

OFFICE OF AUDITS & ADVISORY SERVICES



STORM WATER AUDIT

FINAL REPORT

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County of San Diego

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JUAN R. PEREZ
CHIEF OF AUDITS

February 17, 2016

TO: Richard E. Crompton, Director
Department of Public Works

FROM: Juan R. Perez
Chief of Audits

FINAL REPORT: STORM WATER AUDIT

Enclosed is our report on the Storm Water Audit. We have reviewed your response to our recommendations and have attached them to the audit report.

The actions taken and/or planned, in general, are responsive to the recommendations in the report. As required under Board of Supervisors Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations. The Office of Audits & Advisory Services will contact you or your designee near the end of each quarter to request your response.

Also attached is an example of the quarterly report that is required until all actions have been implemented. To obtain an electronic copy of this template, please contact Michelle Ludwick at (858) 495-5655.

If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ
Chief of Audits

AUD:ML:aps

Enclosure

c: Sarah Aghassi, Deputy Chief Administrative Officer, Land Use and Environment Group
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INTRODUCTION

Audit Objective

The Office of Audits & Advisory Services' (OAAS) conducted an audit to determine whether the Department of Public Works' (DPW) has efficient and effective processes to implement Total Maximum Daily Load (TMDL) requirements as required by the San Diego Region's National Pollutant Discharge Elimination System (NPDES) permit.

Appendix A of this report contains a list of acronyms, abbreviations, and definitions.

Background

Under the federal Water Pollution Control Act (Clean Water Act), the United States Environmental Protection Agency (USEPA) authorizes states to implement a NPDES permit for facilities that discharge storm water directly to waters of the U.S. from municipal separate storm water systems (MS4). Storm water can carry pollutants including oil, pesticides, bacteria, and trash.

The Clean Water Act (CWA) requires that each state create a list, known as the 303(d) list, which identifies and prioritizes water bodies that are impaired. The CWA also authorizes states to develop TMDLs to address these impaired waters. In California, the State Water Resources Control Board (State Water Board) and nine regional water quality control boards regulate the runoff and treatment of storm water and issue NPDES permits to municipalities.

For metropolitan areas, permits typically are issued to a group of Copermittees. In 2013, the California Regional Water Quality Control Board, San Diego Region (San Diego Water Board) issued a NPDES permit to the the San Diego Copermittees. The list of San Diego Copermittees is shown at Appendix B.

The 2013 NPDES permit requires that dischargers develop Water Quality Improvement Plans (WQIP) for each of the Watershed Management Areas, with the goals of reducing the discharge of pollutants to the maximum extent practicable and complying with TMDL requirements. Figure 1 on page 2 presents the Watershed Management Areas in San Diego Region. Further, Copermittees must develop a Water Quality Monitoring and Assessment Program and specify the best management practices (BMP) that will be implemented to address certain program areas.

As part of the Water Quality Monitoring and Assessment Program, Copermittees develop a Water Quality Monitoring Plan (Monitoring Plan) and Quality Assurance Project Plan (QAPP) for TMDL projects to ensure their monitoring practices adhere to federal and state laws and regulations.

Figure 1: Watershed Management Areas in the San Diego Region¹

Audit Scope & Limitations

The scope of the audit included, but was not limited to 2012-13 to current, and focused on the effectiveness and efficiency of existing processes to implement TMDL requirements.

Seven of eight TMDL projects in the San Diego region were excluded from our review for the following reasons: the County of San Diego (County) is not a Copermittee; the TMDL is an alternative approach TMDL; County is not the lead agency; or the project is pending litigation.

As a result, OAAS reviewed processes for implementing the Rainbow Creek TMDL, which is in the Santa Margarita Watershed Management Area. Figure 2 shows the Santa Margarita Watershed on page 3, and Figure 3 on the page 4 shows the Rainbow Creek Watershed.

¹ Major surface waterbodies for each Watershed Management Areas are shown in Appendix C.

