

LOS ANGELES COUNTY SHERIFF'S DEPARTMENT



PC 4750 CLAIMS AND REVENUE PROCESS AUDIT

Financial Programs Bureau

Project No. 2026-1-P

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**Los Angeles County Sheriff's Department
Audit and Accountability Bureau**

**PC 4750 Claims and Revenue Process Audit
Financial Programs Bureau
Project No. 2026-1-P**

EXECUTIVE SUMMARY

The Audit and Accountability Bureau (AAB) conducted the PC 4750 Claims and Revenue Process Audit to assess whether the Financial Programs Bureau (FPB), Court Services Transportation Bureau (CST), Court Services Division (CSD), and Special Accounts Unit (SAU) complied with applicable policies, procedures, and State Controller's Office (SCO) requirements related to Penal Code 4750 claims and revenue. The audit also served as a follow-up to prior recommendations issued in Project No. 2024-36-A.

Overall, the Department demonstrated general compliance with PC 4750 claim preparation, submission, and revenue recording requirements. Key control points—management review, timely submission to the SCO, and revenue recognition, were operating effectively, with 100% compliance in those areas. Revenue accruals and receipts were properly recorded in the Electronic Countywide Accounting and Purchasing System (eCAPS), and no issues were identified with claim accuracy, rates used, or timing of accruals.

However, the audit identified several areas requiring improvement, primarily affecting claim completeness, documentation sufficiency, and clarity of roles:

- Supporting documentation weaknesses were noted in 9% of reviewed claim forms. While all issues were later resolved with additional documentation, missing or insufficient attachments increase the risk of incomplete claims and under-reimbursement.
- CST and CSD desk procedures lacked detailed guidance on PC 4750 eligibility, data gathering, rate identification, and required documentation, creating inconsistencies and increasing the potential risk of errors.
- SAU procedures did not fully reflect current practices or clearly delineate responsibilities across CST, CSD, and SAU.
- Staffing and position classifications were not aligned with the technical complexity of PC 4750 claim preparation, resulting in duties being assigned to personnel below the appropriate classification level.

- Coordination gaps existed between units involved in the process, contributing to inefficiencies and unclear ownership of tasks.

A follow-up review of eight prior audit recommendations showed five (63%) were implemented and three (38%) were in progress; no recommendations remained unaddressed. Significant improvements were made in establishing management reviews, improving workflow timeliness, and updating signatory authorities. Remaining items relate to refining desk procedures and clarifying division responsibilities.

The Department's processes for PC 4750 claims and revenue are functioning, accurate, and generally compliant. Strengthening written procedures, improving documentation completeness, and aligning staffing with workload complexity will further mitigate risk, enhance consistency, and support the Department's ability to maximize eligible reimbursement.

AUDIT REPORT

PURPOSE

The Audit and Accountability Bureau (AAB) conducted the Penal Code (PC) 4750 Claims and Revenue Process Audit under the authority of the Sheriff of Los Angeles County. The audit was performed to determine whether the Los Angeles County Sheriff's Department's (Department) Financial Programs Bureau (FPB), Court Services Transportation Bureau (CST), Court Services Division (CSD), and Special Accounts Unit (SAU) complied with applicable policies, procedures, and State Controller's Office (SCO) requirements related to the PC 4750 Claims and Revenue processes.

The AAB conducted this audit under the guidance of Generally Accepted Government Auditing Standards (GAGAS),¹ to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. This audit did not constitute an audit of financial statements or an attestation-level report as defined under GAGAS.

BACKGROUND

On April 16, 2024, the Los Angeles County Auditor-Controller (A-C) conducted an Inmate Billings and Collections Review to evaluate the design of the Department's inmate billing procedures and controls. The A-C conducted this review to determine whether the inmate billing procedures and controls provided reasonable assurance to management that inmate billings were processed, monitored, and maximized in accordance with the County Fiscal Manual (CFM) requirements, Department policies, other governmental entity guidelines, and best practices. The A-C's review noted five issues and recommendations. One of the issues noted by the A-C was specific to *Management Monitoring of Internal Controls*, for which the following recommendation was made:

Sheriff management develop ongoing self-monitoring processes that include:

- a) Examination of process and control activities, such as review of an adequate number of transactions on a regular basis to ensure adherence to established procedures and internal controls, County rules, and best practices.*
- b) Documenting the monitoring activity and retaining evidence so it can be subsequently validated.*
- c) Elevating material exceptions to management on a timely basis to ensure awareness of relative control risk, and to ensure appropriate corrective actions are implemented.*

¹ The GAGAS, also known as the Yellow Book, is issued by the Comptroller General of the United States through the U.S. Government Accountability Office and refers to Government Auditing Standards, February 2024 Revision.

To satisfy the recommendation by the A-C, the Financial Programs Bureau requested the AAB conduct a periodic review of the Department's processes for PC 4750 claims and revenue. The AAB's first review included an evaluation of the PC 4750 claims and revenue desk procedures as well as an evaluation of the PC 4750 claims preparation and submission process and the claims revenue recognition and recording process.

On September 9, 2025, the A-C completed a [second and final follow-up review of the Inmate Billings and Collections Review](#) and determined that Sheriff management had developed and implemented self-monitoring processes over the inmate billing and collections process for the Management Monitoring of Controls recommendation.

