



*Final
Report*

County of San Diego, California

Auditor and Controller

Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit – Public Defender

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

May 2009
Report No. A09-041



COUNTY OF SAN DIEGO

INTER-DEPARTMENTAL CORRESPONDENCE

May 21, 2009

TO: Steven J. Carroll
Public Defender

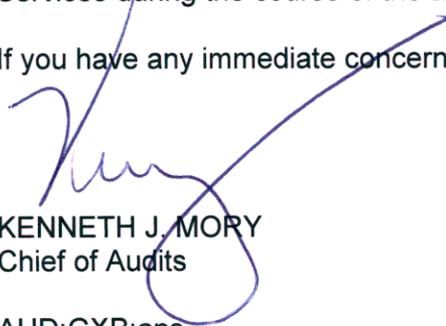
FROM: Kenneth J. Mory
Chief of Audits

**FINAL REPORT: FIRESTORM 2007 EXPENDITURES SUBMITTED FOR FEMA/OES
REIMBURSEMENT VALIDATION AUDIT – PUBLIC DEFENDER**

Enclosed is our report on the Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit – Public Defender. 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: 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, 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 Public Defender's (PD) 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.

PD submitted a claim of \$2,865 for labor costs resulting from the October 2007 wildfires (Firestorm 2007). PD incurred these costs when it provided staffing at the Del Mar Evacuation Center and the 211 Call Centers, which was set up to provide residents and evacuees with disaster related information. Based on their review of supporting documentation for this claim, FEMA project officers determined that approximately \$2,459 incurred for overtime labor and \$406 incurred for related fringe benefits were eligible for reimbursement under the Robert T. Stafford Act and submitted a project worksheet (PW) for these costs. The FEMA project officer assigned PD148 as the tracking number to this PW.

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 PD. FEMA/OES project officers assigned to the PD 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 PD 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 the 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;
- Verifying employee overtime eligibility based on job codes to ensure that the employees were not compensated for overtime if they were not eligible; and
- 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.

AUDIT RESULTS

OAAS' review of supporting documentation confirmed that expenditures of \$2,456 were properly substantiated. 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 Rates for Overtime

Overtime of \$2,865 was claimed in the PW PD148. PD calculated fringe benefits using the incorrect Social Security, Medicare, and Worker's Compensation rates and included ineligible Health and Life Insurance benefits. Based on FEMA's Public Assistance Guide, fringe benefits that are actually paid or credited as part of an established policy are eligible, and should only include Social Security, Medicare, and Worker's Compensation. PD revised their Force Account Labor Summary Records using the eligible and actual departmental rates and made the necessary adjustments.

Finding II: Incorrect Hourly Rates were Used to Calculate OT Labor Costs

One of the employees' OT cost was calculated using wrong overtime indicator in PeopleSoft. According to the County of San Diego's Compensation Ordinance, employees in classes with an overtime designator of "Exempt" are exempt from the Fair Labor Standards Act (FLSA) but eligible for Non-FLSA cash or compensatory time off on an hour-for-hour basis for authorized overtime worked, it should not use one and one-half times the hourly rate.

Another employee's overtime costs were calculated with the wrong hourly rate. Based on Kronos' records, 12.3 overtime hours claimed for this employee were basic overtime (BOT), not premium overtime (POT); therefore, the OT costs should be calculated using the basic hourly rate, not the premium overtime rate.

These two errors combined result in a net overstatement of \$409.

PD Firestorm 2007 Claim			
Claim Number	Description	Amount Claimed	Amount Cleared
PD148/PW291	Force Account Labor	\$2,865	\$2,456
Total		\$2,865	\$2,456

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

CONCLUSION

PD is cleared by OAAS to request reimbursement for eligible expenditures of 2,456 from the Firestorm 2007 Trust Fund for the Project Worksheet PD148.

COMMENDATION

The Office of Audits & Advisory Services commends and sincerely appreciates the courtesousness and cooperation extended by the Public Defender's officers and staff throughout this audit.

AUDIT TEAM

Jim Pelletier, Senior Audit Manager
Geena Balistrieri, Auditor I