Adopted and Alternative Approach TMDLs in San Diego Region

TMDLs in San Diego Region	Effective Date	Included in Audit Scope
Chollas Creek Diazinon TMDL	8/14/2002	No, the County is a discharger, but not the lead agency.
Rainbow Creek Nitrogen and Phosphorus TMDLs	2/9/2005	Yes
Shelter Island Yacht Basin Dissolved Copper TMDL	2/9/2005	No, the County is not a discharger.
Chollas Creek Copper, Lead, and Zinc TMDLs	6/13/2007	No, TMDL is pending litigation.
Revised Project I – Twenty Beaches and Creeks in San Diego Region	2/10/2010	No, TMDL is pending litigation.
Project II – Baby Beach in Dana Point Harbor and Shelter Island Shoreline Park in San Diego Bay	6/11/2008	No, the County is not a discharger.
Los Penasquitos Lagoon Sediment TMDL	6/13/2012	No, the County is a discharger, but not the lead agency.
Loma Alta Slough TMDL Phosphorus	6/26/2014	No, the TMDL was not adopted by the San Diego Water Board.

Figure 2: Santa Margarita Watershed Management Area

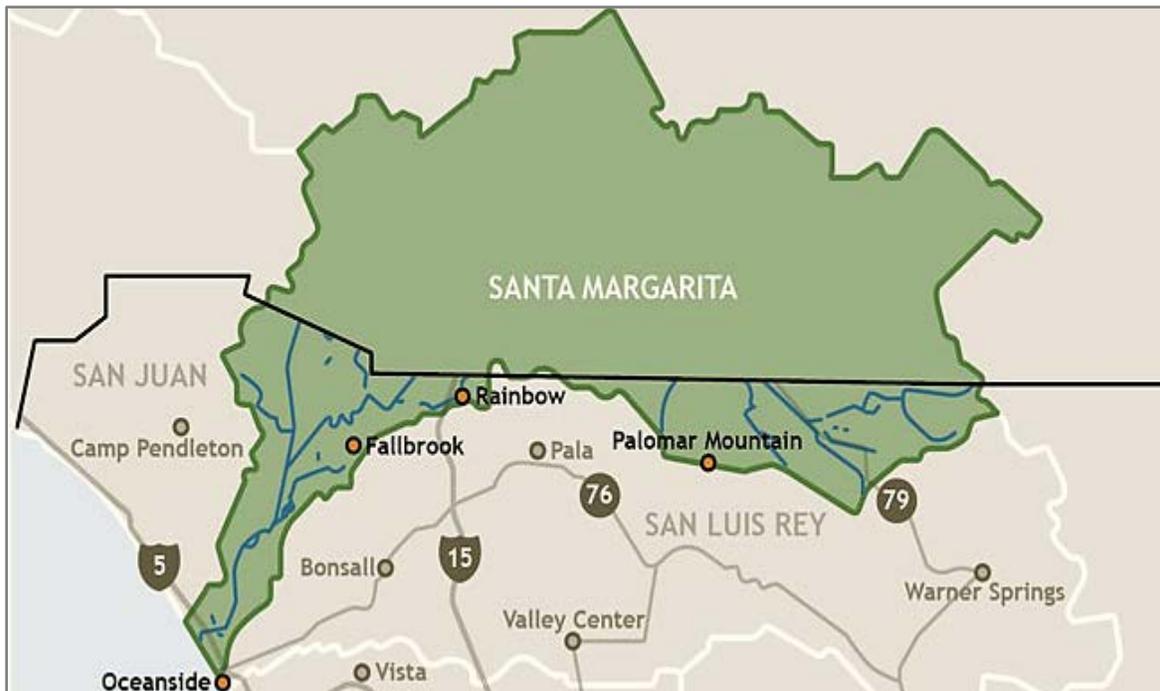
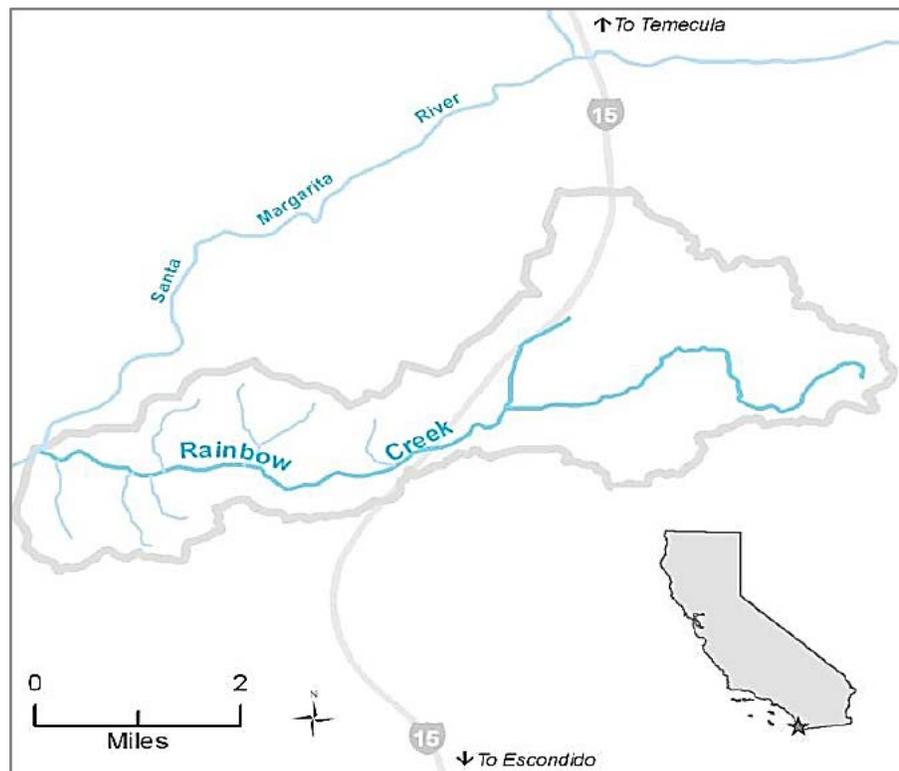