PRIOR AUDITS

This is the second audit conducted on PC 4750 Claims and Revenue by the AAB. The initial audit, titled "PC 4750 Claims and Revenue Process Audit" (Project No. 2024-36-A), was published on March 12, 2025.

OBJECTIVES, SCOPE, AND METHODOLOGY

The audit work plan was developed as a general strategy and approach for conducting the PC 4750 Claims and Revenue Process Audit. This plan ensured appropriate attention was devoted to specific operational concerns, compliance with applicable policies, and best practices. It also ensured the audit work demonstrated the auditors' independence and objectivity to support the results. As part of the audit process, the auditors met with key personnel at the Court Services Transportation Bureau (CST), Court Services Division (CSD), and Special Accounts Unit (SAU), to perform audit walk-throughs and personnel interviews to gain a better understanding of the PC 4750 claims and revenue processes.

Audit Scope

The scope of this audit was to evaluate the processes for claim preparation and submission, revenue accrual, and revenue recognition and recording by reviewing supporting documents maintained by the SAU, including:

- Signed Cover Letter
- Required State Controller's Office (SCO) forms:
 - *FAM-27 – Statement of Costs.* Form FAM-27 summarizes the costs incurred and must appear as the face sheet of the claim. The form includes a Certification of Claim statement and must be signed in blue ink by an authorized signatory.
 - *Form 1A – Cost Report.* Form 1A must be completed for each prisoner. An additional Form 1A may be completed for claim preparation costs for the claim period.
 - *Form 1B – Summary Report.* Form 1B is a summary of all the Form 1A submissions.
- Supporting documentation for the reimbursable costs reported in the Form 1A – Cost Report for each prisoner, such as Statewide Transportation Details, Manifest & Transportation Route Sheets, Court Orders, Booking Details, and Expense Claims (including copies of receipts) for travel costs incurred by Department personnel in transporting prisoners.
- Supporting documentation for the reimbursable costs reported in the Form 1A – Cost Report for each Department personnel involved in claim preparation, such as an Administrative Activity Log and a copy of the Employee Salary Inquiry.
- Electronic Countywide Accounting and Purchasing System (eCAPS) Posting Slip for Receivable (RE)² and invoice.
- eCAPS records such as the Revenue Detail Report and Receivable Cash Transfer (RECT)³ for the revenue received.

² When certain criteria are met for earned revenue or other collections, an accounts receivable can be established through the creation of a RE document in eCAPS. The RE document generates invoices for billing purposes.

³ When the collection is received, the RE document is opened and a RECT is created to liquidate the receivable, update the customer account, and record the revenue.

Audit Criteria

The Department’s compliance was measured against relevant criteria, including process owners’ desk procedures, SCO policies, and applicable Department policies. For example, the criteria included SAU’s PC 4750 Claims Desk Procedures.

Audit Population and Sampling

The audit population included all PC 4750 claims submitted to the SCO in FY 2025-26 and the corresponding PC 4750 revenue received in FY 2025-26, as of December 31, 2025.

PC 4750 Claims Submitted

In FY 2025-26, as of December 31, 2025, the Department submitted five PC 4750 claims to the SCO for the months of February 2025 through June 2025, as reported in SAU’s PC 4750 Claim Log and shown in the table below.

PC 4750 Claims Submitted to the SCO in FY 2025-26

Month of Claim	Invoice #	Date of Submission	Invoice Amount
February 2025	260097JL	August 1, 2025	\$815,085
March 2025	260168JL	August 15, 2025	\$923,207
April 2025	260188JL	August 27, 2025	\$794,331
May 2025	260441JL	October 3, 2025	\$821,758
June 2025	260629JL	October 29, 2025	\$729,769
Total			\$4,084,150

The auditors reviewed the claims from the three most recent months: April 2025, May 2025, and June 2025.

PC 4750 Claim Revenue Received

As of December 31, 2025, the Department had not submitted any claims for the months of July 2025 through December 2025 and therefore, had not received revenue for the FY 2025-26 billing period thus far. However, the Department received a total of \$5,955,115 in PC 4750 revenue in FY 2025-26 for the prior fiscal year’s claims, as reported in the Revenue Detail reports generated by eCAPS and shown in the table below.

PC 4750 Revenue Received in FY 2025-26

Payment Date	Billing Period	Invoice #	Invoice Amount	Payment Received
July 10, 2025	December 2024	253058JL	\$944,349	\$944,349
August 12, 2025	January 2025	253263JL	\$926,616	\$926,616
September 8, 2025	February 2025	260097JL	\$815,085	\$815,085
September 24, 2025	March 2025	260168JL	\$923,207	\$923,207
October 8, 2025	April 2025	260188JL	\$794,331	\$794,331
November 25, 2025	May 2025	260441JL	\$821,758	\$821,758
December 30, 2025	June 2025	260629JL	\$729,769	\$729,769
Total			\$5,955,115	\$5,955,115

The AAB reviewed all PC 4750 revenue received in FY 2025-26 for the purposes of this audit.

