



*Final
Report*

County of San Diego, California

Auditor and Controller

Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit – Department of Environmental Health

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

**May 2009
Report No. A09-019**



COUNTY OF SAN DIEGO

INTER-DEPARTMENTAL CORRESPONDENCE

May 26, 2009

TO: Gary Erbeck, Director
John L. Miller, Assistant Director
Department of Environmental Health

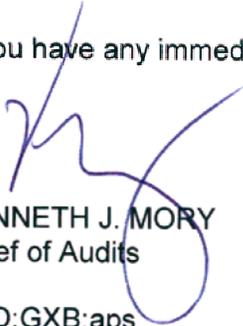
FROM: Kenneth J. Mory
Chief of Audits

FINAL REPORT: FIRESTORM 2007 EXPENDITURES SUBMITTED FOR FEMA/OES
REIMBURSEMENT VALIDATION AUDIT – DEPARTMENT OF ENVIRONMENTAL HEALTH

Enclosed is our report on the Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit – Department of Environmental Health. Although the report includes audit findings, *no response is required*.

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:GXB:aps

Enclosure

c: Chandra L. Wallar, Deputy Chief Administrative Officer, Land Use and Environment Group
Donald F. Steuer, Chief Financial Officer
Tracy M. Sandoval, Assistant Chief Financial Officer/Auditor and Controller
Kathleen A. Flannery, Group Finance Director, Land Use and Environment 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, 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 Environmental Health (DEH) 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.

DEH submitted four claims in the total amount of \$390,527 for regular and overtime labor, equipment, contract, and material costs resulting from the October 2007 wildfire (Firestorm 2007). DEH incurred these costs by providing personnel, supplies and infrastructure to segregate, collect and package Household Hazardous Waste (HHW); taking vector control measures to control the vector population following the fires; performing safety inspections of housing structures, pools, food facilities, shelters, small water systems, mobile home parks, and septic systems. In addition, DEH assisted the County Emergency Operations Center (EOC) and the Department Operations Center (DOC) by coordinating with State, Federal and Local Agencies on environmental and public health activities. Based on their review of supporting records for these claims, FEMA project officers submitted four project worksheets (PW) for these costs, DEH1 for total cost of \$119,775, DEH18 for total costs of \$10,630, DEH20 for total cost of \$167,207, and DEH 21 for total cost of \$92,916.

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 DEH. FEMA project officers assigned to the DEH 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 DEH 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;
- Comparing the amount reported on the PW 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;
- Reviewing samples of payroll records to ensure the regular and overtime labor hours incurred and rates applied were reconciled with those claimed on the PW, and to determine if force account labor hours and related benefits were correctly calculated and properly supported; and
- Testing a sample of 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 \$381,422 were properly substantiated. However, while verifying the accuracy of the calculations and reconciling supporting records with the amount claimed on the PWs, OAAS did not clear \$10,106 for the reasons identified in the findings. The table gives a detailed outline of the DEH claims reviewed by OAAS.

| DEH Firestorm 2007 Claims | | | | |
|---------------------------|-------------|---|------------------|------------------|
| Claim Number | Description | | Amount Claimed | Amount Cleared |
| | A | | B | C |
| DEH1/PW394 | 1 | Force Account (FA) Labor - Reg Time w/Benefit | \$ 90,625 | \$ 87,074 |
| | 2 | FA Labor - OT | 25,233 | 25,233 |
| | 3 | Materials | 2,900 | 2,882 |
| | 4 | FA Vehicle Usage - Mileage | 516 | 468 |
| | 5 | Contract - Lease | 500 | 500 |
| | | | Total | \$119,775 |
| DEH18/PW457 | 6 | Force Account OT Time | \$ 1,292 | \$ 1,292 |
| | 7 | Materials | 9,260 | 9,260 |
| | 8 | FA Equipment - Vehicles | 78 | 78 |
| | | | Total | \$10,630 |
| DEH20/PW397 | 9 | Force Account (FA) Labor - Reg Time w/Benefit | \$140,581 | \$136,310 |
| | 10 | FA Labor - OT w/Benefit | 21,664 | 21,664 |
| | 11 | Materials | 2,744 | 2,744 |
| | 12 | FA Vehicle Usage - Mileage | 2,218 | 1,862 |
| | | | Total | \$167,207 |
| DEH21/PW398 | 13 | Force Account (FA) Labor - Reg Time w/Benefit | \$ 59,459 | \$ 57,981 |
| | 14 | FA Labor - OT w/Benefit | 27,023 | 27,023 |
| | 15 | FA Vehicle Usage - Mileage | 649 | 265 |
| | 16 | Materials | 5,784 | 5,784 |
| | | | Total | \$92,916 |
| DEH Grand Total | | | \$390,527 | \$380,422 |

Finding I: Incorrect Fringe Benefit Rate for Regular Time

Regular time labor of \$90,625 was claimed by DEH1 (see Table, line 1A), \$140,581 was claimed by DEH20 (Table, line 9A), and \$59,460 was claimed by DEH21 (see Table, line 13A). DEH used average rates to calculate regular time labor fringe benefit rather than using actual rates per employee. According to FEMA guidance, actual wages paid plus a percentage of the actual wages that pays for employee benefits are eligible. DEH revised their force account regular labor summary records using the eligible and actual departmental rates and made the necessary adjustments.

Finding II: Over Claimed and Insufficient Support of the Mileage Costs

Total of \$789 mileage costs claimed on the PWs were not supported by reasonable and sufficient documentation. Per FEMA's Public Assistance Guide, eligible costs must be reasonable and necessary to accomplish the work, and sufficient documentation should be prepared to support the expenditure claimed. Therefore, these costs cannot be cleared.

These two errors combined result in a net understatement of \$10,105.

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

RECOMMENDATIONS

DEH is cleared by OAAS to request reimbursement for eligible expenditures of \$380,849 from the Firestorm 2007 Trust Fund for the Project Worksheets: DEH1, DEH18, DEH20, and DEH21.

COMMENDATION

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

AUDIT TEAM

Jim Pelletier, Senior Audit Manager
Geena Balistrieri, Auditor I