Figure 3: Rainbow Creek Watershed

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

Methodology

OAAS performed the audit using the following methods:

- Reviewed federal and state laws and regulations related to NPDES permits, including municipal separate storm sewer systems.
- Reviewed the Monitoring Plan, QAPP, policies and procedures, and other guidance provided by DPW related to the Rainbow Creek TMDL.
- Interviewed DPW to identify processes for water quality monitoring, BMP implementation and tracking project costs related to the Rainbow Creek TMDL.
- Conducted audit testing to verify whether DPW performed water quality monitoring activities in compliance with applicable policies and procedures, properly administered contracts, and accurately paid project costs.
- Conducted audit testing to verify whether DPW properly administered contracts related to BMP implementation including verifying contract deliverables and paying and recording project costs.

AUDIT RESULTS

Summary

Within the scope of the audit, OAAS concluded that DPW generally has efficient and effective processes in place to implement TMDL requirements as required by the region's NPDES permit. To further strengthen current process controls and improve control effectiveness, OAAS offers the following findings and related recommendations.

Finding I:

Improve Administration Over Water Quality Monitoring Policies and Activities

The Monitoring Plan and QAPP do not provide adequate guidance related to water quality monitoring, and DPW does not always conduct water quality monitoring in accordance with departmental policies.

Adequacy of Monitoring Plan and QAPP: The Monitoring Plan and QAPP contain inconsistent guidance on water quality monitoring procedures and outdated information. Specifically, OAAS identified the following issues:

- The Monitoring Plan and QAPP list different rates for how often field blank samples should be collected.
- The Monitoring Plan and QAPP list different analytical methods for four of the nine required water quality tests.
- The QAPP includes an obsolete Chain of Custody (COC) template for tracking water quality samples.
- The QAPP lists outdated project roles and contact information.

According to DPW, there are no procedures for reviewing the Monitoring Plan and QAPP for consistency.

Compliance with Monitoring Plan and QAPP: OAAS judgmentally selected a sample of 30 water quality-monitoring events for testing to determine whether DPW performed water quality assessments in compliance with the Monitoring Plan and QAPP. Based on detailed testing, OAAS identified the following issues:

- For 21 water quality-monitoring events, DPW did not test for all pollutants required by the Monitoring Plan and QAPP.² Specifically, staff did not regularly order tests for two pollutants - iron and sulfate. Although tests for sulfate and iron levels are specified by the Monitoring Plan and QAPP, the NPDES permit does not require Copermittees to test for those pollutants as part of the Rainbow Creek TMDL implementation.
- For 17 water quality-monitoring events, DPW did not accurately complete sample collection forms in conformance with the

² According to the Monitoring Plan and QAPP for Rainbow Creek, DPW should monitor levels of nine pollutants on a monthly basis.

