goals, objectives, and outcomes, but is rather buried in a process that focuses on budget units instead of outcomes. The current process does not provide LASD a platform on which to explain how its’ funding is tied to its mission of public safety. This should be done prior to the beginning of the budget process to ensure that CEO Budget can evaluate current strategic priorities with future budget requests. Request for changes in budgetary allocations can then be more effectively mapped to strategic priorities set forth in the business plan. This could include reallocation of resources between programs/units or additional staffing requests to achieve newly articulated objectives within the business plan.

LASD – Prior Audit/Report Follow-ups

We recommend that this task be completed by June 30, 2025.

LASD Management Response: *By June 30, 2025, LASD will outline the development of an annual business plan prior to initiation of each new fiscal year.*

2. Follow-Up on Review of Accounts Payable, Billing and Revenue, Special Revenue Funds, and Trust Funds – Administrative Services Division

This report was issued on June 16, 2016 and contained twelve (12) recommendations: two (2) recommendations each were related to accounts payable, revenue and billing, and special revenue funds. The remaining six (6) recommendations were related to trust funds. Based on our follow-up review, we found that LASD has fully implemented all twelve (12) recommendations. *(See Exhibit I for the details on actions taken and the dates of implementation).*

3. Follow-Up on Review of Sheriff's Garnishment Systems (MAPAS)

This report was issued on July 8, 2009 and contained twenty-nine (29) recommendations. Based on our follow-up review, we found twenty-seven (27) recommendations have been fully implemented and two (2) recommendations have been partially implemented. *(See Exhibit II for the details on actions taken and the dates of implementation).*

4. Follow-Up on Review of Billings and Collections

This report was issued on December 12, 2013 and contained eleven (11) recommendations. Based on our follow-up review, we found that LASD has fully implemented all eleven (11) recommendations. *(See Exhibit III for the details on actions taken and the dates of implementation).*

5. Follow-Up on Review of Cellular Telephones and Other Wireless Devices

This report was issued on September 16, 2015 and contained seventeen (17) recommendations. Based on our follow-up review, we found that LASD has fully implemented sixteen (16) recommendations and one (1) recommendation was no longer applicable. *(See Exhibit IV for the details on actions taken and the dates of implementation).*

LASD – Prior Audit/Report Follow-ups

6. Follow-Up on Review of Cash Handling and Cash Collections – Sheriff's Patrol Stations

This report was issued on June 16, 2016, and contained twelve (12) recommendations: Based on our follow-up review, we found that LASD has fully implemented seven (7) recommendations, and partially implemented five (5) recommendations. *(See Exhibit V for the details on actions taken and the dates of implementation).*

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT I

Standard Follow-up Review - Accounts Payable, Billing and Revenue, Special Revenue Funds, and Trust Funds – Administrative Services Division ASD (Issued 6/6/16)

Finding Number	Audit Finding Recommendation(s)	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
Accounts Payable Disbursements					
AP-1	In order to minimize frequency of errors and reduce the potential risk of overpayment to vendors, proper care should be taken during the initial data entry and approval process to ensure payments to contract vendors are applied against the appropriate contract/encumbrance authorization document.	Implemented	<ul style="list-style-type: none"> Supervisors provide training to new employees; supervisors hold group meeting frequently to resolve issues and provide instructions to avoid errors. Employees follow instructions and carefully review encumbrance/contract and payment information before processing payments. Contract Unit uses Contract Budget (BGCT) in eCAPS to monitor the contract expenditures. Accounts Payable, Special Funds, and Grants Units (three Units) request BGCT from Contract Unit before setting up a new contract encumbrance or supplementing an existing contract encumbrance. Contract Unit monitors the expenditure via eCAPS to minimize the payment errors and reduce the potential risk of overpayment to vendors. 	None	June 2020
AP-2	To the extent reasonably possible, operating units should submit vendor invoices to the Acct Payable Unit within an appropriate time frame to ensure timely processing of vendor payments and compliance with payment terms specified by vendor contracts / agreements.	Implemented	<ul style="list-style-type: none"> Fiscal Administration Bureau performed an internal audit of the late payments. Late payment reports were generated by Fiscal Administration's Accounts Payable Unit and sorted by divisions. The reports were provided to the Department's Division Budget Representatives' during the Fiscal Administration's budget meeting. The Budget Representatives were required to follow up the issues. The General Accounting Unit, Purchasing and Compliance Team provides ongoing eCAPS trainings to buyers and receivers of divisions/units. The training class reviews the County's Procurement Policies and Procurement Procedures, which include payment processing, three-way matching, and payment terms' information. The Purchasing and Compliance Team completes the monthly Prompt Payment Report. The Department indicated that they identify and follow-up on all late payments and refers them to the Treasurer-Tax Collector or Auditor-Controller in accordance with County policy. 	None	June 2020
AP-3	No recommendation under finding - Payment of Invoices Exceeding Total Purchase Order Amount.	No recommendation	No recommendation	No recommendation	No recommendation

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT I

Standard Follow-up Review – Accounts Payable, Billing and Revenue, Special Revenue Funds, and Trust Funds – Administrative Services Division ASD (Issued 6/6/16)

Finding Number	Audit Finding Recommendation(s)	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
Revenue and Billing					
RB-1	The Revenue and Billing Section should be more cognizant of certain functionalities within eCAPS, and approvers should be diligent in ensuring accuracy of payment terms during the approval review process. Furthermore, to the extent the approval date is not the same as the creation date, the invoice due date should be manually entered in eCAPS to reflect 30 or 60 days from the date invoice was approved (and not created) in order to consistently comply with payment terms indicated in the contract/agreement, in addition to maintaining accurate financial records for audit trail purposes.	Implemented	The invoice due date is manually entered in eCAPS to reflect the terms of the agreement. The Revenue and Billing section staff complies by entering the due date from the invoice print date which is after the invoice is approved and it allows the timely payment terms for the customer.	None	April 2016
RB-2	To the extent reasonably possible, review and approval of customer invoices should be completed within a reasonable time frame and approved customer invoices should be processed by the Revenue and Billing Section immediately following the service period end date.	Implemented	Contract Law Enforcement Bureau (CLEB) provides the billing memos to the Revenue and Billing section, the memos are stamped and processed immediately for timely invoicing. A new reporting system was developed to allow Revenue and Billing managers to access the control numbers issued for pending documents and timely invoicing.	None	March 2022
Special Revenue Funds					
SRF-1	Considering the broad definitions of allowable expenditures, the Administrative Services Division (ASD) should continue to exercise proper care and maintain consistency during the review and approval process to help mitigate the risk of approving unnecessary or unqualified expenditures. Furthermore, to the extent reasonably possible and without deviating from Special Revenue Fund's intended purpose, the ASD should consider developing specific guidelines with clearer descriptions of permissible expenditures for each Special Revenue Fund, which would assist in eliminating ambiguity and ensuring consistent application of procedures related to reviewing expenditures for eligibility and compliance with restrictions imposed upon Special Revenue Funds.	Implemented	Guidelines including descriptions to purpose of the fund, permissible expenditures of the fund, and the Government Code in compliance to the fund, was established to Automated Fingerprint Identification System Fund, Inmate Welfare Fund, Automation Fund, Countywide Warrant System Fund, Narcotics Enforcement Special Fund, Processing Fee Fund, Vehicle Theft Prevention Program Fund, and Special Training Fund, the eight (8) special revenue funds managed by Special Funds Accounting Unit, on September 8, 2016. The guidelines were distributed to unit staff on December 6, 2017 to assist staff in reviewing eligible expenditures and fund restrictions to their handled funds.	None	September 2016

