



*Final
Report*

County of San Diego, California

Auditor and Controller

**Firestorm 2007 Expenditures
Submitted for FEMA/OES
Reimbursement Validation Audit –
Department of Planning & Land Use**

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

**August 2009
Report No. A09-040**



COUNTY OF SAN DIEGO

INTER-DEPARTMENTAL CORRESPONDENCE

August 6, 2009

TO: Eric Gibson, Director
Department of Planning & Land Use

FROM: Kenneth J. Mory
Chief of Audits

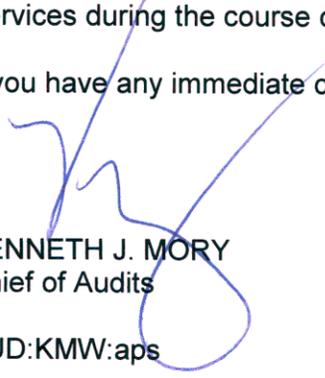
**FINAL REPORT: FIRESTORM 2007 EXPENDITURES SUBMITTED FOR FEMA/OES
REIMBURSEMENT VALIDATION AUDIT – DEPARTMENT OF PLANNING AND LAND USE**

Enclosed is our report on the Firestorm 2007 Expenditures Submitted for FEMA/OES Reimbursement Validation Audit – Department of Planning and Land Use. 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.

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: 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 Planning and Land Use's (DPLU) 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.

DPLU submitted a claim of \$9,424 for regular time and overtime labor from the October 2007 wildfires (Firestorm 2007). DPLU incurred these costs when its employees were reassigned from their externally funded work to assist at the County's Emergency Operations Center (EOC) and provide phone coverage for the 2-1-1 Call Center. The FEMA project officer assigned DPL135 as the tracking number to this Project Worksheet (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 DPLU. FEMA/OES project officers assigned to the DPLU 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 DPLU 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; 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 \$9,424 were not properly substantiated. While verifying the accuracy of the calculations and reconciling supporting records with the amount claimed on the PW DPL135, OAAS identified the following discrepancies:

Finding I: Incorrect Overtime Hourly Rate

The methodology used by DPLU to calculate the overtime labor costs for PW DPL135 was incorrect. DPLU used the Budget Unit Labor Cost (BULC) report to derive the Overtime Hourly Rate. The BULC Report includes a small amount of the premium pay (Quality First), which is being claimed in a separate Project Worksheet.

Finding II: Incorrect Fringe Benefit Rate for Regular and Overtime Labor Costs

DPLU used the incorrect fringe benefit rate to calculate the regular and overtime labor costs. DPLU derived the Social Security and Medicare amounts using information from the BULC report. However, Social Security and Medicare taxable earnings are the total salary plus non-wage compensation reduced by "pre-tax" deductions, such as, dental, health, and vision insurance. Social Security Tax or Old Age, Survivors, and Disability Insurance (OASDI) is withheld at a flat 6.2% of taxable gross with a maximum wage base. Medicare is withheld at a flat 1.45% of taxable gross with no wage limit.

The table below gives a detailed outline of DPLU claimed amount reviewed by OAAS.

DPLU Firestorm 2007 Claim			
Claim Number	Description	Amount Claimed	Amount Cleared
DPL135	Force Account Labor (Regular Time) EOC	\$1,720	\$0
	Force Account Labor (Overtime) EOC	\$3,131	\$0
	Force Account Labor (Regular Time) 211	\$4,225	\$0
	Force Account Labor (Regular Time) 211	\$348	\$0
Total		\$9,424	\$0

RECOMMENDATIONS

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

Recommendation I: The standard hourly rate should be used from PeopleSoft report for the time period worked on Firestorm 2007. The correct pay code should be applied to the standard hourly rate to calculate the Overtime Hourly Rate.

Recommendation II: DPLU should recalculate the total fringe benefit rate for regular and overtime labor costs to include the standard rate for Medicare and Social Security. In addition, the departmental rate for worker's compensation should be used. DPLU should perform an analysis to evaluate whether the difference between the amount claimed in PW DPL135 and recalculated labor expenditures is material. If not material, the difference can be addressed during the FEMA true up process.

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

CONCLUSION

At this time, DPLU is not cleared by OAAS to request reimbursement from the Firestorm 2007 Trust Fund for Project Worksheet DPL135.

COMMENDATION

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

AUDIT TEAM

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

DEPARTMENT RESPONSE



County of San Diego

ERIC GIBSON
DIRECTOR

DEPARTMENT OF PLANNING AND LAND USE

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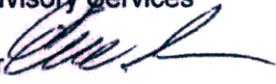
July 28, 2009

RECEIVED

TO: Kenneth Mory, Chief of Audits
Office of Audits & Advisory Services

JUL 31 2009

OFFICE OF AUDITS &
ADVISORY SERVICES

FROM: Eric Gibson, Director 
Department of Planning and Land Use

RESPONSE TO FIRESTORM 2007 EXPENDITURES SUBMITTED FOR FEMA/OES REIMBURSEMENT VALIDATION AUDIT – DEPARTMENT OF PLANNING AND LAND USE

This is in response to the findings of the audit conducted to validate the expenditure documentation for claims to FEMA and/or OES in regards to Firestorm 2007.

Finding No. I: Incorrect Overtime Hourly Rate. The Department intends to recalculate the overtime hourly rate using the Peoplesoft rate as recommended in OAAS' Recommendation 1.

Finding No. II: Incorrect Fringe Benefit Rate for Regular and Overtime Labor Costs. The Department intends to recalculate the fringe benefit rate as recommended in OAAS' Recommendation 2.

Thank you for bringing these items to my attention. I assure you it is of utmost importance to me to maintain the highest level of standards in all of the Department of Planning and Land Use's activities and to maintain and ensure accurate accountability over the use of public funds and assets. When these items have been corrected, we will contact OAAS to request a re-audit of these two items.

Enclosure

cc: Chandra L. Wallar, Deputy Chief Administrative Officer, LUEG
Kathy Flannery, Group Finance Director, LUEG
Donald F. Steuer, Chief Financial Officer
Tracy Sandoval, Assistant Chief Financial Officer