Monitoring Plan and QAPP. Specifically, COC forms did not include the name of each person collecting water samples at the event as required by the Monitoring Plan and QAPP. According to DPW, the policy to document the names of all samplers on the COC form is not required by federal or state law and should not have been included in the Monitoring Plan and QAPP.

According to DPW, opportunities to address inconsistencies between the Monitoring Plan and QAPP are limited because Monitoring Plans are memorialized in the approved NPDES permit, and can only be updated every five years. Therefore, DPW did include updated policies and procedures in the QAPP since it was developed after the Monitoring Plan.

The 2013 Regional NPDES permit requires the County to develop a Monitoring Plan and QAPP for the Rainbow Creek TMDL. California's Surface Water Ambient Monitoring Program (SWAMP) states that adherence to Measurement Quality Objectives ensures the quality assurance of collected data. According to the QAPP, the Monitoring Group's Quality Assurance Officer is responsible for ensuring changes and updates are reviewed by the appropriate personnel, making the changes, submitting drafts for review, and preparing a final copy.

Inconsistent and outdated policies and procedures increases the risk that water quality monitoring may not be conducted in accordance with federal and state laws and regulations. Proper documentation of compliance with the project Monitoring Plan and QAPP is essential to assuring the quality of collected data.

Recommendation:

To ensure the adequacy of policies and the effectiveness and efficiency of activities related to monitoring water quality for TMDL projects, DPW should:

1. Develop and implement a process to ensure policies related to monitoring water quality for TMDL projects are consistent and updated as necessary. Specifically, the process should address updates made outside the NPDES permit review period.
2. Evaluate the Monitoring Plan and QAPP for the Rainbow Creek TMDL to ensure project guidance is clear, adequate, and updated with applicable laws and regulations.

Finding II:

Enhance Invoice Review Process

To perform water quality monitoring and assessment requirements for the Rainbow Creek TMDL, DPW engaged a vendor to perform analytical laboratory services.³ During the audit period, DPW had two contracts for laboratory services. For each contract, DPW submitted a Statement of Work (SOW), which provides a description of the "complete" scope of services the vendor shall provide to DPW.

³ Analytical laboratory services provided include water and solid waste/sediment testing for nutrients, fecal bacteria indicators, total and dissolved metals and pesticides.

OAAS judgmentally conducted audit testing of 30 sample invoices to determine if DPW has sufficiently reviewed and accurately paid invoices.

DPW does not perform in-depth reviews of invoices for laboratory services because DPW's SOW does not include specific details related to the level of service to be performed, such as analytical test methods or prices of water quality tests. According to DPW, the SOW includes only the detection limits for each pollutant to be tested so that the vendor can select the most appropriate test. OAAS found that DPW was overcharged for services. The following issues were noted:

- For nine invoices reviewed, the vendor overbilled DPW for all Nitrite water quality tests ordered from November 2014 to current. As a result, DPW overpaid \$364.25 for laboratory services to the vendor.
- For 30 invoices reviewed, DPW was incorrectly billed for all Ammonia water quality tests. Although the laboratory conducted water tests, DPW was invoiced for solid waste/sediment tests for Ammonia. OAAS found that vendor contracts did not list the price for the Ammonia water test. A review of the contract showed that solid waste/sediment tests cost approximately three times more than water tests for the same pollutant. As a result, DPW may have been overcharged for the test.

In-depth review of invoices requires knowledge of contracted services and prices, and a clear and specific SOW.

Failure to complete an in-depth review of invoices and provide a detailed SOW could result in a lack of oversight over analytical laboratory services, test prices, and project costs. In addition, DPW cannot ensure that the laboratory uses the approved tests methods to conduct water quality tests as specified in the Monitoring Plan and QAPP.