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT I

Standard Follow-up Review - Accounts Payable, Billing and Revenue, Special Revenue Funds, and Trust Funds – Administrative Services Division ASD (Issued 6/6/16)

Finding Number	Audit Finding Recommendation(s)	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
SRF-2	In order to help mitigate the risk of potential non-compliance with funding source requirements, the ASD should be more observant of the restrictions and/or constraints imposed upon use of Special Revenue Funds. The ASD should be able to, at a minimum, demonstrate and verify that funds transferred from Special Revenue Funds to General Fund are used solely to finance specific expenditures or programs that otherwise would have been paid for with Special Revenue Funds. Otherwise, to the extent reasonably possible, eligible expenditures should be disbursed directly from Special Revenue Funds for purposes of maintaining transparency and a clearer audit trail. Furthermore, written policies and procedures should be in place to ensure that funds are properly authorized and utilized in accordance with applicable laws, which may include documenting specific circumstances that would necessitate an intra-fund transfer and/or establishing criteria for intra-fund transfers.	Implemented	All Use of Special Fund Requests had to be reviewed by ASD Special Funds Accounting staff and approved by ASD management to ensure the availability of funds and the appropriate use of funds in accordance with applicable fund guidelines. For purposes of maintaining transparency and a clearer audit trail, unit buyers were instructed to place purchase order via eCAPS Procurement System to ensure eligible expenditure were disbursed to specific special fund account directly. Furthermore, Special Funds Accounting Procurement and Funding Approval Procedure were established and distributed to all Division Budget Rep in June 2015, to ensure that orders placed with special funds were properly authorized and utilized in accordance with application laws and policies.	None	June 2016
Trust Funds					
TR-1	To ensure accuracy and proper management of trust fund balances, reconciling differences should be identified and resolved timely. The Trust and Cashiering Section should ensure not only are all reconciling differences identified, but that reconciling items are actually researched and reasonable efforts are undertaken to resolve the differences in a timely manner. Trust fund account reconciliations should not be performed as a mechanical process which rolls forward identified differences from one period to another, with no meaningful disposition or resolution of the reconciling differences.	Implemented	Trust fund reconciliations are reviewed on a monthly basis by management. Outstanding and unresolved items are addressed within 30 day so they do not appear on the following months reconciliation.	None	July 2016
TR-2	It is important to maintain departmental detailed subsidiary ledgers for all trust funds to ensure that all trust fund activity is monitored and accounted for, in order to minimize the risk of errors or irregularities occurring and going undetected.	Implemented	Revenue and Billing section created a subsidiary ledger for the monthly appropriations received from the California State Controller for the bookings fees. Trust fund TK7-7516 has a subsidiary ledger that holds the monthly appropriations received.	None	July 2016
TR-3.1	Sheriff's should evaluate whether the trust funds continue to fulfill the primary purpose for which they were established or are no longer needed. If it should be determined the trust funds are no longer needed, the accounts should immediately be closed and the remaining balance, if any, should be properly disposed of or transferred to the appropriate fund. A request to close a trust fund requires written notification to the County Auditor-Controller's Accounting Division from the requesting department or agency.	Implemented	Each year in October the department's trust accounts are reviewed as part of the "monies owed to third parties" report sent to the Auditor-Controller. During this time if any trust accounts are inactive the appropriate action is taken to identify unused accounts. The 3 trust accounts; S5B, S7X, and V83 discovered during the 2016 KPMG audit have been closed.	None	July 2016

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT I

Standard Follow-up Review – Accounts Payable, Billing and Revenue, Special Revenue Funds, and Trust Funds – Administrative Services Division ASD (Issued 6/6/16)

Finding Number	Audit Finding Recommendation(s)	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
TR-3.2	County Fiscal Manual, Section 2.1.3, Internal Controls Over Trust Funds, requires departments to maintain historical data documenting a trust fund's purpose and authority. The Special Accounts Unit should maintain separate and complete historical files documenting the purpose and authority for each trust fund. Files should contain contemporaneous records of the establishment of each trust fund and other relevant information regarding the fund's intended use and authorization.	Implemented	Special Accounts has created a binder of hard copies and maintains electronic copies of the historical documents for each trust funds intended purpose and authority. Records of the established trust and other relevant documents are kept for future reference.	None	July 2016
TR-4	The Trust and Cashiering Section should undertake appropriate and reasonable efforts to identify the rightful owner of unclaimed funds and make a refund of the unclaimed funds to the owner, whenever possible. If an owner cannot be readily determined, the Trust and Cashiering Section should research the unclaimed funds to determine whether funds should be referred and transferred to the Treasurer Tax Collector (TTC) for proper disposition.	Implemented	The detective investigating each case makes appropriate and reasonable efforts to identify the rightful owner of unclaimed funds. The unclaimed funds that are not identified within 3years are regularly transferred to the County Treasure Tax Collector's office for proper disposition per the California Government Code Sections 50050 through 50057.	None	July 2016
TR-5	The Special Accounts Unit should update and maintain its written department desk operating procedures over trust funds to reflect current processes. Written procedures should address the trust fund purpose, staff responsibilities and custodian duties, key activities in processing of transactions (receipts and disbursements), safeguarding of the trust fund, and reconciling of funds. Written procedures will help to ensure trust funds are processed in a consistent manner and in accordance with Sheriff's business objectives.	Implemented	Special Accounts Unit has created written desk operating procedures for the assignments responsible for the processing of trust funds. This is an ongoing effort by the Department to review the operating procedures periodically to keep the most current procedures on file for safeguarding the trust funds and new staff assigned to the unit. Department provided BCA with written desk operating procedures, covering the processing of funds, which include trust funds: Bail & Fine Procedures, Special Appropriation Fund Procedures, Witness Fees Desk Procedures, Deposit Desk Procedures, Miscellaneous Fees - Staff Procedures, Miscellaneous Fees - Supervisor Procedures.	Ongoing Review	July 2016