Audit Procedures

Evaluation of PC 4750 Claims and Revenue Processes and Controls

The auditors obtained and examined the documentation for each PC 4750 claim packet submitted to the SCO to determine whether the Department adhered to the applicable policies and procedures. During the examination, the auditors reviewed the completeness and accuracy of the claim documentation, determined whether appropriate levels of review and approvals were obtained during each key step in the process, and verified the claim was submitted on time.

The auditors additionally reviewed and verified the available supporting documents for PC 4750 claim revenue received from July 1, 2025, through December 31, 2025, (payment period). This review included records of electronic fund transfers from the SCO to determine whether revenue was deposited to the appropriate revenue account in a timely manner and whether the revenue was properly recorded in eCAPS.

Finally, the auditors conducted a follow-up on the status of corrective actions taken by FPB in response to the findings and recommendations from the first PC 4750 Claims and Revenue Process Audit (Project No. 2024-36-A), to confirm the audit recommendations had been implemented correctly and effectively mitigated the identified risks.

Audit Objectives

Objective No.	Audit Objectives
1	CLAIM PREPARATION AND SUBMISSION PROCESS
1(a)	<i>Completeness and Accuracy of Claim Documentation</i>
1(b)	<i>Management Review and Approval of Claims</i>
1(c)	<i>Claim Submission to the SCO</i>
2	CLAIM REVENUE RECOGNITION AND RECORDING PROCESS
2(a)	<i>Accrual of Claim Revenue</i>
2(b)	<i>Recording of Claim Revenue Received</i>
3	FOLLOW-UP ON PRIOR AUDIT RECOMMENDATIONS
3(a)	<i>Status of Prior Audit Recommendations</i>

Objective No. 1 – Claim Preparation and Submission Process

This objective included an evaluation of the PC 4750 claim documentation to determine the completeness and accuracy of the information, whether appropriate levels of review and approval were obtained during each key step of the process, and whether the claim was submitted in a timely manner.

Objective No. 1(a) – Completeness and Accuracy of Claim Documentation

Criteria

SAU, PC 4750 Claims Desk Procedures (Revised July 30, 2025), states in part:

Claim Preparation

- 1) *The involved division (Division) gathers all required source documentation and prepares an initial draft of the official claim forms that will be sent to the SCO. Claims are prepared on a monthly basis.*
- 2) *The Division sends all forms and documentation to the Special Accounts Unit (SAU).*
- 3) *If any changes are needed, the Division will work with SAU directly.*
- 4) *To include the costs of preparing the claims, the Division submits documents that show actual hours worked for each employee to SAU.*
 - a) *SAU staff creates Administrative Activity Logs for their work.*
- 5) *SAU reviews the documentation, and makes additions, edits, and revisions as needed...*
- 11) *SAU manages the files/documents in the SDN⁴ shared folders, ensuring that all documentation is complete, accurate, and supports the claim for the claim period (month)...*

⁴ SDN is the abbreviation for the Sheriff's Data Network.

SCO Claiming Instructions for Local Court Costs and Other Related Charges Pursuant to Penal Code Section 4750 (October 2025), states, in part:

Forms for Submission (see Appendix A, page A-1)

Eligible claimants must use the Statement of Costs, Form FAM-27, to claim for reimbursement. The Form FAM-27 summarizes the costs incurred and must appear as the face sheet of the claim. Claimants must properly complete this form and have it signed in blue ink or electronic signature by an authorized officer of the agency.

Additionally, claimants must complete a Cost Report, Form 1A, detailing the amounts for each subject (i.e., prisoner, employee, other person) in which costs were incurred, and a Summary Report, Form 1B, summarizing the costs from Form 1A. These forms (see Appendix A) must be attached and submitted with the Form FAM-27.

SCO Claiming Instructions for Local Court Costs and Other Related Charges Pursuant to Penal Code Section 4750 (October 2025), states, in part:

Supporting Data for Claims

Claimants must include, with Form 1A, sufficient detail and supporting documentation to demonstrate that the expenditures were authorized by statutes contained within these instructions. Supporting documentation must include, at a minimum (if applicable):

- A statement of fees for court-appointed attorneys. This statement may be omitted if the total fees are \$500 or less;*
- A statement of costs for investigators, expert witnesses, or other professional services. This statement may be omitted if the total costs for each is \$150 or less. Include a brief description of the services provided, regardless of cost;*
- Invoices for costs of other direct services and/or supplies that exceed \$50. Provide a list of all services and/or supplies, regardless of cost;*
- The indirect cost rate proposal (ICRP) for the claiming of indirect costs (overhead). Claimants must develop and submit the ICRP with the initial claim of each fiscal year. If an ICRP is not submitted, the claimant should apply the default indirect cost rate of 15% to direct labor;*
- Travel expense claims; and*
- The cover page of the writ of habeas corpus.*

Procedures

For each PC 4750 claim, the auditors reviewed the claim packet submitted to the SCO to determine whether the claim documents were complete, including whether all required forms and supporting documents were attached, and whether the claim amounts were accurate.

The auditors compared and recalculated the amount of the claim reported on the FAM-27 - Statement of Costs, the Form 1B – Summary Report, and a sample of Form 1A – Cost Reports to confirm the accuracy of the claim amount.

