

**ITEM 17 K**  
**FINAL STAFF ANALYSIS**  
**PROPOSED AMENDMENTS TO PARAMETERS AND GUIDELINES**

Penal Code Sections 2970, 2972, and 2972.1

Statutes 1985, Chapter 1418  
Statutes 1986, Chapter 858  
Statutes 1987, Chapter 687  
Statutes 988, Chapter 657  
Statutes 1988, Chapter 658  
Statutes 1989, Chapter 228  
Statutes 1991, Chapter 435  
Statutes 2000, Chapter 324

*Mentally Disordered Offenders' Extended Commitment Proceedings*  
05-PGA-34 (98-TC-09)

State Controller's Office, Requestor

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**EXECUTIVE SUMMARY**

This is a request filed by the State Controller's Office (SCO) to amend the parameters and guidelines for the *Mentally Disordered Offenders' Extended Commitment Proceedings* program (98-TC-09) to add language regarding source documentation, and record retention requirements during the period a claim is subject to an audit. If the Commission on State Mandates (Commission) approves the SCO's request, the amendments would be effective for costs incurred beginning on July 1, 2005.

In 2003, upon recommendation from the Bureau of State Audits, direction from the Legislature, and an SCO request, the Commission adopted amendments to parameters and guidelines that clarified what source documentation claimants are required to retain to support the claims they file to obtain reimbursement for mandated programs, and records retention language that identifies the records that must be retained to support an audit initiated by the SCO. The adopted language, commonly referred to as "boilerplate language," has been included in all parameters and guidelines adopted since 2003. In addition, section 1183 of the Commission's regulations require parameters and guidelines to include instruction on claim preparation, notice of the SCO's authority to audit claims, and the amount of time documentation must be retained during the audit period.

The SCO is now requesting that parameters and guidelines adopted prior to 2003 be amended to also include the source documentation and records retention language.

This analysis pertains only to the request to amend the *Mentally Disordered Offenders' Extended Commitment Proceedings* program. The staff analyses for the other 48 programs will be presented separately.

There is one issue for the Commission's consideration:

- **Should the parameters and guidelines be amended to add the current “boilerplate language”?**

Staff finds that it is appropriate to approve the SCO's request to insert the source documentation and records retention language because it would conform the parameters and guidelines for the *Mentally Disordered Offenders' Extended Commitment Proceedings* program with the parameters and guidelines adopted for other programs, and is consistent with section 1183.1 of the Commission's regulations. Therefore, staff included the language requested by the SCO.

### **Staff Recommendation**

Staff recommends that the Commission:

- Adopt the SCO's proposed amendments to the parameters and guidelines for the *Mentally Disordered Offenders' Extended Commitment Proceedings* program, beginning on page 9.
- Authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

## STAFF ANALYSIS

### Requestor

State Controller's Office

### Chronology

01/25/2001	Commission on State Mandates (Commission) adopts Statement of Decision
5/24/2001	Commission adopts parameters and guidelines
01/24/2002	Commission adopts statewide cost estimate
01/23/2003	The Commission, upon the recommendation of the Bureau of State Audits, direction from the Legislature, and upon request from the State Controller's Office (SCO), adopts amendments to the <i>School Bus Safety II</i> parameters and guidelines to include "boilerplate language" that details the documentation necessary to support reimbursement claims. After this date, all adopted parameters and guidelines contain this language
04/07/2006	SCO requests the parameters and guidelines for 49 mandated programs adopted prior to 2003 also be amended to include boilerplate language, including the <i>Mentally Disordered Offenders' Extended Commitment Proceedings</i> program analyzed here
04/27/2006	Commission deems SCO's request for amendment of parameters and guidelines complete and issues for comment
07/23/2009	Commission reissues SCO's request for amendment of parameters and guidelines for comment
08/18/2009	Department of Finance files comments
10/13/2009	Commission issues draft staff analysis

### Background

This is a request filed by the State Controller's Office (SCO) to amend the original parameters and guidelines for the *Mentally Disordered Offenders' Extended Commitment Proceedings* program (98-TC-09) to add language regarding source documentation, and record retention requirements during the period a claim is subject to an audit. If the Commission on State Mandates (Commission) approves the SCO's request, the amendments would be effective for costs incurred beginning on July 1, 2005.