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT II

Standard Follow-up Review - Sheriff's Garnishment Systems (MAPAS) (Issued 7/8/09)

Finding Number	Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
1	Establish policies defining MAPAS access roles and staff levels/duties for each role and limit access, including access to social security and bank account information, based on each user's responsibilities.	Implemented	Civil Management Bureau Order #10-01, "MAPAS Access Roles and Permissions" was implemented and it covers each of these areas of concern. Users access roles have been clearly defined. Permission for personnel without the need to access sensitive information has been blocked in MAPAS and by policy.	No Action Remaining.	May 2010
2	Remove terminated employees' system access.	Implemented	Civil Management Bureau Order #10-01, "MAPAS Access Roles and Permissions" was implemented and specifically addresses this area of concern. The policy requires terminated employees to be removed from the system as soon as possible. Quarterly audits are occurring to ensure only authorized personnel have access to MAPAS.	No Action Remaining.	May 2010
3	Ensure staff document approval for access role assignments and changes.	Implemented	Civil Management Bureau Order #10-01, "MAPAS Access Roles and Permissions" was implemented and specifically addresses this area of concern. Approval authority rests with the Unit Commander and Operations Sergeant. Civil Management Bureau's (CMB) Information Support Section (ISS) is responsible for maintaining documentation concerning access role assignments and changes and is maintaining a log of this activity.	No Action Remaining.	May 2010
4	Restrict administrative access to a few key individuals who are independent of daily operations and regularly monitor their activity.	Implemented	Civil Management Bureau Order #10-01, "MAPAS Access Roles and Permissions" was implemented and specifically addresses this area of concern. Administrative access is limited only to ISS staff and the Operations Sergeant. The Operations Sergeant and ISS head regularly monitor administrative activity.	No Action Remaining.	May 2010
5	Review System access on a regular basis to ensure assignments and changes are appropriate and authorized.	Implemented	Civil Management Bureau Order #10-01, "MAPAS Access Roles and Permissions" was implemented and specifically addresses this area of concern. Quarterly audits are being completed and provided to the Unit Commander for review.	No Action Remaining.	May 2010
6	Evaluate reallocating existing staff to reduce delays in opening cases and processing garnishment orders.	Implemented	CMB has contracted with Wells Fargo to process incoming garnishment payments via a lockbox service. This has freed up staff to open cases and process garnishment orders in a more timely manner. Additionally, the workload at busy offices is shifted to staff at other offices when the need arises.	No Action Remaining.	October 2012

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT II

Standard Follow-up Review - Sheriff's Garnishment Systems (MAPAS) (Issued 7/8/09)

Finding Number	Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
7	Evaluate modifying MAPAS to allow staff to use payee information already in the System, and establishing an interface to electronically transfer case information from the Superior Court.	"Evaluate" fully implemented Actual development design not implemented	The Department designed and evaluated a detailed workflow for direct-deposit disbursements, and determined that it would be too laborious and risky. Normally law firms give the Department written instructions when a case is first submitted to them; they could also submit amended instructions later for changes of address, etc. Sometimes the same law firm uses different payee addresses for different cases. The direct-deposit procedure would be for the law firm to request the Department to assign them a unique customer number, and then they would give them instructions to use that number for each of their cases, each of which we would then manually enter into MAPAS. Some law firms have hundreds of active cases, so this would entail a major clerical effort on their part and the Departments part. Data-entry errors would result in erroneous disbursements. Therefore, the Department are deferring direct-deposit disbursements until MAPAS is replaced. Regarding an interface with Superior Court, the Court requested that the Department wait until they have updated their systems before moving forward.	The replacement to MAPAS named Automated Civil Enforcement System (ACES) is anticipated to reach final acceptance in April 2025. Once reached, the Department can begin work with the Superior Court regarding the establishment of an interface to electronically transfer case information from the Court.	August 2025
8	Require staff to deposit collections daily as required by the County Fiscal Manual.	Implemented	The use of the Wells Fargo lockbox service enables garnishment collections to be sent directly to a financial institution where the funds are deposited, the check and remittance advice are imaged, and the data is captured on the day the post office delivers the checks to Wells Fargo.	No Action Remaining.	October 2012
9	Ensure staff independent of the cashing function receive the mail collections, prepare a list of checks received and endorse checks immediately upon receipt.	Implemented	The use of the Wells Fargo lockbox service enables garnishment collections to be sent directly to a financial institution where the funds are deposited, the check and remittance advice are imaged, and the data is captured on the day the post office delivers the checks to Wells Fargo.	No Action Remaining.	October 2012
10	Ensure MAPAS payments are approved by individuals independent of the data entry function.	Implemented	Court Services Directive 04-06, "Approval of Trust Disbursement Requisitions" was re-briefed to personnel. The directive clearly states that supervisors shall approve and review disbursement requisitions who are independent of the collection process.	No Action Remaining.	July 2004

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT II

Standard Follow-up Review - Sheriff's Garnishment Systems (MAPAS) (Issued 7/8/09)