Recommendation:

To increase the effectiveness and efficiency of invoice reviews, DPW should:

1. Work with the Department of Purchasing and Contracting (DPC) to amend Contract No. 549679 including, but not limited to:
 - a. Update the Price Proposal to include prices of all analytical laboratory services, including the wastewater test for Ammonia.
 - b. Include a list of detection limits by analytical method for analytical laboratory services.
2. Develop and implement the following processes for reconciling project Monitoring Plans, contracts, SOW, and invoices:

- a. Revise the SOW to include required analytical services, test methods, detection limits, and prices, and resubmit Services Task Order to the vendor.
- b. Determine total overbilled amounts for laboratory services and request reimbursement from the vendor. Specifically, review past invoices for laboratory services for Contract Nos. 531748 and 549679, and verify whether DPW was correctly billed for Nitrite tests and Ammonia tests.
- c. Request reimbursement from vendor for all overbilled amounts, including \$364.25 for nitrite tests.

Finding III:**Contract Administration Practices Should be Strengthened**

DPW did not fully follow DPC guidance and contract administration best practices related to contract monitoring plans and supplemental procedures and contract provisions. County departments are responsible for ensuring their contract administration practices adhere to standardized procedures outlined in DPC guidance.

- **Contract Monitoring Plans:** DPW did not have their contract monitoring activities formally documented. Contract Administration best practices state that a contract administration plan is essential when the contract involves large dollar amounts or complex technical requirements. Benefits of having a documented monitoring plan include ensuring continuity of monitoring activities and providing guidance to new staff.
- **Supplemental Contract Administration Procedures:** DPW did not have supplemental contract administration procedures. Without supplemental procedures, DPW would be unable to ensure sufficient guidance and expertise is maintained for their contract administration requirements or that they meet the standards outlined by DPW.
- **Project Deliverables:** DPW did not ensure timely receipt of all project deliverables. For 15 of 30 invoices related to BMP implementation, the vendor did not provide project deliverables on-time and in accordance with the contract. However, DPW continued to pay invoices. DPW was aware of the vendor's staffing shortages and other issues that delayed deliverables. According to the vendor's contract, the County may elect not to make payments if the vendor defaults on the contract. Without proper contract monitoring, DPW would be unable to ensure receipt of project deliverables in accordance with contract requirements.
- **Debarred Merchants:** DPW did not review vendor invoices to ensure compliance with contracts because the department Contracting Officer's Representatives (COR) were not aware of all contract requirements. Specifically, three of four contracts reviewed, contained clauses requiring vendors to include

statements on invoices certifying the merchant was not debarred. However, vendor invoices did not include the required verbiage.

As outlined in the County Administrative Manual 0090-01, DPC guidance “should be supplemented as required, by individual agencies, departments and offices to ensure sufficient guidance and expertise is maintained within these organizations for use in projects under their cognizance.”

Per Board of Supervisor’s Policy A-81, department heads are responsible for the overall performance of their contracts. This includes contract monitoring and evaluation to determine if contractors are in compliance. Most departments designate a COR as the contract program manager responsible for day-to-day oversight of the contract. This can include ensuring contractor compliance with the technical requirements of the contract and processing of contract payments.

Recommendation: To strengthen controls over contract administration, DPW should:

1. Require all staff with designated contract administration duties to complete standardized contract and procurement training, including, but not limited to, COR and SOW training.
2. Document contract monitoring activities and supplemental contract administration procedures in a contract administration plan.
3. Develop and implement a process to ensure vendor’s invoices include verbiage required by vendor contracts.

Finding IV: **Improve Process for Tracking and Reporting Costs Related to Water Quality Monitoring Activities**

While DPW does monitor TMDL project costs, OAAS determined that DPW could not easily determine the total project cost for the Rainbow Creek TMDL. OAAS found the following issues related to tracking and reporting TMDL project costs:

- **Capturing Personnel Costs for Water Quality Monitoring Activities:** DPW does not require staff to record time spent monitoring and assessing TMDL projects. While DPW has a process for staff to report hours for BMP implementation, there is no policy for staff conducting water quality tests to enter time by project in Kronos.
- **Recording Project Costs:** Costs for analytical laboratory services are recorded by vendor rather than project in Oracle. Instead, DPW pays lab services for multiple projects from a summary invoice. Although Oracle would allow amounts to be charged to different projects, DPW does not have project tracking numbers for individual TMDL projects. Further, 8 of 30 invoices reviewed were recorded to incorrect project or task numbers. According to DPW, in some cases, the project number was incorrectly written on the invoices; however, DPW did not correct the invoices.