The auditors also vouched⁵ a sample (10%) of prisoner claim costs to the supporting documents (e.g., Form 1A – Cost Report, writ of habeas corpus, and other applicable supporting documentation) to verify the correct rates (Indirect Cost Rates⁶) were used, the correct reimbursable incident/activity was selected, the costs were incurred in the month reported and calculated correctly, and the attached supporting documents were sufficient.

Lastly, the auditors conducted a walkthrough of the claim preparation and submission process with CST, CSD, and SAU. During the audit period, the CST personnel gathered all required data and documents for each qualifying prisoner, the CSD prepared the initial draft of the claim forms, and the SAU reviewed, approved, and submitted the final claim packet. The SAU indicated that its practice was to relay all documentation received from the CST and CSD to the SCO and they do not exercise discretion about which documents to include or omit. However, all personnel involved in the claim preparation and review process should understand the required supporting documentation and its purpose (e.g., demonstrate the State prisoner was transported for PC 4750 related reasons, was housed for Writ of Habeas Corpus hearing, was transported back to the State, etc.) to ensure documents are not mistakenly omitted and the claims are substantiated. In addition, as the final review authority prior to SCO submission, the SAU is responsible for ensuring all documentation is complete, accurate, and adequately supports the claim for the claim period.

Findings

The auditors reviewed 29 prisoners' cost forms (Form 1A – Cost Reports) for the month of April 2025, 25 prisoners' cost forms for the month of May 2025, 26 prisoners' cost forms for the month of June 2025, and two claim preparation cost forms for each of the three months, for a total of 86 forms reviewed, to determine whether the claim documents were complete and the claim amounts were accurate. The auditors did not note any issues with the accuracy of the claim amounts, rates used, reimbursable incident/activity selected, or the month the costs were incurred for any of these claims.

⁵ In accounting terms, "vouching" is a technique used by an auditor to establish the authenticity of transactions by reviewing the documentary evidence.

⁶ Indirect Cost (Overhead) Rates are developed and approved by the Los Angeles County Department of Auditor-Controller.

However, for eight (9%) of 86 forms reviewed, the auditors noted issues with the attached supporting documentation. Specifically, supporting documentation was either missing or insufficient. The auditors were able to subsequently confirm the costs were PC 4750 related upon obtaining additional supporting documentation.

Other Related Findings:

- **CST Claims Desk Procedures:** The auditors noted CST did not have any desk procedures to identify roles and responsibilities or guide staff on how to determine if a prisoner's costs were reimbursable under PC 4750. Specifically, there was no guidance on how to evaluate prisoner costs, perform necessary research, or gather the documentation necessary to support each claim. The CST staff indicated they utilized various methods and websites, including the Superior Court webpage, to research each prisoner to ensure their costs were eligible for reimbursement through PC 4750 before sending the packets to CSD for claim preparation. The absence of formalized desk procedures increased the risk that staff could fail to identify all eligible prisoner-related costs resulting in underclaiming and lost revenue.
- **CSD Claims Desk Procedures:** The auditors noted the CSD's existing desk procedures did not adequately guide staff on PC 4750 claim preparation and the unit's current practices were inconsistent with its stated responsibilities. Specifically, the CSD assigned employee must "Prepare Form 1A (Cost Report) for the related costs for each qualifying inmate on the claim... Check that all calculations are correct and that the correct rates are used...." However, the CSD's written procedures did not describe how to obtain the various S&EB, overhead, inmate maintenance, or other rates required for claim preparation or include examples. The PC 4750 claim desk procedures should have included explicit instructions to prevent staff from utilizing incorrect rates resulting in unallowable costs. In addition, the auditors noted the SAU staff was assisting with this portion of the claim preparation process, but this function resided within the CSD's scope of responsibility. Following the auditors' review, the SAU advised the unit plans to phase out the CSD's role in the PC 4750 claim preparation process. Moving forward, the SAU should work directly with the CST to obtain documentation and prepare claim packets.
- **SAU Claims Desk Procedures:** The SAU's claims desk procedures, dated February 2021, indicated they did not claim costs related to other PC 4750 sections: (a), (b), or (d) through (i), but they expected additional components may be included in the future. However, the auditors noted SAU was currently claiming costs related to PC 4750 sections (d) Sanity and (g) Transportation.

- **Staffing:** The responsibility for gathering and analyzing PC 4750 claim documentation was currently being performed by a Deputy at the CST and the calculations and preparation of the actual claim forms was being performed by an Operations Assistant II (OA II) at the SAU. The duties being performed by these personnel appeared to exceed the required responsibilities of their positions. The CST indicated that an Operations Assistant III would be the appropriate classification. The SAU indicated that a request for an Accountant III position was submitted to the CEO; however, they were only approved for an Accountant II item. Based on the County's class specifications and the level of complexity of the PC 4750 claim process, an Accountant III was required to execute the highly complex and responsible accounting work that exceeds the scope of the lower-level classification.