Finding Number	Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
11	Consult with County Counsel to ensure the garnishment processing fee is charged appropriately, and require staff to review case files before processing payments.	Implemented	An Instructional Bulletin was issued in September 2009 entitled "Acceptance of Process" was issued to all CMB personnel instructing them on this procedure, this material is now obsolete. Court Services Directive 07-01 entitled "Disbursement of Funds" also addresses this issue and sets dollar amount thresholds and the associated supervisory level required to approve disbursement payments, this material is now obsolete. The 2009 and 07-01 materials have been updated and replaced by computer applications that handle the 1,400 garnishment remittances the Department receives per day. When the automated algorithms cannot confidently credit those funds to a known case, a multi-step procedure requires clerks to review the case data in MAPAS and manually determine the liability credit. Once credited, other algorithms allocate those funds for (a) zero or more disbursements to creditor, third parties, court, or refund, (b) receivables for prior service fees, and (c) disbursement-processing fees, or none of the above if the case has a court-ordered stay or pending claim, with manual allocation for exceptional situations. For eCAPS Trust Warrant Request (TWR) payment requests, the case is first manually reviewed by supervisors before the TWR is sent out. The case's physical paper file is reviewed if the MAPAS data is questionable or exceptional. After consultation with County Counsel, separate garnishments on the same case are no longer lumped together into one large disbursement. Each garnishment is distributed separately, ensuring the appropriate fee is collected in each instance.	No Action Remaining.	June 2007
12	Develop procedure manuals and provide formal training on the MAPAS payment process.	Implemented	Civil Resource Books are available at each office. MAPAS also has a terminal operating guide. Formal MAPAS training is ongoing on an individual basis. A "Counter Operations / MAPAS Training Checklist" was implemented and distributed to not only trainers of new personnel, but the entire CMB staff.	No Action Remaining.	2010
13	Evaluate the feasibility of configuring MAPAS to only process payments that have the required approvals.	Implemented	The <i>evaluation</i> (which is what the Recommendation called for) was conducted in July 2009. It concluded that proposed changes to MAPAS were <i>not feasible</i> as they are cost prohibitive at \$120,000 - \$150,000. Currently, signatures are required on the hard copies of requisitions. Depending on the dollar amounts, different supervisory levels have been established to approve the disbursements.	No Action Remaining.	2009
14	Sheriff's management develop and implement written procedure requiring staff to verify payment file transmissions, monitor suspense files and exception reports and correct errors timely.	Implemented	CMB brought two full-time accountants on staff, who use sophisticated tools for daily, weekly, and monthly reconciliation between MAPAS eCAPS, and bank data. The accountants verify payment file transmissions, monitor suspense files and exception reports and correct errors timely.	No Action Remaining.	2012
15	Establish a formal change control policy/process that includes separation of duties, authorizations, testing and documentation.	Implemented	Civil Management Bureau Order #10-02, "MAPAS Changes and Implementation Procedure" was instituted and it covers each of these areas of concern. The formal change control policy was distributed to all CMB personnel.	No Action Remaining.	May 2010

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT II

Standard Follow-up Review - Sheriff's Garnishment Systems (MAPAS) (Issued 7/8/09)

Finding Number	Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
16	Ensure a group independent of the programmers is responsible for putting program changes into production.	Implemented	MAPAS programmers develop and test program changes in a non-production environment, then Internal Services Department (ISD) programmers apply those changes to the production environment.	No Action Remaining.	September 2019
17	Establish a MAPAs Disaster Recovery/Contingency Plan.	Implemented	This function is currently provided by ISD. The Sheriff contracts with ISD for this function who in turn contracts with HP for a service entitled "Recover All." Additionally, ISD staff do a tape backup of MAPAS data each day to be used to restore data in the event of a disaster.	No Action Remaining.	2009
18	Work with ISD to address MAPAs recovery timeframes, and hardware and software requirements that support full system recovery.	Implemented	ISD is contracted to provide this service. They in turn contract with HP. If a disaster occurs and the MAPAS server fails, ISD will report the issue to HP. HP in turn has 24 hours to diagnose the problem. If the problem is minor in nature, HP has a 4-hour response time to repair the server and get it operational. If the problem is major, HP has 72 hours to replace the server. ISD and the MAPAS programmers will then work cooperatively to install and restore the software and data on the server.	No Action Remaining.	2009
19	Require all employees to sign an acknowledgement of the Department's IT policies.	Implemented	All Civil Management Bureau personnel re-signed the acknowledgment in May 2010 and all subsequent employees are required to complete and sign the acknowledgment. The signed forms are placed in each employee's personnel jacket.	No Action Remaining.	May 2010
20	Secure computers with key locks.	Implemented	An automated screen saver currently locks the computer if inactive for a set period of time (10 minutes). The Department's IT policy also requires employees to log off or lock their computers when they are away from them. Users are held personally accountable for complying with IT policy. The physical security of computers at the Sheriff's offices are achieved through these measures.	No Action Remaining.	2010
21	Evaluate the feasibility of implementing system time-outs.	Implemented	The feasibility of implementing computer time-outs was evaluated. It was determined that the current password-protected automated screen savers (as described in #20 above) are sufficient for the purpose of computer time-outs. Automated Civil Enforcement System (ACES), the planned replacement system for MAPAS, will have a more sophisticated time-out capability (per ACES Technical Requirement 18.44), so that the ACES window will close when idle even when other programs (such as email, word processing, etc.) are still being used on that computer.	No Action Remaining.	2010
22	Ensure users do not leave active computers unattended.	Implemented	All Civil Management Bureau employees were provided with the Sheriff's Department policy, MPP 3-07/210.10. The policy requires employees to log off their computers when away from their workstations. Supervisors were reminded to enforce this policy.	No Action Remaining.	2010

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT II

Standard Follow-up Review - Sheriff's Garnishment Systems (MAPAS) (Issued 7/8/09)