According to DPW, to determine the total cost of staff hours for monitoring the Rainbow Creek TMDL, staff estimate the number of hours spent on the project by month. DPW's process to determine total project cost is currently a manual process.

Improper monitoring and tracking of project costs increases the risk that DPW project costs are not accurately reported. As a result, DPW may:

- be unable to determine total project costs in a timely and efficient manner;
- be unable to determine whether vendors correctly charged for services;
- inaccurately report grant reimbursement and match amounts.

Recommendation:

To improve tracking and recording of TMDL project costs, DPW should:

1. Establish and implement formalized policies and procedures for tracking personnel costs for TMDL projects. Policies should include a link to the County's timekeeping policies and procedures.
2. Provide training to staff and supervisors to ensure hours worked are recorded and charged to the appropriate project and/or grant.
3. Enhance the existing list of project tracking numbers to ensure that DPW can track costs by project in Oracle and Kronos. Also, communicate updated procedures to the appropriate staff.

Finding V:

Strengthen Grant Invoicing Process

There were instance in which DPW did not properly report grant amounts to the State Water Board. The following exceptions were noted:

- **Reporting Reimbursable Grant Amounts:** OAAS examined 30 invoices related to BMP implementation for the Rainbow Creek TMDL to ensure DPW accurately reported amounts as either reimbursable or match amounts in accordance with the 319(h) Grant Agreement. For one invoice, DPW incorrectly submitted \$1,381.31 as a match amount instead of a reimbursable amount.
- **Reporting Match Grant Amounts:** OAAS also examined 30 invoices related to monitoring water quality for the Rainbow Creek TMDL to ensure DPW accurately reported amounts as match amounts in accordance with the 319(h) Grant Agreement. For five invoices, DPW did not submit match amounts totaling \$4,026.

DPW's current grant invoice process does not include a review of whether amounts are properly reported as reimbursement or match to the State Water Board.

According to the Grant Agreement between the County and the State Water Board, supporting documentation must be submitted with each invoice to request reimbursement for grant funds as well as to support match funds invoiced.

Inaccurate reporting increases the risk of the State failing to reimburse or apply the County's match funding and thereby reducing the grant amount available to the County to implement TMDL projects.

Recommendation:

To ensure the County receives maximum grant reimbursement and credit for match amounts, DPW should:

1. Enhance the current grant invoicing process to include a review of whether reimbursement and match amounts are properly invoiced to the State Water Board.
2. Review Rainbow Creek TMDL project invoices for the grant period to ensure amounts are properly reported to the State Water Board, including but not limited to, identifying whether DPW should:
 - submit previously unreported amounts, or
 - reclassify any incorrectly reported grant amounts to ensure full reimbursement of available grant funds.

Office of Audits & Advisory Services

Compliance Reliability Effectiveness Accountability Transparency Efficiency

VALUE

APPENDIX A

Acronyms and Abbreviations

BMP	Best Management Practice
CCR	California Code of Regulations
CFR	Code of Federal Regulations
COC	Chain of Custody
MEP	Maximum Extent Practicable
MS4	Municipal Separate Storm Sewer System
PDES	National Pollutant Discharge Elimination System
QAPP	Quality Assurance Project Plan
San Diego Water Board	California Regional Water Quality Control Board, San Diego Region
State Water Board	State Water Resources Control Board
TMDL	Total Maximum Daily Load
SWAMP	California's Surface Water Ambient Monitoring Program
WQIP	Water Quality Improvement Plan
USEPA	United States Environmental Protection Agency

Definitions

Adopted TMDL - A TMDL requirement that is formally adopted by the State Water Board.

Alternative Approach TMDL - An alternative approach to traditional TMDL that is developed by interested partners and stakeholders. The Alternative Approach process is a comprehensive effort to understand pollutant sources and identify tools and solutions to help meet water quality standards.

