



County of San Diego, California

Auditor and Controller

*Final
Report*

**Firestorm 2007 Expenditures
Submitted for FEMA/OES
Reimbursement Validation Audit –
District Attorney’s Office**

Office of **A**udits & **A**dvisory **S**ervices

June 2009
Report No. A09-042



COUNTY OF SAN DIEGO

INTER-DEPARTMENTAL CORRESPONDENCE

June 19, 2009

TO: Bonnie Dumanis
District Attorney

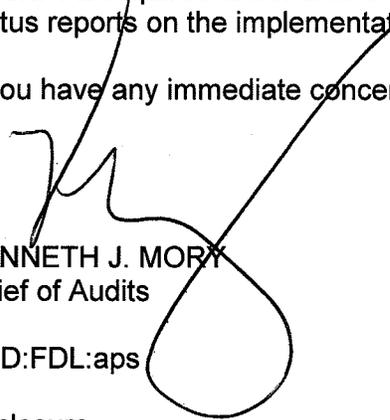
FROM: Kenneth J. Mory
Chief of Audits

FINAL REPORT: FEMA/OES REIMBURSEMENT VALIDATION AUDIT – DISTRICT ATTORNEY'S OFFICE

Enclosed is our report on the Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit – District Attorney's Office. The report includes various audit findings and recommendations.

We have reviewed your responses and have attached them to the audit report. The actions taken and planned, in general, are responsive to the findings and recommendations in the report. As required under Board Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations.

If you have any immediate concerns about the report, please contact me at (858) 495-5662.


KENNETH J. MORY
Chief of Audits

AUD:FDL:aps

Enclosure

c: Raymond A. Fernandez, Deputy Chief Administrative Officer, Public Safety Group
Donald F. Steuer, Chief Financial Officer
Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller
Dorothy Y. Thrush, Group Finance Director, Public Safety Group

INTRODUCTION AND BACKGROUND

Starting on October 21, 2007, seven wildfires burned through the County of San Diego. These fires resulted in over 369,000 acres burned, or 13% of the County's total land mass. Extensive damage was caused to 1,751 homes, 800 outbuildings, 253 structures, 239 vehicles, and two commercial properties.

As declared by the Federal Emergency Management Agency (FEMA), Firestorm 2007's official incident period began October 21, 2007. It was officially closed as of March 31, 2008.

Beginning on October 21, 2007, various departments in San Diego County mobilized employees to assist in multiple disaster-related activities. County departments worked to procure and disseminate materials and to provide disaster assistance to County citizens with personal, property, and/or livestock issues, as well as to provide fire-fighting efforts and other services toward the safety and well-being of displaced and affiliated County residents.

The Director, Office of Emergency Services (OES), has been leading the overall County operational efforts while the Group Finance Director, of Public Safety Group, has led the Finance team.

The Chief Financial Officer (CFO) requested that the Office of Audits & Advisory Services (OAAS) conduct an audit of the District Attorney's Office (DAO) Firestorm 2007 related expenditures amounts claimed for reimbursement to:

- 1) Prevent any material disallowance by the Office of Inspector General (OIG) of amounts claimed; and
- 2) Provide reasonable assurance to the CFO and County management that the claims and reimbursements are adequately supported.

The DAO submitted two claims amounting to \$377,638 of labor costs resulting from the October 2007 wildfires (Firestorm 2007). The DAO incurred these costs when its employees were reassigned to assist with countywide evacuations and to staff the 211 Call Center. The FEMA project officer assigned PW DA 13 and PW DA 14 as claim tracking numbers.

AUDIT SCOPE AND LIMITATIONS

The objective of the audit was to ensure that the department has gathered, organized, titled, and referenced documentation supporting cost claims on FEMA PWs and State Damage Survey Reports (DSRs), and that all the supporting documentation will be maintained in a manner that the OIG and other reviewers can easily follow.

The information reviewed and submitted for reimbursement was based on expenditures as reported by the DAO. FEMA project officers assigned to the DAO made the final eligibility determination. OAAS did not make eligibility determinations of the expenditures submitted to FEMA for reimbursement.

This audit was conducted in accordance with auditing standards prescribed by the Institute of Internal Auditors, Inc., as required by California Government Code, Section 1236.

METHODOLOGY

OAAS reviewed the supporting documentation for the DAO costs submitted to FEMA or State for reimbursement by:

- Verifying that all supporting documentation was organized, titled, and cross-referenced with the line items listed on each PW or DSR;
- Reviewing the Damage Description and Scope of Work (SOW) to verify the types of expenses incurred in the PW or DSR;
- Comparing the amount reported on the PW or DSR to the amounts provided in supporting documentation to ensure the total amounts reconciled and that required documentation was provided;
- Recalculating the total amount claimed to ensure that the amount calculated from the supporting documentation agreed with the total amount listed on the PW or DSR;
- Reviewing payroll records to ensure the overtime hours incurred and rates applied were reconciled with those claimed on the PW, and to determine if overtime and related benefits were correctly calculated and properly supported; and
- Reviewing the expenditures to determine the purchases were correctly calculated and properly supported.

