



*Final  
Report*

# County of San Diego, California

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## Auditor and Controller

### **Firestorm 2007 Expenditures Submitted for FEMA/CalEMA Reimbursement Validation Audit – Countywide Local Assistance Centers**

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

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October 2009  
Report No. A09-015



# COUNTY OF SAN DIEGO

## INTER-DEPARTMENTAL CORRESPONDENCE

October 16, 2009

TO: Dorothy Y. Thrush, Group Finance Director  
Public Safety Group

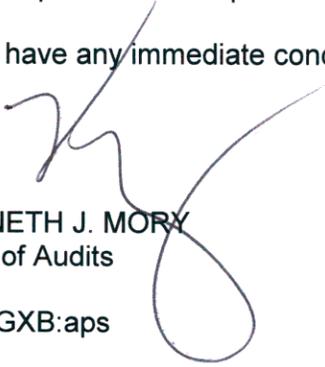
FROM: Kenneth J. Mory  
Chief of Audits

**FINAL REPORT: FIRESTORM 2007 EXPENDITURES SUBMITTED FOR FEMA/CALEMA REIMBURSEMENT VALIDATION AUDIT – COUNTYWIDE LOCAL ASSISTANCE CENTER**

Enclosed is our report on the Firestorm 2007 Expenditures Submitted for FEMA/CalEMA Reimbursement Validation Audit – Countywide Local Assistance Center. 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:GXB: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

## **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 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 Countywide Local Assistance Centers' (LAC) 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 County submitted total claim of \$1,890,161 for LAC related expenditures. The claim includes Force Account Labor, Mileage, Material, Equipment and Contract costs incurred by 15 County departments. Under the California Disaster Assistance Act (CDAA), the California Emergency Management Agency (CalEMA) does not have the authority to fund regular force account labor hours for emergency protection measures or debris removal; therefore, the CalEMA project officers excluded these ineligible costs totaling \$209,051 and submitted one Countywide consolidated damage survey report (DSR) for total eligible costs of \$1,681,110. The CalEMA project officer assigned DSR1744 as the tracking number to this project.

## **AUDIT SCOPE AND LIMITATIONS**

The objective of the audit was to ensure that departments gathered, organized, titled, and referenced documentation supporting cost claims on State 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 reported by the departments that incurred LAC related costs. CalEMA project officers assigned

to the LAC project made the final eligibility determination. OAAS did not make eligibility determinations of the expenditures' submitted to CalEMA 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 County departments LAC costs submitted to State for reimbursement by:

- Verifying that all supporting documentation was organized, titled, and cross-referenced with the line items listed on DSR;
- Reviewing the Damage Description and Scope of Work (SOW) to verify the types of expenses incurred in the DSR;
- Comparing the amount reported on the 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 DSR;
- Reviewing sample payroll records to ensure the overtime labor hours incurred and rates applied were reconciled with those claimed on the DSR, and to determine if labor and related fringe benefits were correctly calculated and properly supported; and
- Testing sample of material, mileage and contract expenses incurred to verify that they are adequately supported by complete and accurate documentation.

## **AUDIT RESULTS**

OAAS' review of supporting documentation confirmed that expenditures of \$236,554 were properly substantiated. However, while verifying the accuracy of the calculations and reconciling supporting records with the amount claimed on the DSR, OAAS did not clear \$1,444,556 for the reasons indicated in the findings. Table 1 provides details on the LAC claims reviewed by OAAS. See Appendix I for the full name of the County department acronyms used below.

**Table 1. Departmental LAC Cleared Amount**

Department	Description	Amount Claimed	Amount Cleared
APCD	Labor Overtime	\$3,655	\$3,186
	Labor QF Overtime	\$585	\$510
	Mileage	\$875	\$469
<b>APCD Total</b>		<b>\$5,115</b>	<b>\$4,165</b>
AWM	Labor Overtime	\$19,878	\$0
	Labor QF Overtime	\$2,354	\$0
	Material	\$108	\$108
	Mileage	\$1,398	\$1,398
<b>AWM Total</b>		<b>\$23,738</b>	<b>\$1,506</b>
CTO	Contract	\$854,036	\$144,405
<b>CTO Total</b>		<b>\$854,036</b>	<b>\$144,405</b>
DA	Labor Overtime	\$9,235	\$8,829
	Labor QF Overtime	\$180	\$180
<b>DA Total</b>		<b>\$9,415</b>	<b>\$9,008</b>
DAS	Labor Overtime	\$2,302	\$0
	Labor QF Overtime	\$367	\$0
<b>DAS Total</b>		<b>\$2,669</b>	<b>\$0</b>
CSS	Labor Overtime	\$4,395	\$4,381
	Labor QF Over Time	\$661	\$651
<b>CSS Total</b>		<b>\$5,056</b>	<b>\$5,032</b>
DEH	Labor Overtime	\$35,538	\$35,538
	Labor QF Overtime	\$4,431	\$4,431
	Material	\$4,334	\$4,334
	Mileage	\$625	\$567
<b>DEH Total</b>		<b>\$44,928</b>	<b>\$44,870</b>
DGS	Labor Overtime	\$35,137	\$0
	Labor QF Overtime	\$17,620	\$0
	Material	\$96,499	\$0
	Contract	\$136,474	\$0
<b>DGS Total</b>		<b>\$285,730</b>	<b>\$0</b>
DHR	Labor Overtime	\$2,615	\$2,418
	Labor QF Overtime	\$336	\$316
	Mileage	\$1,488	\$1,488
<b>DHR Total</b>		<b>\$4,439</b>	<b>\$4,222</b>
DPLU	Labor Overtime	\$52,772	\$0
	Labor QF Overtime	\$7,880	\$0
	Mileage	\$659	\$659
<b>DPLU Total</b>		<b>\$61,311</b>	<b>\$659</b>
DPR	Labor Overtime	\$506	\$506
	Labor QF Overtime	\$122	\$94
<b>DPR Total</b>		<b>\$628</b>	<b>\$600</b>