Best Management Practices (BMPs) - A schedule of activities, prohibitions of practices, maintenance procedures, and other management practices to prevent or reduce the pollution of waters of the United States in certain program areas. Program areas include public education and outreach, illicit discharge detection/elimination, construction and post-construction and good housekeeping for municipal operations.

Clean Water Act Section 303(d) Water Body - An impaired water body in which water quality does not meet applicable water quality standards and/or is not expected to meet water quality standards, even after the application of technology based pollution controls required by the CWA. The discharge of runoff to these water bodies by the Copermittees is significant because these discharges can cause or contribute to violations of applicable water quality standards.

Copermittee - A permittee to a NPDES permit that is only responsible for permit conditions relating to the discharge for which it is operator.

Copermittee - All of the individual Copermittees, collectively.

Discharge - The outflow of a pipe, channel, stream, canal, or ground water.

Discharger - The Copermittee or operator responsible for the outflow of a discharge.

Municipal Separate Storm Sewer System (MS4) - A conveyance or system of conveyances (including roads with drainage systems, municipal streets, catch basins, curbs, gutters, ditches, man-made channels, or storm drains).

National Pollutant Discharge Elimination System (NPDES) - The national program for issuing, modifying, revoking and reissuing, terminating, monitoring and enforcing permits, and imposing and enforcing pretreatment requirements.

Pollutant - Any agent that may cause or contribute to the degradation of water quality such that a condition of pollution or contamination is created or aggravated.

Quality Assurance Project Plan (QAPP) - A formal planning document that describes specific water quality monitoring activities to ensure that results are sufficient and adequate to satisfy stated performance criteria.

Storm Water - Storm water runoff, snowmelt runoff and surface runoff and drainage. Surface runoff and drainage pertains to runoff and drainage resulting from precipitation events.

Total Maximum Daily Load (TMDL) - A numerical calculation of the maximum amount of a pollutant that can be discharged into a water body and still maintain water quality standards.

Water Quality Improvement Plan (WQIP) – Mandatory compliance plans that are required to be developed by the Copermittees in each Watershed Management Area to guide Copermittees' jurisdictional runoff management programs toward achieving the outcome of improved water quality in MS4 discharges and receiving waters.

Water Quality Improvement Monitoring and Assessment Program – A mandatory element of the WQIP, the Copermittees in each Watershed Management Area must develop and incorporate an integrated monitoring and assessment program into the Water Quality Improvement Plan that assesses: 1) the progress toward achieving numeric goals and schedules, 2) the progress toward addressing the highest priority water quality conditions for each Watershed Management Area, and 3) each Copermittee's overall efforts to implement the Water Quality Improvement Plan.

Water Quality Standards - Water quality standards, as defined in CWA section 303(c) consist of the beneficial uses (e.g., swimming, fishing, municipal drinking water supply, etc.) of a water body and criteria (referred to as water quality objectives in the California Water Code) necessary to protect those uses.

Watershed Management Area - A watershed area for which sustainable distribution of resources; including the process of developing and implementing plans, programs, and projects to sustain and enhance watershed functions affecting plant, animal and human communities within a watershed boundary, is developed.

APPENDIX B**San Diego County Copermittees**

City of Carlsbad	City of Oceanside
City of Chula Vista	City of Poway
City of Coronado	City of San Diego
City of Del Mar	City of San Marcos
City of El Cajon	City of Santee
City of Encinitas	City of Solana Beach
City of Escondido	City of Vista
City of Imperial Beach	County of San Diego
City of La Mesa	San Diego County Regional Airport Authority
City of Lemon Grove	San Diego Unified Port District
City of National City	