Finding Number	Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
23	Complete and current with all system and program changes.	Partially Implemented	MAPAS programmers have provided some documentation of MAPAS however a complete, formal programming specification has not been developed because MAPAS has been scheduled for replacement within the next three years. The replacement will be called ACES. The original replacement effort began in 2012 but was terminated in 2018, and a new effort is now underway.	Configuration of the new Automated Civil Enforcement System (ACES) is underway and is anticipated to reach final acceptance in April 2025.	April 2025
24	Backed-up and stored at an offsite location for use in system recovery.	Implemented	ISD performs offsite backup as part of the existing MAPAS support agreement.	No Action Remaining.	2009
25	Restrict access to reports that include confidential information, such as social security numbers.	Implemented	Civil Management Bureau Order #10-01, "MAPAS Access Roles and Permissions" was implemented and it specifically prohibits access to this information from personnel who do not need it. MAPAS permissions were configured to restrict access to this information to only authorized personnel.	No Action Remaining.	May 2010
26	Review MAPAS reports to identify unused reports that improve operations.	Implemented	MAPAS reports that are no longer needed have been eliminated. New reports have been developed through a Microsoft SQL "data warehouse" containing extracted MAPAS data. The data warehouse automatically refines and pushes the data into highly sophisticated Excel spreadsheets.	No Action Remaining.	2017
27	Ensure staff reconcile the MAPAS trust fund monthly and resolve outstanding items promptly.	Implemented	CMB has developed a Microsoft SQL "data warehouse" containing MAPAS transaction data, Bank of America's online bank-deposit data and check images, Wells Fargo lockbox data and images, and eCAPS report data and postback file. Sophisticated Excel tools with built-in queries automatically draw data from the data warehouse, and are used by CMB staff accountants to reconcile and resolve inconsistencies on a monthly basis.	No Action Remaining.	2017
28	Resolve the uncashed checks over a year old.	Implemented	When a payee calls or writes CMB inquiring about funds they expected but did not receive, CMB resolves the issue, usually by cancelling the uncashed checks and issuing new payment requests via eCAPS. CMB issues payment requests to the Auditor-Controller based on the names and addresses provided by the payees, but CMB is not responsible, nor has the resources, to initiate a call to each payee to inquire as to why they have not cashed those checks. The eCAPS postback file for MAPAS TWRs shows 88,789 checks issued over a year ago and still not paid or cancelled. The recommendation is considered fully implemented because it is presumed that the Auditor-Controller will change the status of a check from "issued" to "stale" if not cashed (paid) or cancelled within six months of issue. CMB is in the process testing the use of electronic direct deposits in lieu of issuing paper checks to high-volume payees, which should decrease the number of uncashed checks in the future.	No Action Remaining.	2020
29	Sheriff's management ensure that conscientious, qualified staff independent of the function for all applicable assessable units, accurately complete the Internal Control Certification Program.	Implemented	Civil Management Bureau supervisors at the rank of at least Sergeant or Head Court Records System Clerk now audit areas not under their span of control. The ICCP audits are closely reviewed by the CMB Operations staff for accuracy.	No Action Remaining.	2010

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT III

Desk Review - Sheriff's Department – Billing and Collections Review (Issued 12/12/13)

Recommendation Number	Audit Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
Invoice Accuracy					
1	Ensure that departmental units provide the Special Accounts Unit with timely and accurate billing information.	Implemented	Contract Law Enforcement Bureau (CLEB) provides the Sheriff stations Manual of Policy and Procedures 3-02/020.23 - Procedures for Private Entity Contract Services. "The unit commander shall, within five days following the conclusion of the event, send a billing request memo to the CLEB indicating the time expended on behalf of the private event...Upon receipt of the billing memos, CLEB shall make necessary billing adjustments (supplemental billing or refunds) for private entities that have made pre-payments. Rates charged to the private contractor are determined by the Auditor-Controller and, pursuant to law, the full cost of providing the service(s) contracted for shall be recovered. Current rates schedules shall be obtained from the CLEB." Special Accounts reviews invoices to ensure accuracy and any discrepancies are reported back to the CLEB to adjust the billing memo. CLEB is responsible for the units confirmation on identifying any discrepancies. A new report was implemented by CLEB which provides Special Accounts information on new services/issued control numbers for timely billings to the customers.	None	April 2022

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT III

Desk Review - Sheriff's Department – Billing and Collections Review (Issued 12/12/13)

Recommendation Number	Audit Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
			In May 2022, Special Accounts and CLEB developed a log to track when paperwork was given to Special Accounts for an invoice to be created. Due to the volume of invoices that Special Accounts generates, staff found it inefficient and the amount of time it took was not feasible. Special Accounts are now using the electronic Countywide Accounting and Purchasing System (eCAPS) Project Setup page, Special Accounts tracks invoices that were created by CLEB and reconciles it with the billing memos received.		
2	Ensure staff investigate the exceptions identified, and refund overpayments and/or recover underpayments if appropriate.	Implemented	CLEB informs Special Accounts of any exceptions identified, such as supplemental billing or refunds. Special Accounts processes overpayment/underpayment to customers immediately after there are adjustments and/or payments to the billings.	Continued monitoring by Revenue & Billing staff.	2013

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT III

Desk Review - Sheriff's Department – Billing and Collections Review (Issued 12/12/13)

Recommendation Number	Audit Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
Invoice Timeliness					
3	Sheriff's Department management ensure staff bill for services as soon as allowable.	Implemented	<p>A new report was implemented by CLEB which provides Special Accounts information on new services/issued control numbers for timely customer billings as per the contract terms.</p> <p>In May 2022, Special Accounts and CLEB developed a log to track when paperwork was given to Special Accounts for an invoice to be created. Due to the volume of invoices that Special Accounts generates, staff found it inefficient and the amount of time it took was not feasible. Special Accounts are now using the electronic Countywide Accounting and Purchasing System (eCAPS) Project Setup page, Special Accounts tracks invoices that were created by CLEB and reconciles it with the billing memos received.</p>	None	April 2022
Public Entity Collections					
4	Sheriff's Department management ensure staff send delinquent account notices to public entities within 15 days after the due date.	Implemented	<p>Special Accounts implemented delinquent notice procedures as noted in County Fiscal Manual (CFM) 10.2.0.</p> <p>BCA requested a copy of the Special Accounts unit delinquent notice procedures. Furthermore, BCA obtained sample penalty notice and a sample invoice that were sent by the Sheriff's Department to two different public entities, no exceptions noted.</p>	None	2017

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT III

Desk Review - Sheriff's Department – Billing and Collections Review (Issued 12/12/13)

Recommendation Number	Audit Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
Private Entity Collections					
5	Sheriff's Department management ensure that for all private entity delinquent accounts, staff make at least three collection attempts within 45 days after each invoice's due date, and send delinquent receivables to the Treasurer and Tax Collector 60 days after the invoice's due date.	Implemented	Special Accounts implemented delinquent notice procedures as noted in CFM 10.2.0.	None	2017
Late Payment Charges					
6	Sheriff's Department management enforce late payment interest penalties for past due invoices when applicable.	Implemented	<p>Special Accounts will calculate and enforce late payment interest penalties on contract cities, private and public entity clients when applicable, pursuant to contractual and policy guidelines.</p> <p>Sheriff's management provided BCA with invoices that include verbiage at the bottom of each page to specify interest penalties would be assessed for any late payments received. Special Accounts works closely with CLEB to notify them if clients are late with payments. Special Accounts continues to attempt to collect delinquent payments by sending delinquent notices, adding interest penalties, and preparing "Notice of Intent to Offset" (NOI) letters to clients. These notices inform the clients of their outstanding invoice amounts with interest penalties added. Based on inquiry and review of sample documentation, the Department has been enforcing interest penalties and had a 100% rate of collection during FY 2023.</p>	None	April 2022