AUDIT RESULTS

OAAS' review of supporting documentation confirmed that expenditures of \$285,397 were properly substantiated. The original claim amount of \$377,638 was supported with actual labor costs of \$374,414. OAAS did not clear \$92,241 for reasons outlined in the findings. The table below gives a detailed outline of the DAO claims reviewed by OAAS.

DAO Firestorm 2007 Claims			
Claim Number	Amount Claimed	Actual Costs	Amount Cleared
DA 13	\$ 335,972	\$ 332,748	\$ 270,114
DA 14	\$ 41,666	\$ 41,666	\$ 15,283
Total	\$ 377,638	\$ 374,414	\$ 285,397

Finding I: PW DA 13 Actual Costs Less than Claimed Costs

The DAO's original claim for PW DA 13 of \$335,972 resulted in actual expenditures of \$332,748. Only actual costs incurred by the DAO are eligible for FEMA reimbursement. The difference of \$3,224 is attributable to the following PW DA 13 items:

- Item 1: Actual costs incurred of \$62,315 were \$3,224 less than the originally claimed amount of \$65,539.
- Item 2: Actual costs incurred of \$51,809 were \$319 less than the originally claimed amount of \$52,128.
- Item 3: Actual costs incurred of \$218,624 were \$319 more than the originally claimed amount of \$218,305.

Items 1 and 2 create a claim overstatement of \$3,543 because the actual costs incurred are less than those claimed. Although the claim in item 3 is understated, reimbursement is limited to the amount originally claimed and can not be adjusted to reflect additional costs without FEMA approval.

Finding II: Regular Labor Eligibility could not be Verified

Regular labor costs of \$88,698 could not be cleared for reimbursement by OAAS. Per FEMA Recovery Policy RP9525.7, only regular labor costs from employees who are fully funded from an external source are eligible for FEMA reimbursement. PW DA 13 and PW DA 14 did not have documentation on file to substantiate compliance with RP9525.7. FEMA can use the lack of documentary evidence as a basis to disallow the regular labor costs claimed in PW DA 13 and PW DA 14.

RECOMMENDATIONS

OAAS recommends that the DAO take the following actions in accordance with the FEMA Public Assistance Guide:

Recommendation I: The DAO should consider adjusting PW DA 13 by \$3,543 to reflect actual costs incurred as follows, by PW item:

- Item 1: The original claim amount of \$65,539 should be adjusted by \$3,224 to reflect actual costs incurred of \$62,315.
- Item 2: The original claim amount of \$52,128 should be adjusted by \$319 to reflect actual costs incurred of \$51,809.

Recommendation II: In order to comply with FEMA Recovery Policy RP9525.7, sufficient documentation should be prepared which confirms that only regular labor costs from employees who are fully funded from an external source are claimed for reimbursement in PW DA13 and PW DA 14.

The DAO should maintain all original supporting documentation for the FEMA claims and keep them separate from other documentation.

CONCLUSION

The DAO is cleared by OAAS to request reimbursement for total eligible expenditures of \$270,114 and \$15,283 from the Firestorm 2007 Trust Fund for PW DA 13 and PW DA 14, respectively.

COMMENDATION

The Office of Audits & Advisory Services commends and sincerely appreciates the courteousness and cooperation extended by the District Attorney's Office officers and staff throughout this audit.

AUDIT TEAM

Jim Pelletier, Senior Audit Manager
Franco Lopez, Auditor II
Geena Balistreri, Auditor I

DEPARTMENT RESPONSE

JESUS RODRIGUEZ
ASSISTANT DISTRICT ATTORNEY

OFFICE OF
THE DISTRICT ATTORNEY
COUNTY OF SAN DIEGO

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June 17, 2009

To: Kenneth J. Mory
Chief of Audits

From: Bonnie M. Dumanis
District Attorney

**RESPONSE TO FINAL DRAFT REPORT: FEMA/OES REIMBURSEMENT VALIDATION
AUDIT-DISTRICT ATTORNEY'S OFFICE**

In response to the findings of your audit of the FEMA/OES Firestorm 07 Claims

Finding I: PW DA 13 Actual Costs Less than Claimed Costs

Response to Item 1: There was an error in the computation for the benefit rates for the Claimed costs. The correction was made resulting in a decrease in the Actual costs by \$3,224.

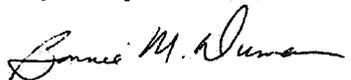
Response to Item 2 & 3: An employee (Watkins) was originally recorded in the Externally Funded category, but was later appropriately moved to the Overtime only category of the claim. This did not affect the total amount of the claim but just the "subtotals" in these two categories. The \$319 is an allowable cost and the change from one category to another results in a net zero change.

Finding II: Regular Labor Eligibility Could Not Be Verified

Response to Finding II: Sufficient documentation will be prepared to confirm that only regular labor costs from employees who are fully funded from an external source are claimed for reimbursement in PW DA13 and PW DA14.

If further information is needed, please contact Cindy DeLooze, Admin Analyst at 531-4426.

Respectfully submitted,



Bonnie M. Dumanis
District Attorney