DPW	Labor Overtime	\$6,461	\$6,461
	Labor QF Overtime	\$529	\$529
	Material	\$11,637	\$11,637
	Mileage	\$77	\$77
<b>DPW Total</b>		<b>\$18,704</b>	<b>\$18,704</b>
OES	Material	\$30,889	\$0
	Contract	\$302,086	\$0
<b>OES Total</b>		<b>\$332,975</b>	<b>\$0</b>
PROB	Labor Overtime	\$25,835	\$0
	Labor QF Overtime	\$3,115	\$0
<b>PROB Total</b>		<b>\$28,950</b>	<b>\$0</b>
ROV	Labor Overtime	\$740	\$740
	Labor QF Overtime	\$96	\$63
	Material	\$2,077	\$2,077
	Mileage	\$503	\$503
<b>ROV Total</b>		<b>\$3,416</b>	<b>\$3,383</b>
<b>Grand Total</b>		<b>\$1,681,110</b>	<b>\$236,554</b>

**Finding I: Incorrect Methodology Used to Calculate Overtime and Quality First Labor Costs**

Several County departments used incorrect Overtime (OT) and Quality First (QF) hourly rates, incorrect fringe benefit rates to calculate their force account overtime labor costs, and they did not separate other OT Earn Codes, such as Basic Overtime Cash (BOT) or Basic Overtime Comp (BOF), from Paid Overtime Cash (POT). One of the County departments used an incorrect departmental effective QF rate to calculate their LAC QF costs. In addition, estimated OT hourly rates and fringe benefit rates were used in the calculation of the labor costs. Based on the California Disaster Assistance Act (CDAA), costs and expenditures that are prohibited by federal law or regulations, such as FEMA's Public Assistance Guide, are ineligible costs for state financial assistance. Per FEMA Public Assistance Guide, only actual costs of force account labor, associated with the conduct of eligible work, may be claimed for reimbursement. Table 2 summarizes, by department, the reasons that certain LAC overtime labor reimbursements could not be claimed.

**Table 2. Departmental Details of Finding**

Cause of the Discrepancy	AWM	APCD	DAS	CSS	DHR	DPLU	PROB	ROV
Incorrect OT Hourly Rate		√				√		√
Incorrect QF Hourly Rate	√				√			
Mixed other OT Earn Code with POT	√					√		
Incorrect OT Fringe Benefit Rate	√		√		√	√		√
Incorrect QF Fringe Benefit Rate	√		√	√		√		
Incorrect Departmental QF Effective Rate					√			√
Estimated OT and Benefit Rates Used							√	

### **Finding II: Duplication of Funding**

The Air Pollution Control District (APCD), the Department of Animal Services (DAS), and the Probation Department (PROB) had expenditures that were claimed on both the LAC DSR and the department Project Worksheet. The purchasing and contracting surcharges claimed by the Office of Emergency Services (OES) were already claimed by the Department of Purchasing and Contracting. Per CDAA, duplication of funding is not allowed and will result in the disallowance of part, or all, of the claim.

### **Finding III: Labor Hours Claimed Do Not Reconcile with the Supporting Documentation**

Some overtime labor hours claimed by the DA and DAS were different from the records in Kronos. Moreover, DAS charged some of their LAC labor costs to a non-LAC related project alias in Kronos and claimed some QF regular hours as overtime hours worked. Per FEMA's guidance, labor must be properly classified and supported in the timekeeping system of record.

### **Finding IV: Supporting Documentation is not Ready for Review**

The Department of General Services (DGS) and the County Technology Office (CTO) have not submitted sufficient documentation for review. OES submitted the supporting documentation; however, it was not complete, organized, or ready for audit review. Per CalEMA's Disaster Recovery and Mitigation Handbook, in order to obtain maximum reimbursement for disaster-related expenditures, it is critical that local government implement their disaster documentation system during a disaster, ensure disaster-related expenditures are easily distinguished from on-going activities, and maintain accurate records.