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT III

Desk Review - Sheriff's Department – Billing and Collections Review (Issued 12/12/13)

Recommendation Number	Audit Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
Deposits and Retainer Fees					
7	Ensure that advance deposits and retainer fees are recorded into a trust/deferred revenue account and are only posted to an earned revenue account after the revenue is earned.	Implemented	Special Accounts records all advance deposits and retainer fees into a trust fund account and are only posted to a county/department revenue account after the revenue is earned.	None	2013
8	Correct the accounting errors that resulted from the early recognition of revenue from advance deposits/retainer fees.	Implemented	Special Accounts corrects any accounting errors as a result of unearned revenue from advance deposits/retainer fees in eCAPS.	None	2013
Year-end Accounting					
9	Sheriff's Department management review current year receivables and take appropriate action prior to the fiscal year-end.	Implemented	Special Accounts will continue to actively monitor the status of receivables, generate invoices as soon as practical after receiving all pertinent billing information, and accrue any receivables for which payment is expected during the subsequent fiscal year.	None	2013
eCAPS Security					
10	Sheriff's Department management immediately correct the identified issues and periodically review the Department's electronic Countywide Accounting and Purchasing System user list to ensure compliance with CFM requirements.	Implemented	Special Accounts monitors and observes the separation of eCAPS roles and responsibilities between the Trust and Cashiering and Revenue and Billing Sections, to the extent permitted by the payroll titles assigned within each section per the CFM. New user roles are reviewed and approved by the Unit Manager.	None	2013

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT III

Desk Review - Sheriff's Department – Billing and Collections Review (Issued 12/12/13)

Recommendation Number	Audit Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
Documentation Retention					
11	Sheriff's Department management ensure that staff obtain all documentation that supports write offs and/or invoice charges, and retain the documentation for at least five years.	Implemented	Special Accounts retains all documentation that supports write-offs and/or invoice charges in the office for 2 years, and off-site for a total of 5 years, following the date the documents were created.	None	2013

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT IV

Desk Review - Sheriff's Department – Cellular Telephones and Other Wireless Devices Review (Issued 9/16/15)

Recommendation Number	Audit Finding Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation /Target Date
Inventory Accuracy					
1	Make necessary updates (e.g., include assigned users, remove terminated employees, etc.) to Verizon Wireless' and the Department's wireless device records, and update all records timely thereafter.	Implemented	The Department requires individual units to report changes to the Department's Communications and Fleet Management Bureau (CFMB) Logistics. In February 2015, CFMB submitted a Cellular Telephone and Other Devices policy revision to ensure units are held accountable for timely updating of changes or revisions to CFMB Logistics. The Sheriff continues to update all wireless device records timely.	None	2015
2	Ensure managers/supervisors maintain up-to-date records of each non-capital equipment item, including wireless devices, assigned to their respective employees.	Implemented	CFMB Logistics conducts an annual inventory of all assigned cellular telephones and other devices assigned to each unit as required by CFM Section 4.7.2.2. Each individual unit has a designated person to manage device assignments and reports any changes to CFMB Logistics which updates the central logistics database, known as MCM.	None	2015
3	Ensure the wireless device inventory includes all required fields.	Implemented	The Department's MCM Inventory had all of the required fields except for the account number. That field was added per the Auditor's recommendation in June 2015. The Department did not know that the account number was desired on monthly inventories. The account number was added to the MCM inventory in March 2023. Evidence provided to BCA shows the MCM inventory had all required information.	None	2015
4	Ensure that wireless devices assigned to contractors/ consultants are approved and properly justified to support the contractor's/ consultant's need for a County-issued wireless device to perform his/her duties under a County contract.	Implemented	The Department submitted a policy revision in February 2015, stating non-Departmental employees shall not be issued a communication device (cellular or radio) without the written approval from a Division Chief, Division Director, or above. The written approval shall be forwarded to CFMB Logistics to update the MCM inventory system.	None	2015

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT IV

Desk Review - Sheriff's Department – Cellular Telephones and Other Wireless Devices Review (Issued 9/16/15)

Recommendation Number	Audit Finding Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation /Target Date
5	Ensure bureaus/units maintain documentation of device reassignments and notify the Communications and Fleet Management Bureau of assignment changes to update service providers' and the Department's wireless device records.	Implemented	The Department submitted a policy revision in February 2015 informing units that they shall be responsible for reporting all changes in cellular device assignments immediately to CFMB Logistics, and to recover communications equipment from their employees who are relieved of duty, injured on duty, resigned, or retired.	None	2015
Monitoring - Device Assignments & Annual Reevaluations					
6	Ensure that wireless device assignments (including reassignments) are approved by an appropriate level of management and justified based on operational need, and documentation supporting approvals/justifications is maintained.	Implemented	The Department has required executive level justification and approval for the assignment of new wireless devices for all assigned users since August 2013. The Unit Commander is responsible for all reassignments of cellular devices in accordance with the revised Manual of Policy and Procedures.	None	2013
7	Ensure usage logs are maintained for multiple use or pool cell phones.	No Longer Applicable	Currently, the practice of units having a pool of cell phones is no longer in place or needed. Field personnel have recently been issued assigned phones as a paired device for body-worn-cameras.	None	Not Applicable
8	Include as part of the annual reevaluation, a review of employee's additional cost features to ensure that the most cost-effective feature rates continue to be used.	Implemented	CFMB switched to a flat-rate billing plan with unlimited text, voice, and data across all phones. Data tethering and international roaming may be the only available additional features. They require the same authorization process as for cell service and their use is periodically reviewed.	None	August 2018
Monitoring - Device Usage and Costs					
9	Deactivate unused wireless devices and review wireless devices with minimal usage to determine if they should be deactivated.	Implemented	CFMB Logistics routinely suspends lines (without billing) when notified of staffing changes, or after 90 days of inactivity. Suspensions last 90 days and then are automatically reinstated by Verizon, which notifies CFMB of the reinstatement. CFMB then resuspends the line and if not reinstated by request by the unit, the line is discontinued at the end of the second suspension.	None	2015

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT IV

Desk Review - Sheriff's Department – Cellular Telephones and Other Wireless Devices Review (Issued 9/16/15)