Recommendations

1. The units involved in the PC 4750 claim preparation, review, and approval process should update their desk procedures to explicitly define required supporting documentation, its purpose, and include examples for each cost type to ensure the completeness of claim documentation.
2. The CST should establish written procedures to clearly describe the section's roles and responsibilities in the PC 4750 claiming process including step-by-step instructions outlining how to determine reimbursable costs under PC 4750.
3. The units involved in the PC 4750 claim preparation, review, and approval process should work together to identify gaps in their respective PC 4750 claims procedures, clarify roles and responsibilities, and document and ensure consistency across their written procedures.
4. The SAU should update its existing PC 4750 claims desk procedures to ensure all claim preparation information is up to date.
5. The CST and SAU should work with Division management to formally review current PC 4750 claims staff duties and classifications to ensure they align with actual position requirements. Given the technical complexity of the process, competing operational priorities, and the potential revenue impact associated with PC 4750 claims, management should pursue appropriate staffing and/or classification adjustments necessary to effectively administer the process.

Objective No. 1(b) – Management Review and Approval of Claims

Criteria

SAU PC 4750 Claims Desk Procedures (Revised July 30, 2025), states, in part:

Claim Preparation

- 5) *SAU reviews the documentation, and makes additions, edits, and revisions as needed.*
 - a) *Review the items sent by the Division. Check that all calculations are correct, and that the correct rates (S&EB, OH, Housing rate, mileage etc.) have been used. Make corrections as needed.*
 - b) *Where needed, compile and complete summary documents (for example, summarizing the claim preparation costs, preparing a Form 1A for the related costs, and updating Form 1B and the Statement of Costs face sheet).*
 - c) *Print the claim forms and supporting documentation. Prepare a folder for management review, placing support documents for the rates used on the left-hand side of the folder.*
 - d) *Prepare a draft cover letter for Financial Programs Bureau Director's signature to include in the folder. A cover letter is not required by the SCO; however, a cover letter is prepared to remain consistent with other Department claims, and in line with the other County departments who file PC 4750 claims with the SCO (the District Attorney's office and the Public Defender).*
 - e) *Prepare a routing slip. Routes the folder up the chain of command, for review and signature*
- 6) *SAU/Revenue & Billing Section Managers (ASM I and ASM II) reviews the claim and supporting documents and forwards to the Manager (ASM III).*
- 7) *SAU Manager reviews and signs the Summary of Costs (FAM-27) form and instructs the preparer, or administrative staff (OAI), to send the draft cover letter to the Director's secretary for printing on Sheriff's letterhead.*

Procedures

For each PC 4750 claim, the auditors reviewed the claim packet submitted by the CST to the SAU to determine whether the designated personnel at the SAU conducted the necessary review and approvals prior to submitting the claims to the SCO.

- Administrative Staff (OA II) reviewed the initial draft submitted by the CST.
- SAU/Revenue & Billing Section Managers (Administrative Services Manager I and II [ASM I and ASM II]) reviewed the claim and supporting documents.
- SAU Manager (Administrative Services Manager III [ASM III]) or any of the authorized or designated signatories reviewed and signed the FAM-27 - Summary of Costs.
- The FPB Director signed the cover letter printed on Department letterhead.

Findings

The auditors reviewed three claim packets from the April 2025 through June 2025 billing periods and determined the designated personnel at the SAU conducted the necessary review and approvals for all three (100%) claim packets prior to submitting the claims to the SCO.

Recommendations

There are no recommendations for the SAU because it met the compliance for this objective.

Objective No. 1(c) - Claim Submission to the SCO

Criteria

SAU, PC 4750 Claims Desk Procedures (Revised July 30, 2025), states, in part:

Claim Preparation

- 8) *The signed claim and supporting documents are scanned and uploaded SCO's – Data Exchange Portal (DEP). The involved Division will be copied via SharePoint ...*

SCO Claiming Instructions For Local Court Costs and Other Related Charges Pursuant to Penal Code Section 4750 (October 2025), states, in part:

Deadline for Filing Claims

Claimants have six months after the close of the month in which the costs were incurred (PC section 4750(j)) to file a claim. Claims filed after the six-month deadline will not be reimbursed by the SCO.

Six-Month Period to File Claims ¹							
Date Costs were Incurred ¹	Close of the Month	1st Month	2nd Month	3rd Month	4th Month	5th Month	6th Month Deadline
Jul 1 – 31	Jul-31	August	September	October	November	December	Jan-31
Aug 1 – 31	Aug-31	September	October	November	December	January	Feb-28/29
Sep 1 – 30	Sep-30	October	November	December	January	February	Mar-31
Oct 1 – 31	Oct-31	November	December	January	February	March	Apr-30
Nov 1 – 30	Nov-30	December	January	February	March	April	May-31
Dec 1 – 31	Dec-31	January	February	March	April	May	Jun-30
Jan 1 – 31	Jan-31	February	March	April	May	June	Jul-31
Feb 1 – 28/29	Feb-28/29	March	April	May	June	July	Aug-31
Mar 1 – 31	Mar-31	April	May	June	July	August	Sep-30
Apr 1 – 30	Apr-30	May	June	July	August	September	Oct-31
May 1 – 31	May-31	June	July	August	September	October	Nov-30
Jun 1 – 30	Jun-30	July	August	September	October	November	Dec-31

¹ PC section 4750(j) states: "No city, county, or other jurisdiction may file, and the state may not reimburse, a claim pursuant to this section that is presented to the Department of Corrections and Rehabilitation or to any other agency or department of the state more than six months after the close of the month in which the costs were incurred."