## **RECOMMENDATIONS**

OAAS recommends that the departments indicated below consider taking the following actions in accordance with the California Disaster Assistance Act:

**Recommendation I:** The departments listed in Finding I should use the eligible and actual labor hourly rate, fringe benefit rate, QF departmental rate, and QF benefit rate to calculate their LAC overtime labor costs in order to be in compliance with CDAA requirements.

**Recommendation II:** In order to prevent duplicate claims of LAC costs, the reduction of APCD DAS, and PROB portion of the LAC DSR should be addressed in the CalEMA's true up process. OES should remove the purchasing and contracting surcharges that were already claimed by P&C.

**Recommendation III:** DAO and DAS should remove the labor hours claimed that were not related to LAC, correct the labor hour classification, and make the necessary adjustment. If not material, the difference can be addressed in the CalEMA's true up process.

**Recommendation IV:** DGS and CTO should provide complete and accurate documentation that is necessary and sufficient to support the costs claimed on LAC DSR. OES should have all

supporting documentation organized, titled, and cross-referenced with the line items listed on LAC DSR.

The departments should maintain all original supporting documentation for their portion of LAC costs claimed, 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 officers and staff of the departments that claimed LAC expenditures throughout this audit.

### **AUDIT TEAM**

Jim Pelletier, Senior Audit Manager  
Geena Balistrieri, Auditor I  
Franco Lopez, Auditor II  
Kathleen Whitehead, Auditor I  
Angela Chen, Auditor I

**APPENDIX I**

<b>Department Acronyms</b>	
APCD	Air Pollution Control District
APD	Alternate Public Defender
AWM	Agriculture, Weights & Measures
CSS	Child Support Services
CTO	County Technology Office
DA	District Attorney's Office
DAS	Department of Animal Services
DEH	Department of Environmental Health
DGS	Department of General Services
DHR	Department of Human Resources
DPR	Department of Parks & Recreation
DPLU	Department of Planning & Land Use
DPW	Department of Public Works
HCD	Housing and Community Development
HHSA	Health & Human Services Agency
ME	Medical Examiner
MPR	Media & Public Relations
OES	Office of Emergency Services
P&C	Purchasing & Contracting
PD	Public Defender
PROB	Probation Department

**DEPARTMENT RESPONSE**



## County of San Diego

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October 9, 2009

TO: Kenneth J. Mory, Chief of Audits  
Office of Audits and Advisory Services

FROM: Dorothy Y. Thrush, Group Finance Director  
Public Safety Group

I have reviewed the final draft report entitled **Firestorm 2007 Expenditures Submitted for FEMA/CalEMA Reimbursement Validation Audit – Countywide Local Assistance Centers** dated June 2009 Report No. A09-015. The objective of this review was to ensure that departments gathered, organized, titled and referenced documentation supporting cost claims on State Disaster Service Requests (DSRs) and that all supporting documentation will be maintained in a manner that the Office of Inspector General and other reviewers can easily follow.

With respect to the findings and recommendations of this report:

***Finding I: Incorrect Methodology Used to Calculate Overtime and Quality First Labor Costs.***

***Recommendation I:*** The departments listed in Finding 1 should use the eligible and actual labor hourly rate, fringe benefit rate, QF department rate, and QF benefit rate to calculate their LAC overtime labor costs to be in compliance with CDA requirements.

The Public Safety Group Finance Director agrees with this recommendation and will advise departments to schedule a subsequent review of their calculations with the OAAS prior to the close out of this State DSR to determine if adjustments are required.

***Finding II: Duplication of Funding***

***Recommendation II:*** In order to prevent duplicate claims of LAC costs, the reduction of APCD, DAS and PROB portion of the LAC DSR should be addressed in the CalEMA's true up process. OES should remove the purchasing and contracting surcharges that were already claimed by P&C.

The Public Safety Group Finance Director agrees with this recommendation and will advise departments to schedule a subsequent review of their calculations with the OAAS prior to the close out of this State DSR to make all required adjustments.

***Finding III: Labor Hours Claimed Do Not Reconcile with the Supporting Documentation.***

Recommendation III: DAO and DAS should remove the labor hours claimed that were not related to LAC, correct the labor hour classification, and make the necessary adjustment. If not material, the difference can be addressed in the CalEMA's true up process.

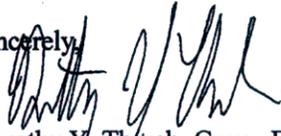
The Public Safety Group Finance Director agrees with this recommendation and will advise departments to schedule a subsequent review of their calculations with the OAAS prior to the close out of this State DSR to make all required adjustments.

***Finding IV: Supporting Documentation is not Ready for Review***

***Recommendation IV:*** DGS and CTO should provide complete and accurate documentation that is necessary and sufficient to support the costs claimed on LAC DSR. OES should have all supporting documentation organized, titled, and cross-referenced with the line items listed on LAC DSR.

OES and CTO have been advised by the Public Safety Group Finance Director to contact OAAS and schedule their review.

Sincerely,



Dorothy Y. Thrush, Group Finance Director  
Public Safety Group