Recommendation Number	Audit Finding Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation /Target Date
10	Review wireless device bills monthly to identify and deactivate unused devices and unnecessary features.	Implemented	Operations Assistant II is responsible for the billing review. The bill review is conducted monthly.	None	2015
Monitoring - Additional Charges					
11	Create an acknowledgement form and require users to sign the form to ensure users are aware of the policies and procedures over wireless devices.	Implemented	A list of wireless user guidelines ("LASD CELLULAR DEVICE USAGE GUIDELINES") was created by CFMB Logistics in September 2014, and is currently distributed to the users and all units with individual wireless device users. The individual user acknowledges receipt of the form when they pick up the device.	None	2014
12	Ensure wireless device bill review and reimbursement receipt duties are separated.	Implemented	CFMB switched to a flat-rate billing plan with unlimited text, voice, and data across all phones. This has mitigated overage/additional charges. Nonetheless, administrative staff continues to monitor billing for anomalies taking appropriate action as recommended.	None	August 2018
13	Ensure administrative staff review wireless device bills for overage/additional charges monthly, distribute bills to employees within one month of bill receipt, and maintain documentation to support that bills were distributed to employees.	Implemented	CFMB switched to a flat-rate billing plan with unlimited text, voice, and data across all phones. This has mitigated overage/additional charges. Nonetheless, administrative staff continues to monitor billing for anomalies taking appropriate action as recommended.	None	August 2018
14	Ensure employees review wireless device bills with overage/additional charges to verify the charges are correct, identify and reimburse the Department within 30 days of receiving the bill for personal usage/calls that exceed plan rates, or notify administrative staff that the usage/calls are County related.	Implemented	CFMB switched to a flat-rate billing plan with unlimited text, voice, and data across all phones. This has mitigated overage/additional charges. Nonetheless, administrative staff continues to monitor billing for anomalies taking appropriate action as recommended.	None	August 2018
15	Ensure wireless device bills are reviewed by management after they have been verified by employees to ensure usage is appropriate and personal usage/call costs in excess of plan rates are reimbursed.	Implemented	CFMB switched to a flat-rate billing plan with unlimited text, voice, and data across all phones. This has mitigated overage/additional charges. Nonetheless, administrative staff continues to monitor billing for anomalies taking appropriate action as recommended.	None	August 2018

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT IV

Desk Review - Sheriff's Department – Cellular Telephones and Other Wireless Devices Review (Issued 9/16/15)

Recommendation Number	Audit Finding Recommendation	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation /Target Date
16	Consider blocking services (e.g., text/picture messaging, international roaming, application downloads, etc.) that result in additional charges.	Implemented	CFMB switched to a flat-rate billing plan with unlimited text, voice, and data across all phones. This has mitigated overage/additional charges. Nonetheless, administrative staff continues to monitor billing for anomalies taking appropriate action as recommended.	None	August 2018
Internal Control Certification Program (ICCP)					
17	Sheriff's Department management ensure that Internal Control Certification Program (ICCP) questionnaires are completed accurately, all internal control weaknesses are identified, and an improvement plan is developed to address each weakness.	Implemented	CFMB completes the ICCP questionnaires annually, as required. BCA received the latest ICCP report, dated January 24, 2023. There were no identified I/C weaknesses. The recommendations of this audit are fully implemented and operating. There is ongoing review and monitoring over cellular telephones and other wireless data devices.	None	2015

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT V

Desk Review - Review of Cash Handling and Cash Collections – Sheriff's Patrol Stations (Issued 6/16/16)

Finding Number & Recommendation Number	Audit Finding Recommendation(s)	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
Point of Sale Transactions					
PS-1, R1	To safeguard against possible loss of funds from unauthorized voided transactions, the following control procedures, at a minimum, should be consistently followed by the patrol stations: i) obtain supervisor sign-off for authorization of the void, and ii) document supervisor sign-off and reason for the void on the voided receipt.	Implemented	Misc. fee staff keeps track of the voided receipts and makes sure the supervisor's signature and reason for the void is included in the POS system and customer receipt before processing the transaction.	None	July 2016
PS-1, R2	Patrol stations should consider uploading the voided receipt to the patrol stations designated shared file folders for monitoring and oversight by the Sheriff Department's Trust and Cashiering Section. Doing so will help to ensure voided transactions are substantiated with proper approvals and contain sufficient description detailing the basis of the void.	Implemented	Misc. fee staff reviews the POS transactions including voided receipts by printing the supporting documents uploaded into the shared folder by the patrol station. The voided receipts are kept with the twice a month batching process and kept for 5 years.	None	July 2016
PS-2, R3	Patrol station personnel with responsibilities for requesting and monitoring POS user access accounts should perform regular periodic reviews of the status of users' access rights to ensure access levels are current and appropriate for the users' position and duties, or terminated in a timely manner when access to the POS system is no longer required.	Implemented	Each unit is assigned a Cashiering Operations Manager who is responsible for requesting new users access to the POS system. The list is provided periodically to update the users who have access to the register. This is done by the POS Help Desk. A manual roster is also kept as users are added and removed.	None	July 2016
PS-2, R4	Changes in the status of a POS user's access should be promptly reported by the patrol stations to the POS Help Desk to help ensure user access accounts are updated timely and reflect correct user access levels. In addition, the patrol stations should be diligent in identifying accounts assigned to former employees and immediately notify the Trust and Cashiering Section of any recent terminations in order to promptly remove POS access.	Implemented	The POS Help Desk at Special Accounts periodically sends a list of users to each Cashiering Operations Manager to review and update the list of users. Special Accounts provide this list for review bi-annually (August & February). This is covered in the MPP section 3-07/210.36.	None	July 2016

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT V

Desk Review - Review of Cash Handling and Cash Collections – Sheriff's Patrol Stations (Issued 6/16/16)