Procedures

For each PC 4750 claim packet, the auditors determined whether the claim was submitted by or before the deadline set forth by the SCO (six months after the close of the month in which the costs were incurred).

Findings

The auditors reviewed three claim packets from the April 2025 through June 2025 billing periods and determined that all three (100%) claim packets were submitted by or before the deadline set forth by the SCO (six months after the close of the month in which the costs were incurred).

Recommendations

There are no recommendations for the SAU because it met the compliance for this objective.

Objective No. 2 – Claim Revenue Recognition and Recording Process

This objective included an examination of the supporting documents for each PC 4750 claim packet to determine whether the revenue was accrued timely, the accrual and accounts receivable was properly recorded in eCAPS, and whether the revenue was properly recorded in eCAPS when received.

Objective No. 2 (a) – Accrual of Claim Revenue

Criteria

SAU, PC 4750 Claims Desk Procedures (Revised July 30, 2025), states, in part:

Claim Preparation

- 9) *Prepare Posting Slip and input RE document in eCAPS. Keep the invoice on file for internal tracking purposes. Invoice should be created between the date of submission up to three (3) working days, inasmuch as possible.*

CFM (November 2022), states, in part:

9.1.3 Internal Controls Over Revenue

Departments must ensure that:

- *Billings or fees to third parties are prepared/requested timely, closely tracked, and collected as soon as allowable to maximize cash flow.*
- *Revenue sources are closely tracked to ensure timely receipt from third parties. For instance, anticipated revenue (budgeted or not) should be aggressively pursued.*

Procedures

For each PC 4750 claim revenue, the auditors reviewed the eCAPS posting slip and invoice to determine whether the claim amount was accrued as soon as the claim was submitted to the SCO (up to three working days) and whether the accrual and account receivable was properly recorded in eCAPS (i.e., correct amount, period, revenue source, etc.).

Findings

The auditors reviewed the eCAPS posting slip and invoice for seven PC 4750 claims and noted the amounts for all seven (100%) claims were accrued as soon as the claims were submitted to the SCO, and the accruals were properly recorded in eCAPS.

Recommendations

There are no recommendations for the SAU because it met the compliance for this objective.

Objective No. 2(b) – Recording of Claim Revenue Received

Criteria

SAU, PC 4750 Claims Desk Procedures (Revised July 30, 2025), states, in part:

Claim Preparation

10) Email confirmation is sent from SCO acknowledging receipt of claim. Auditor Controller (A-C) receives the reimbursement and deposits it to Sheriff's Department trust account TK7-7370, and OAI forward the check copy with invoice to Trust & Cashiering Section for RECT processing to close the invoice.

CFM (November 2022), states, in part:

9.1.3 Internal Controls Over Revenue

Departments must ensure that:

- Billings or fees to third parties are prepared/requested timely, closely tracked, and collected as soon as allowable to maximize cash flow.*
- Revenue sources are closely tracked to ensure timely receipt from third parties. For instance, anticipated revenue (budgeted or not) should be aggressively pursued.*

9.1.6 Accounting for Revenue

eCAPS reports must be reconciled monthly to departmental records to ensure the proper posting of revenue to the eCAPS accounting system.

Procedures

For each PC 4750 claim revenue, the auditors reviewed the Revenue Detail report and RECT document to determine whether the revenue was properly recorded in eCAPS when received (i.e., correct amount, in the appropriate revenue account, etc.).

Findings

The auditors reviewed the Revenue Detail report and RECT document for seven PC 4750 claims and noted revenue for all seven (100%) claims were properly recorded in eCAPS when received.

Recommendations

There are no recommendations for the SAU because it met the compliance for this objective.

Objective No. 3 – Follow-Up on Prior Audit Recommendations

The auditors conducted a follow-up of prior audit recommendations from the previous PC 4750 Claims and Revenue Process Audit (Project No. 2024-36-A) to verify whether the auditee implemented corrective actions and ensured any issues identified during the audit process were effectively addressed.

Objective No. 3(a) – Status of Prior Audit Recommendations

Procedures

The auditors followed up on the status of Project No. 2024-36-A’s Objective No. 1 – Evaluation of PC 4750 Claims Revenue Policies and Procedures recommendations. The auditors conducted a new evaluation of PC 4750 claims as indicated in Objective No. 1 – Claim Preparation and Submission Process and Objective No. 2 – Claim Revenue Recognition and Recording Process above.

The auditors requested status updates and supporting documentation from process owners regarding corrective actions taken to address the deficiencies identified in the prior PC 4750 audit report (Project No. 2024-36-A). The auditors examined updated procedures, supporting documentation, and relevant examples to verify the status of the prior audit recommendations. The auditors then categorized the status of each recommendation into four classifications: Implemented, In Progress, Not Implemented, and Not Applicable.

Status	Definition
Implemented	Corrective action has been taken to address the recommendation. Management has provided proof of recommendation implementation.
In Progress	Management has begun taking action to address noted audit deficiencies; however, it has not been deemed complete and/or does not fully address the recommendation.
Not Implemented	No corrective action has been taken by management or actions taken do not adequately address the recommendation.
Not Applicable	Recommendation is no longer applicable due to changes in policy, procedures, or processes, or because the original issue is no longer relevant.