#### Test Claim Decision and Parameters and Guidelines

The County of Los Angeles filed a test claim on November 19, 1998, on the Mentally Disordered Offender statutes, codified in Penal Code section 2960 et seq. The statutes established civil commitment procedures for the continued involuntary treatment of persons with severe mental disorders for one year following their parole termination date.

The Commission approved this test claim on January 25, 2001, concluding that Penal Code sections 2970, 2972, and 2972.1 impose a reimbursable state-mandated program upon local agencies pursuant to section 6, article XIII B of the California Constitution.<sup>1</sup>

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<sup>1</sup> Exhibit A.

On May 24, 2001, the Commission adopted the parameters and guidelines for this program.<sup>2</sup>

### Boilerplate Language

On March 28, 2002, the Bureau of State Audits (BSA) issued an audit report on the *School Bus Safety II* program, stating that the parameters and guidelines do not impose sufficient requirements regarding the documentation required to support reimbursement claims, and thus, insufficient documentation was being submitted to support claims.<sup>3</sup> The report recommended, among other things, that the Commission work with the SCO, other affected state agencies, and interested parties to make sure the language in the parameters and guidelines and the claiming instructions for the *School Bus Safety II* program reflects the Commission's intentions as well as the SCO's expectations regarding supporting documentation. On June 10, 2002, the SCO proposed that parameters and guidelines be amended to clarify what documentation is necessary to support reimbursement claims and what records must be retained to support audits initiated by the SCO.

Based on BSA's audit findings and recommendations, the Legislature enacted Statutes 2002, chapter 1167 (AB 2781) to direct the Commission to amend the parameters and guidelines in *School Bus Safety II*, to detail the documentation necessary to support reimbursement claims.

On January 23, 2003, upon recommendation from BSA, direction from the Legislature, and the SCO's request, the Commission adopted the following language regarding source documentation and records retention to the *School Bus Safety II* parameters and guidelines:<sup>4</sup>

#### *IV. Reimbursable Activities*

*To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.*

*Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.*

*The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.*

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<sup>2</sup> Exhibit B.

<sup>3</sup> Exhibit C.

<sup>4</sup> The Commission also adopted other boilerplate language that is not relevant to this request.

## VI. Record Retention

*Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter\* is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.*

The Commission has included this language, commonly referred to as “boilerplate language,” in all parameters and guidelines adopted on or after January 23, 2003.

### SCO Request to Amend Parameters and Guidelines

On April 7, 2006, the SCO requested that the parameters and guidelines for 49 mandated programs that were adopted prior to 2003 be amended to also include the boilerplate language regarding source documentation and records retention that was adopted by the Commission in 2003.<sup>5</sup>

The parameters and guidelines for the *Mentally Disordered Offenders’ Extended Commitment Proceedings* program is one of the 49 programs the SCO is requesting be amended.

### Comments on the Proposal

On April 27, 2006, the Commission issued the SCO’s request to amend the parameters and guidelines for comment. No comments were filed. On July 23, 2009, the Commission reissued the proposal for comment. On August 18, 2009, Department of Finance submitted comments.<sup>6</sup>

In its comments, Finance stated it was neutral on the proposal, because the request to include boilerplate language in the parameters and guidelines for the 49 programs would allow the Controller to complete audit related tasks more efficiently, and provide the claimant with more information and record retention requirements, as well as the statute of limitations for audits.

Commission staff issued the draft staff analysis on October 13, 2009.<sup>7</sup> No comments were filed.

### Related Litigation (*Clovis Unified School Dist., et al. v. State Controller*)

This case involves a challenge by school districts and community college districts on reductions made by the State Controller’s Office to reimbursement claims for several mandated programs.<sup>8</sup> The school districts argue that reductions made on the ground that school districts do not have contemporaneous source documents are invalid.

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\* This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

<sup>5</sup> Exhibit D.

<sup>6</sup> Exhibit E.

<sup>7</sup> Exhibit F.

<sup>8</sup> The Commission is not a party to this action.

