



**Final  
Report**

# County of San Diego, California

## Auditor and Controller

### Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit – Department of Child Support Services

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

March 2009  
Report No. A09-030



# COUNTY OF SAN DIEGO

INTER-DEPARTMENTAL CORRESPONDENCE

March 30, 2009

TO: Jeffrey Grissom, Director  
Department of Child Support Services

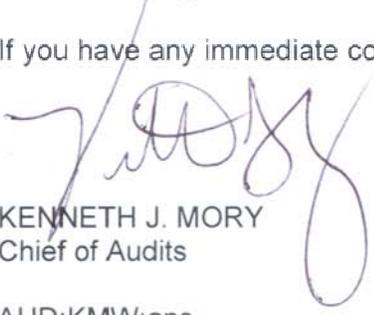
FROM: Kenneth J. Mory  
Chief of Audits

**FINAL REPORT: FIRESTORM 2007 EXPENDITURES SUBMITTED FOR FEMA/OES  
REIMBURSEMENT VALIDATION AUDIT – DEPARTMENT OF CHILD SUPPORT SERVICES**

Enclosed is our report on the Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit – Department of Child Support Services. The report includes audit findings and recommendations. Due to the timely submission of documentation per recommendation, no audit response is required. A follow-up audit will be scheduled to review the additional documentation.

Thank you for the courteousness and cooperation extended to the Office of Audits & Advisory Services during the course of the audit.

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



KENNETH J. MORY  
Chief of Audits

AUD:KMW: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  
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## **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, 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 Department of Child Support Services' (DCSS) 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.

DCSS submitted a claim of \$90,157 for labor and contract costs resulting from the October 2007 wildfires (Firestorm 2007). DCSS incurred these costs when it deployed employees who worked regular and overtime hours at the 211 Call Center. Contract costs were claimed since 50 additional phone lines were installed at the Call Center at the DCSS facility. The FEMA project officer assigned CSS11 as the tracking number to this Project Worksheet (PW). DCSS submitted a claim of \$5,372 for labor costs when six DCSS employees were reassigned to assist with the County's sheltering operations. The FEMA project officer assigned CSS12 as the tracking number to this PW. Since DCSS is fully funded by an external source, regular hours are eligible to be claimed.

## **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 DCSS. FEMA/OES project officers assigned to the DCSS made the final eligibility determination. OAAS did not make eligibility determinations of the expenditures submitted to FEMA/OES 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 DCSS 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 \$9,101 were properly substantiated. However, while verifying the accuracy of the calculations and reconciling supporting records with the amount claimed on the PW, OAAS identified the following discrepancies:

### **Finding I: Incorrect Fringe Benefit Rate for Overtime**

Overtime labor of \$9,130 was claimed in both CSS11 and CSS12. DCSS calculated fringe benefits using the incorrect worker's compensation rate and included the unemployment rate. Per FEMA guidance, fringe benefits for overtime should include Social Security, Medicare, and Worker's Compensation. CSS11 claimed \$7,149 of which \$7,127 (the correct amount) can be

claimed (See Table 1, line 1b). CSS12 claimed \$1,980 of which \$1,974 (the correct amount) can be claimed (See Table 1, line 2b).

**Finding II: Incorrect Fringe Benefit Rate for Regular Time**

Regular time labor of \$81,425 was claimed in CSS11 (See Table 1, line 1a) and \$3,392 was claimed by CSS12 (Table 1, line 2a). DCSS calculated fringe benefits for regular time labor using averages rather than actual costs per employee. Per FEMA guidance, only actual costs per employees are eligible.

**Finding III: Contract Costs Not Paid by the County**

DCSS claimed \$1,583 as contract costs to install 50 telephone lines for the 211 Call Center at the DCSS facility. However, AT&T informed DCSS that these costs were donated and not paid by the County; therefore, these costs cannot be cleared.

**Table 1: Discrepancies on the Project Worksheets (PW)**

	<b>PW Number</b>	<b>Amount Claimed</b>	<b>Amount Cleared</b>
1	<b>PW CSS11</b>	<b>\$90,157</b>	<b>\$7,127</b>
a.	Regular Time	\$81,425	\$0
b.	Overtime	\$7,149	\$7,127
c.	Contract	\$1,583	\$0
2	<b>PW CSS12</b>	<b>\$5,372</b>	<b>\$1,974</b>
a.	Regular Time	\$3,392	\$0
b.	Overtime	\$1,980	\$1,974

**RECOMMENDATIONS**

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

- Regular time labor costs should reflect actual expenditures in order to be in compliance with FEMA Recovery Policy. Benefit rates of Medicare, OASDI, and Worker's Compensation must also be based on actual DCSS' departmental rates. DCSS should perform an analysis to evaluate whether the difference between the amount claimed in PW CSS11 and PW CSS12 and actual regular time expenditures is material. If not material, the difference can be addressed during the FEMA true up process.<sup>1</sup>

<sup>1</sup> It should be noted that after the fieldwork for this audit was completed and prior to issuance of this report, DCSS provided their revised regular time labor costs per the recommendation. A follow-up audit will be performed to review this documentation.

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

### **COMMENDATION**

The Office of Audits & Advisory Services commends and sincerely appreciates the courteousness and cooperation extended by the Department of Child Support Services' officers and staff throughout this audit.

### **AUDIT TEAM**

Jim Pelletier, Senior Audit Manager  
Kathleen Whitehead, Auditor I  
Geena Balistreri, Auditor I