Results

Of the eight recommendations reviewed, five (63%) were implemented and three (38%) were in progress⁷. The recommendations, status, and corrective actions taken (if applicable) are detailed below.

⁷ Minor variation in percentages due to rounding.

Summary of Audit Recommendations Status from Project No. 2024-36-A

Total Recommendations	Implemented	In Progress	Not Implemented	Not Applicable	Implementation %
8	5	3	0	0	63%

Detailed Results

Audit Recommendation Follow-Up for Project No. 2024-36-A

Objective No. 1 – Evaluation of PC 4750 Claims Revenue Policies and Procedures Recommendations	
Recommendation No. 1	Status
<p><i>The SAU should implement a formalized process for reviewing, approvals, and documenting updates to the claims and revenue desk procedures. The SAU should also ensure approval dates are included for each version to maintain an accurate history of revisions.</i></p> <p>FOLLOW-UP RESULTS: The auditors reviewed the SAU's PC 4750 Desk Procedures (revised 7/30/25) and FPB's Semi-Annual Management Review of PC 4750-Eligible Cost Recovery Claims (completed in May 2025 and December 2025) and determined the SAU implemented a formalized review process for reviewing the claims and revenue desk procedures. As part of FPB's semi-annual review, the Assistant Bureau Director ensured an annual or biannual review of desk procedures was conducted to ensure updates and adjustments were made as necessary. This review is documented, signed, and dated.</p>	Implemented
Recommendation No. 2	Status
<p><i>The SAU should revise the desk procedures to explicitly define the purpose (e.g., to ensure compliance, improve accuracy, streamline claims processing) and scope (e.g., which aspects of the claims and revenue process they cover), which would provide clarity to all personnel involved.</i></p> <p>FOLLOW-UP RESULTS: The auditors reviewed the SAU's PC 4750 Desk Procedures (revised 7/30/25) and noted the SAU did not revise the desk procedures to explicitly define the purpose (e.g., to ensure compliance, improve accuracy, streamline claims processing) and scope (e.g., which aspects of the claims and revenue process they cover). The SAU indicated that their current desk procedures include a background section and a breakdown of responsibilities for the unit's staff. The SAU also indicated that the CST and CSD initiate the claims, so it would be appropriate for these units to describe the purpose and scope of the claiming process. The SAU can then incorporate this information into its desk procedures.</p>	In Progress

Recommendation No. 3	Status
<p><i>The SAU should update the desk procedures to clearly include all key processes and controls, specifically highlighting the deadline for filing claims in accordance with the SCO's instructions. Revisions to the desk procedures should include clear guidelines for meeting deadlines and any other state-mandated requirements to avoid errors and ensure compliance.</i></p> <p>FOLLOW-UP RESULTS: The auditors reviewed the SAU's PC 4750 Desk Procedures (revised 7/30/25). Although the SAU did not update the desk procedures to specifically highlight the deadline for filing claims in accordance with the SCO's instructions, it referenced the SCO's website for its instructions. The SAU indicated that this approach maintains compliance while keeping its procedures manageable and up to date.</p>	Implemented
Recommendation No. 4	Status
<p><i>The SAU should clearly define in the desk procedures their role in identifying allowable reimbursements and specifying the individual or team responsible for ensuring all reimbursements are included in the claim. The SAU should still maintain the responsibility for ensuring claim preparation is complete, and calculations are accurate, but policy should make a clear distinction between the CST's responsibility for identifying reimbursable items and the SAU's role in finalizing the claim.</i></p> <p>FOLLOW-UP RESULTS: The auditors reviewed the SAU's PC 4750 Desk Procedures (revised 7/30/25) and the procedures indicated that the involved units (CST and CSD) gather all required source documentation and prepare the initial draft of the official claim forms. The SAU is responsible for managing the files/documents in the SDN shared folders, ensuring that all documentation is complete, accurate, and supports the claim for the claim period (month). The SAU indicated that allowable expenses are determined by the CST and CSD, and they are in the process of finalizing their respective written procedures. However, the SAU could still indicate in their desk procedures that it is the CST and CSD's role to identify allowable reimbursements and ensure all reimbursements are included in the claim.</p>	In Progress
Recommendation No. 5	Status
<p><i>The SAU should update the desk procedures to reflect the Special Accounts Manager or designated signatories (such as the ASM II or Assistant Division Director) are responsible for reviewing and signing the Summary of Costs (FAM-27) form, to ensure consistency with actual practices.</i></p> <p>FOLLOW-UP RESULTS: The auditors reviewed the SAU's PC 4750 Desk Procedures (revised 7/30/25). The desk procedures indicated Form FAM-27 Statement of Costs must be signed by an authorized signatory. The signatories were updated on 4/24/25 and include the ASM III, Assistant Bureau Director, and the Director.</p>	Implemented