*Trial Court Ruling.* On January 2, 2009, the Sacramento County Superior Court (Case No. 06CS00748) issued a clarification of ruling and on February 19, 2009, issued a Judgment and Writ, finding that reductions made by the Controller on the ground that claimants did not have contemporaneous source documents supporting their reimbursement claims were invalid as an underground regulation *if* the contemporaneous source document requirement was not in the Commission’s parameters and guidelines. The court held that the Controller has no authority to reduce a claim on the ground that a claimant did not maintain contemporaneous source documents to support their claim, absent statutory or regulatory authority to require contemporaneous source documents, or language in the parameters and guidelines requiring it. Pursuant to Government Code section 17558, the Controller’s claiming instructions shall be derived from the test claim decision and the adopted parameters and guidelines. Thus, the court granted declaratory relief and a writ of mandate requiring the Controller to set aside the reduction and pay the school district plaintiffs the amounts reduced on two mandated programs that did not have parameters and guidelines language requiring claimants to maintain contemporaneous source documents.

*Court of Appeal Filings (Third District Court of Appeal, Case No. C061696).* Notices of appeal and cross-appeal have been filed by the SCO, the community college districts, and the school districts, and opening briefs have been filed. The appeal on the issue of the validity of the contemporaneous source documentation requirement remains pending.

## **Discussion**

The proposed amendments to the parameters and guidelines raise the following issue for determination by the Commission:

**Issue:                   Should the parameters and guidelines be amended to add the Commission’s current “boilerplate language”?**

In 2003, following recommendation from the BSA and direction from the Legislature, the SCO requested, and the Commission adopted amendments to parameters and guidelines that clarify what source documentation claimants are required to retain to support the claims they file to obtain reimbursement for mandated programs, and records retention language that identifies the records that must be retained to support an audit initiated by the SCO.

The adopted language, as detailed on pages 4 and 5 of this analysis, has been included in all parameters and guidelines adopted since 2003.

In addition, section 1183.1, subdivision (a) (5) and (6) require that the parameters and guidelines contain, among other things, the following:

- Claim preparation. Instruction on claim preparation, including instruction for direct and indirect cost reporting, or application of a reasonable reimbursement methodology.
- Record retention. Notice of the Office of the State Controller’s authority to audit claims and the amount of time supporting documents must be retained during period subject to audit.

The SCO is now requesting that parameters and guidelines adopted prior to 2003 be amended to also include the source documentation and records retention language. This analysis pertains to the parameters and guidelines for the *Mentally Disordered Offenders’ Extended Commitment Proceedings* program.<sup>9</sup>

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<sup>9</sup> The SCO only requested that the portions of the boilerplate language regarding source documentation and records retention be added to the parameters and guidelines for the 49

Inserting the source documentation and records retention boilerplate language would conform the parameters and guidelines for the *Mentally Disordered Offenders' Extended Commitment Proceedings* program with the parameters and guidelines adopted for other programs, and is consistent with section 1183.1 of the Commission's regulations.

Therefore, staff finds that it is appropriate to approve the SCO's request, and made the following modifications to the parameters and guidelines:

### *III. Period of Reimbursement*

Government Code section 17557, subdivision (d) states that a parameters and guidelines amendment filed on or before the claiming deadline following a fiscal year, shall establish reimbursement eligibility for that fiscal year. This amendment was filed on April 7, 2006, (after the claiming deadline) establishing reimbursement for fiscal year 2005-2006. Therefore, reimbursement for this amendment shall begin on July 1, 2005.

Staff clarified that the proposed amendments would be effective on July 1, 2005.

### *V. Reimbursable Costs*

Staff inserted the following boilerplate language regarding source documentation, as requested by the SCO:

*To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.*

*Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.*

*The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate*

### *VIII. Records Retention*

At the request of the SCO, staff removed the existing language regarding records retention, and replaced it with the following boilerplate language regarding records retention.

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programs. There are other sections of the boilerplate language regarding the remedies available before the Commission, and the legal and factual basis for the parameters and guidelines. Staff did not include these sections because the SCO did not request that they be included.

*Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter\* is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.*

### **Staff Recommendation**

Staff recommends that the Commission:

- Adopt the proposed amendments to parameters and guidelines for the *Mentally Disordered Offenders' Extended Commitment Proceedings* program, beginning on page 9.
- Authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

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\* This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.