Finding Number & Recommendation Number	Audit Finding Recommendation(s)	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
PS-2, R5	Management should reinforce the importance of strictly adhering to the policy of prohibiting users from sharing user accounts and passwords to ensure transactions are properly accounted for and identifiable to a specific user to promote accountability among users.	Partially Implemented	The Cashiering Operations memo is sent out periodically to ensure POS procedures are followed identifying a Cashiering Ops Manager who is responsible for monitoring and ensuring the policies and procedures are followed which includes the sharing of passwords. This procedure is part of the Manual of Policy and Procedures and is provided to new employees when issued access to county computers. MPP section 3-07/210, and CFM 8.7.4.3. Special Accounts send a bi-annual reminder to the stations/ units with the Cashiering Ops memo.	None	December 2023
Bank Deposits					
PS-3, R6	Cash is a highly liquid asset and most susceptible to potential theft or misappropriation. To adequately safeguard against misappropriation of cash and to provide assurance that all cash collections are accounted for, collections should be maintained in a secure location and deposited in a timely manner in accordance with Los Angeles County Fiscal Manual guidelines. The longer cash remains undeposited, the greater the potential risk that a loss or theft can occur.	Partially Implemented	The Cashiering Operations memo is sent out periodically to ensure POS procedures are followed identifying a Cashiering Ops Manager who is responsible for monitoring and ensuring the policy and procedures are followed which includes the timely deposits of cash collected at each station. If a unit fails to comply and Special Accounts is made aware, the unit commander is notified to request a response for failing to comply and a correction memo is requested and kept on file for future reference. An annual reminder is sent to each station/ unit by providing the Cashiering Operations memo.	None	December 2023
Internal Controls - Segregation of Duties					
PS-4, R7	It is recommended that no individual has full responsibility of a particular function, and duties over collection and reconciliation should be split between two individuals. However, there may be times when limited staff resources at the patrol stations could make adequate segregation of duties over cash handling and cash collections impractical. In those cases, compensating controls such as add 1 supervision, monitoring, or oversight, should be considered, to the extent reasonably possible.	Partially Implemented	The Cashiering Operations memo is sent out periodically to ensure POS procedures are followed identifying a Cashiering Ops Manager who is responsible for monitoring and ensuring the policy and procedures are followed which includes identifying Cashiers and Supervisors to perform separation of duty roles. Special Accounts has a list of cashiers and supervisors granted access by the Cashiering Operations Manager for the separation of duties. An annual reminder is sent to each station/ unit by providing the Cashiering Operations memo.	None	December 2023

LOS ANGELES SHERIFF'S DEPARTMENT

EXHIBIT V

Desk Review - Review of Cash Handling and Cash Collections – Sheriff's Patrol Stations (Issued 6/16/16)

Finding Number & Recommendation Number	Audit Finding Recommendation(s)	Status (Implemented, Partially Implemented, Not Implemented)	Actions Taken	Actions Remaining	Implementation/ Target Date
PS-5, R8	Sheriff's Department should ensure that the cash handling and cash collection procedures and practices are written and documented and regularly updated in the patrol station's policies and procedures manuals.	Implemented	The Department prepares an annual ICCP report which requires each station to provide a response on Internal controls for Cash handling and collections. Per MPP Section 3-01/040.45 and CFM 1.3.0 to 1.7.2.	None	July 2016
PS-5, R9	Patrol stations should be provided with concise directions regarding the retention period policy in order to allow each patrol station to comply with the County's document retention policies and procedures.	Partially Implemented	All station sale transaction supporting documents are required to be uploaded and electronically submitted. These are kept in the shared folder for the retention requirement.	None	December 2023
PS-5, R10	From an internal control standpoint, trust fund deposits should be processed in the POS system, enabling the Trust and Cashiering Section to monitor the trust fund activity and transactions processed at each station.	Implemented	The Sheriff process trust fund deposits in the POS System. The update of the POS cash register system in November 2019 and POS User Guide provide procedures for the trust fund deposits.	None	November 2019
PS-5, R11	Patrol stations should be more diligent in using the most recent version of the Request for Information (RFI) form which can be requested from the POS Help Desk.	Implemented	An updated RFI was created in December 2019 and sent to all of the stations with instructions on the use of the new form. These are monitored daily when processing the electronic submissions.	None	December 2019
PS-5, R12	While efforts by the patrol stations to be customer service oriented are commendable, POS funds should not be comingled with other cash funds maintained at the patrol station premises.	Partially Implemented	Special Accounts will update the Cashiering Operations memo to include the separation of POS funds from other unit cash funds.	None	December 2023



OFFICE OF THE SHERIFF

COUNTY OF LOS ANGELES

HALL OF JUSTICE

ROBERT G. LUNA, SHERIFF



April 29, 2024

Mr. Michael de Castro
Managing Partner
BCA Watson Rice Western Region LLP
2355 Crenshaw Boulevard, Suite 150
Torrance, California 90501

Dear Mr. de Castro:

**LOS ANGELES COUNTY SHERIFF'S DEPARTMENT'S
RESPONSE TO THE BCA WATSON RICE, LLP
REPORT ON PRIOR AUDITS AND REPORT FOLLOW-UPS**

This is the Los Angeles County Sheriff's Department's (Department) response to the Board of Supervisors' October 2019 request for the review of various prior audit report follow-ups and operational reviews. The review was conducted by BCA Watson Rice, LLP (BCAWR).

The Department generally agrees with the report from BCAWR. Further, the Department will continue to progress towards completing the implementation of partially implemented recommendations and seek to address recommendations with no action taken to the extent possible, given the necessary collaboration of other County departments and/or resources.

Since the completion of BCAWR's review, progress has been made on the following recommendations:

Exhibit Number	Recommendation Numbers	Follow-Up Review Description	Status/Actions Taken
II	7 and 23	Modified Automated Process and Accounting System (MAPAS) Replacement	A contract for a replacement system was issued in June 2023. The vendor has delivered initial data structure documentation, which is under review for final acceptance anticipated by April 2025.

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Mr. de Castro

-2-

April 29, 2024

Exhibit Number	Recommendation Numbers	Follow-Up Review Description	Status/Actions Taken
V	PS-2, R5; PS-3, R6; PS-4, R7; PS-5, R9; and PS-5, R12)	Cashiering Operations	Implemented December 2023

Should you have any questions regarding the Department's response, please contact Assistant Division Director Glen Joe, Administrative Services Division, at (213) 229-3305.

Sincerely,



ROBERT G. LUNA
SHERIFF

Mr. de Castro

-3-

April 29, 2024

RGL:JFT:mdr
(Administrative Services Division)

Attachments

c: April L. Tardy, Undersheriff
Jill Torres, Assistant Sheriff, CFAO
Conrad Meredith, Division Director, Administrative Services Division (ASD)
Glen Joe, Assistant Division Director, ASD
Richard F. Martinez, Assistant Division Director, ASD
John P. MacDonald, Acting Commander, Personnel Command
Brian C. Aguilera, Captain, Personnel Administration Bureau