Recommendation No. 6	Status
<p><i>The SAU should implement a proactive approach to submitting claims well in advance of the SCO's deadline, allowing adequate time for review, corrections, and approval. To address delays in preparation, the SAU should cross-train additional personnel on the claim preparation process and consider hiring and training new staff if the current personnel involved are unavailable. This will ensure greater staffing flexibility, reduce the risk of last-minute submissions and errors, and enhance the overall efficiency of meeting deadlines.</i></p> <p>FOLLOW-UP RESULTS: The auditors reviewed the SAU's PC 4750 Desk Procedures (revised 7/30/25). Through several meetings and a review of claim documentation, the auditors noted the SAU has taken a proactive approach to submitting claims in advance of the SCO's deadline. For example, claims for the April 2025 billing period were submitted two months ahead of the SCO deadline; May 2025 and June 2025 claims were submitted approximately one and a half months ahead of the SCO deadlines.</p> <p>The SAU indicated it has worked on adding additional personnel. Due to workplace challenges such as heavy workloads, transfers, and several retirements, the SAU cannot implement cross-training until additional staffing requirements are met. An additional position was recently approved by the CEO's office. The selected candidate is currently undergoing the background investigation process and will be utilized as backup for PC 4750 claim preparation at the SAU.</p>	In Progress
Recommendation No. 7	Status
<p><i>The SAU should also update the desk procedures to provide adequate guidance for staff and supervisors in performing their specific duties. The desk procedures should include steps on how to process the claims, how to identify allowable expenses to claim, and when the claims should be reviewed, approved, and submitted.</i></p> <p>FOLLOW-UP RESULTS: The auditors reviewed the SAU's PC 4750 Desk Procedures (revised 7/30/25) and noted it provides adequate guidance for the SAU staff and supervisors in performing their specific duties.</p>	Implemented
Recommendation No. 8	Status
<p><i>The process owner should develop an Internal Control Monitoring Guide to ensure the PC 4750 claims revenue policies and procedures are being adhered to. Although the AAB was tasked to conduct a periodic review to satisfy the A-C's recommendation regarding Management Monitoring of Internal Controls, conducting regular "self-monitoring" is the responsibility of the process owner. The AAB could assist the process owner in developing a self-monitoring guide/tool, if needed.</i></p> <p>FOLLOW-UP RESULTS: The auditors reviewed FPB's procedure for the Semi-Annual Management Review of PC 4750-Eligible Cost Recovery Claims established on 4/18/25 and two sample reviews completed in May 2025 and December 2025 (periods of review October 2024 and April 2025, respectively). The auditors confirmed the SAU developed a management review checklist to ensure PC 4750 claims revenue policies and procedures are being adhered to. The SAU indicated that additional changes to their management checklist will be made once the responsibilities of the CST and CSD are identified by each unit.</p>	Implemented

CONCLUSION

The AAB determined that the Department generally complied with applicable policies and procedures related to the PC 4750 claims and revenue processes. The SAU demonstrated effective controls over claim review, submission, and revenue recording; however, weaknesses were identified in documentation completeness, clarity of roles and responsibilities, and staffing alignment, which increase the risk of incomplete claims and potential lost revenue. Additionally, follow-up results indicated that a majority of prior audit recommendations were implemented, with remaining items in progress. Continued efforts to strengthen procedures, clarify responsibilities, and address staffing needs will further enhance the effectiveness and consistency of the PC 4750 claims and revenue process.

SUMMARY OF RECOMMENDATIONS

The purpose of this section is to provide a concise reference for all recommendations aimed at improving the existing policies and procedures and strengthening the processes and controls relating to PC 4750 Claims. The recommendations listed below are the same as those detailed in the above report.

Objective No. 1 – Claim Preparation and Submission Process

A. Objective No. 1(a) – Completeness and Accuracy of Claim Documentation

1. The units involved in the PC 4750 claim preparation, review, and approval process should update their desk procedures to explicitly define required supporting documentation, its purpose, and include examples for each cost type to ensure the completeness of claim documentation.
2. The CST should establish written procedures to clearly describe the section's roles and responsibilities in the PC 4750 claiming process including step-by-step instructions outlining how to determine reimbursable costs under PC 4750.
3. The units involved in the PC 4750 claim preparation, review, and approval process should work together to identify gaps in their respective PC 4750 claims procedures, clarify roles and responsibilities, and document and ensure consistency across their written procedures.
4. The SAU should update its existing PC 4750 claims desk procedures to ensure all claim preparation information is up to date.
5. The CST and SAU should work with Division management to formally review current PC 4750 claims staff duties and classifications to ensure they align with actual position requirements. Given the technical complexity of the process, competing operational priorities, and the potential revenue impact associated with PC 4750 claims, management should pursue appropriate staffing and/or classification adjustments necessary to effectively administer the process.

DEPARTMENT APPLICATIONS

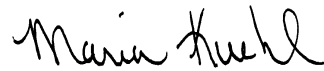
- Electronic Countywide Accounting and Purchasing System (eCAPS)

REFERENCES

- Special Accounts Unit (SAU) PC 4750 Claims Desk Procedures
- Los Angeles County Fiscal Manual (CFM)
- State Controller's Office (SCO) Claiming Instructions for Local Court Costs and Other Related Charges Pursuant to Penal Code Section 4750

Views of Responsible Officials

On April 21, 2026, the AAB held an Exit meeting with representatives from the CST, CSD, and SAU and they concurred with the audit results. The AAB presented the final audit report to the Division Director, Office of Constitutional Policing.



06/11/2026

MARIA G. KUEHL

DATE

Acting Captain

Audit and Accountability Bureau

Los Angeles County Sheriff's Department