Adopted: May 24, 2001

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Proposed Amendment: January 29, 2010

## **Proposed Amendment to Parameters and Guidelines**

Penal Code Sections 2970, 2972, and 2972.1

Statutes ~~of~~ 1985, Chapter 1418

Statutes ~~of~~ 1986, Chapter 858

Statutes ~~of~~ 1987, Chapter 687

Statutes ~~of~~ 1988, Chapter 657

Statutes ~~of~~ 1988, Chapter 658

Statutes ~~of~~ 1989, Chapter 228

Statutes ~~of~~ 1991, Chapter 435

Statutes ~~of~~ 2000, Chapter 324

*Mentally Disordered Offenders' Extended Commitment Proceedings*

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

### **I. SUMMARY OF MANDATE**

The test claim legislation establishes civil commitment procedures for the continued involuntary treatment of persons with severe mental disorders for one year following their parole termination date. These commitment procedures generally require the following:

- A civil hearing on the petition for continued involuntary treatment;
- The right to a jury trial, with a unanimous verdict by the jury before the offender can be committed;
- The appointment of defense counsel for indigent offenders; and
- Subsequent petitions and hearings regarding the recommitment of the offender for another year of involuntary treatment.

At its January 25, 2001 hearing, the Commission adopted its Statement of Decision which concluded that Penal Code sections 2970, 2972, and 2972.1 impose a reimbursable state mandated program on local agencies within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 for the following activities:

- Review the state's written evaluation and supporting affidavits indicating that the offender's severe mental disorder is not in remission or cannot be kept in remission without continued treatment (Pen. Code, §2970);
- Prepare and file petitions with the superior court for the continued involuntary treatment of the offender (Pen. Code, §2970);
- Represent the state and the indigent offender in civil hearings on the petition and any subsequent petitions or hearings regarding recommitment (Pen. Code, §§ 2972, 2972.1);
- Retain necessary experts, investigators, and professionals to prepare for the civil trial and any subsequent petitions for recommitment;

- Travel to and from state hospitals where detailed medical records and case files are maintained; and
- Provide transportation and custody of each potential mentally disordered offender before, during, and after the civil proceedings by the County's Sheriff Department.

## II. ELIGIBLE CLAIMANTS

Any county or city and county which incurs increased costs as a result of this reimbursable state mandated program is eligible to claim reimbursement of those costs.

## III. PERIOD OF REIMBURSEMENT

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

Section 17557 of the Government Code states that a test claim must be submitted on or before June 30<sup>th</sup> following a given fiscal year to establish eligibility for reimbursement for that fiscal year. This test claim was filed by the County of Los Angeles on November 19, 1998. Therefore, costs incurred in implementing the provisions of Penal Code sections 2970 and 2972, as added and amended by Statutes of 1985, chapter 1418; Statutes of 1986, chapter 858; Statutes of 1987, chapter 687; Statutes of 1988, chapters 657 and 658; Statutes of 1989, chapter 228; and Statutes of 1991, chapter 435, after July 1, 1997 are eligible for reimbursement.

Statutes of 2000, chapter 324, was not in effect until January 1, 2000. Therefore, costs incurred pursuant to Penal Code section 2972.1, as added by Statutes of 2000, chapter 324, regarding services to persons committed pursuant to Penal Code section 2972 who are on *outpatient* status, are reimbursable only on or after January 1, 2001.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent fiscal year may be included on the same claim, if applicable. Pursuant to section 17561, subdivision (d)(1) of the Government Code, all claims for reimbursement shall be submitted within 120 days of notification by the State Controller of the enactment of the claim's bill.

If total costs for a given year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

## IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal

government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the direct and indirect costs of labor, materials and supplies, contracted services, fixed assets, travel, and training incurred for the following mandate components are reimbursable:

A. One-time Activities

1. To develop policies and procedures to implement Penal Code sections 2970, 2972, and 2972.1.
2. To train staff on the mandated program (one-time per employee).
3. To develop or procure computer software to track the status of persons committed pursuant to Penal Code section 2972.

B. Continuing Activities

The following reimbursable activities must be specifically identified to a mentally disordered offender:

1. Review the state's written evaluation and supporting affidavits to determine if the county concurs with the state's recommendation that the offender's severe mental disorder is not in remission or cannot be kept in remission without continued treatment (Pen. Code, § 2970). This activity includes the following:
  - a) Attorney, secretarial, and paralegal services;
  - b) Copying charges; and
  - c) Long distance telephone charges.
2. Prepare and file petitions with the superior court for the continued involuntary treatment of the offender (Pen. Code, § 2970). This activity includes the following:
  - a) Attorney, secretarial, and paralegal services;
  - b) Copying charges; and
  - c) Long distance telephone charges.
3. Represent the state and the indigent offender in civil hearings regarding recommitment (Pen. Code, §§ 2972, 2972.1). This activity includes the following:
  - a) Attorney, secretarial, and paralegal services;
  - b) Copying charges; and
  - c) Long distance telephone charges.
4. Retain necessary experts, investigators, and professionals to prepare for the civil trial and any subsequent petitions for recommitment;
5. Travel to and from state hospitals where detailed medical records and case files are maintained;

6. Provide transportation and custody of each potential mentally disordered offender before, during, and after the civil proceedings by the County's Sheriff Department;
7. Meet and confer on outpatient status reports issued pursuant to Penal Code section 2792.1 (c) and assist outpatient offenders committed pursuant to Penal Code section 2972 in completing a form indicating whether the offender agrees to continued treatment, or refuses continued treatment and demands a jury trial to decide the need for further treatment; and
8. Represent the state and the indigent offender in a jury trial to decide the need for further treatment and any subsequent petitions or hearings regarding recommitment (Pen. Code, §§ 2972, 2972.1). This activity includes the following:
  - a) Attorney, secretarial, and paralegal services;
  - b) Copying charges; and
  - c) Long distance telephone charges.

## **V. CLAIM PREPARATION AND SUBMISSION**

Claims for reimbursement must be timely filed and identify each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified to each reimbursable activity identified in section IV of this document and they must be supported by the following cost element information:

### **A. Direct Costs**

Direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities or functions and shall be supported by the following cost element information:

#### **1. Salaries and Benefits**

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee, productive hourly rate, and related fringe benefits.

Reimbursement for personal services includes compensation paid for salaries, wages, and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g., annual leave, sick leave) and the employer's contribution of social security, pension plans, insurance and worker's compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities which the employee performs.

#### **2. Materials and Supplies**

Only expenditures that can be identified as direct costs of this mandate may be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based on a recognized method of costing, consistently applied.

### 3. Contract Services

Provide the name(s) of the contractor(s) who performed the service(s), including any fixed contracts for services. Describe the reimbursable activity(ies) performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services. Submit contract consultant and attorney invoices with the claim.

### 4. Fixed Assets

List the costs of the fixed assets that have been acquired specifically for the purpose of this mandate. If the fixed mandate is utilized in some way not directly related to the mandated program, only the pro-rata portion of the asset which is used for the purposes of the mandated program is eligible for reimbursement.

### 5. Travel

Travel expenses for mileage, per diem, lodging, and other employee entitlements are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of the traveler(s), purpose of travel, inclusive dates and times of travel, destination point(s), and travel costs.

### 6. Training

The cost of training an employee to perform the mandated activities, as specified in section IV of these parameters and guidelines, is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the date(s) attended, and the location. Reimbursable costs may include salaries and benefits of trainees and trainers, registration fees, transportation, lodging, per diem, and incidental audiovisual aids. If the training encompasses subjects broader than this mandate, only the pro rata portion of the training costs can be claimed.

## B. Indirect Costs

Compensation for indirect costs is eligible for reimbursement. Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) pursuant to the Office of Management and Budget (OMB) Circular A-87.

## **VI. SUPPORTING DATA RECORD RETENTION**

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter<sup>1</sup> is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

~~For auditing purposes, all costs claimed shall be traceable to source documents (e.g., invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, etc.) that show evidence of the validity of such costs and their relationship to the state mandated program. All documentation in support of the claimed costs shall be made available to the State Controller's Office, as may be requested. Pursuant to Government Code section 17558.5, these documents must be kept on file by the agency submitting the claim for a period of no less than two years after the later of (1) the end of the calendar year in which the reimbursement claim is filed or last amended, or (2) if no funds are appropriated for the fiscal year for which the claim is made, the date of initial payment of the claim.~~

## **VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT**

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to federal funds and other state funds, shall be identified and deducted from this claim.

## **VIII. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION**

An authorized representative of the claimant shall be required to provide a certification of the claim, as specified in the State Controller's Office claiming instructions, for those costs mandated by the state contained herein.

## **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Pursuant to Title 2, California Code of Regulations, section 1183.2, Parameters and Guidelines amendments filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A Parameters and Guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15, following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

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<sup>1</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.