APPENDIX C**San Diego Region Watershed Management Areas**

#	Watershed Management Area	Major Surface Waterbodies
1	South Orange County	<ul style="list-style-type: none"> • Aliso Creek • San Juan Creek • San Mateo Creek • Pacific Ocean • Heisler Park ASBS
2	Santa Margarita River*	<ul style="list-style-type: none"> • Murrieta Creek • Temecula Creek • Santa Margarita River** • Santa Margarita Lagoon • Pacific Ocean
3	San Luis Rey River*	<ul style="list-style-type: none"> • San Luis Rey River • San Luis Rey Estuary • Pacific Ocean
4	Carlsbad*	<ul style="list-style-type: none"> • Loma Alta Slough • Buena Vista Lagoon • Agua Hedionda Lagoon • Batiquitos Lagoon • San Elijo Lagoon • Pacific Ocean
5	San Dieguito River*	<ul style="list-style-type: none"> • San Dieguito River • San Dieguito Lagoon • Pacific Ocean
6	Penasquitos*	<ul style="list-style-type: none"> • Los Penasquitos Lagoon • Pacific Ocean
7	Mission Bay	<ul style="list-style-type: none"> • Mission Bay • Pacific Ocean • San Diego Marine Life Refuge ASBS
8	San Diego River*	<ul style="list-style-type: none"> • San Diego River • Pacific Ocean
9	San Diego Bay*	<ul style="list-style-type: none"> • Sweetwater River • Otay River • San Diego Bay • Pacific Ocean
10	Tijuana River*	<ul style="list-style-type: none"> • Tijuana River • Tijuana Estuary • Pacific Ocean

* The County is a responsible Copermittee for this Watershed Management Area.

**The Santa Margarita River is the Watershed Management Area for the Rainbow Creek TMDL.

DEPARTMENT'S RESPONSE



County of San Diego

RICHARD E. CROMPTON
DIRECTOR

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February 10, 2016

RECEIVED

FEB 11 2016

TO: Juan R. Perez, Chief of Audits
Auditor and Controller (O-305)

OFFICE OF AUDITS &
ADVISORY SERVICES

FROM: Richard E. Crompton, Director
Department of Public Works (O-332)

DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: STORM WATER AUDIT

Finding I: Improve Administration Over Water Quality Monitoring Policies and Activities

OAAS Recommendation: To ensure the adequacy of policies and the effectiveness and efficiency of activities related to monitoring water quality for TMDL projects, DPW should:

1. Develop and implement a process to ensure policies related to monitoring water quality for TMDL projects are consistent and updated as necessary. Specifically, the process should address updates made outside the NPDES permit review period.
2. Evaluate the Monitoring Plan and QAPP for the Rainbow Creek TMDL to ensure project guidance is clear, adequate, and updated with applicable laws and regulations.

Action Plan: The audit found a few instances of inconsistencies and outdated information in the water quality monitoring procedures contained in DPW's Monitoring Plan and Quality Assurance Project Plan (QAPP) for the Rainbow Creek TMDL. OAAS acknowledges that there were limited opportunities to address the inconsistencies between the Monitoring Plan and the QAPP because the Monitoring Plan is memorialized in an approved permit issued to the County by the Regional Water Quality Control Board (RWQCB). This permit is only subject to revision upon action by the RWQCB, which occurs approximately once every five years. Accordingly, staff focused

Mr. Juan R. Perez
February 10, 2016
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its efforts on keeping the QAPP up to date because changing the Monitoring Plan was neither feasible nor desirable. DPW notes that OAAS acknowledges that none of the inconsistencies or outdated information resulted in a violation of the TMDL or any other regulatory requirement. Finally, DPW agrees with the OAAS recommendations to evaluate the monitoring plans to ensure project guidance is clear and updated with applicable laws and regulations. DPW will implement a process to ensure policies related to monitoring water quality for TMDL projects are consistent and updated as necessary, or when feasible in the case of the Monitoring Plan. In particular, DPW will develop a "living" document for internal purposes that highlights for staff which requirements in the Monitoring Plan are out of date. The QAPP will also be updated to remove any outdated information.

Planned Completion Date: Recommendations 1 and 2 will be implemented by March 2016.

Finding II: Enhance Invoice Review Process

OAAS Recommendation: To increase the effectiveness and efficiency of invoice reviews, DPW should:

1. Work with the Department of Purchasing and Contracting (DPC) to amend Contract No. 549679 including but not limited to:
 - a. Update the Price Proposal to include prices of all analytical laboratory services, including the wastewater test for Ammonia.
 - b. Include a list of detection limits by analytical method for analytical laboratory services.
2. Develop and implement the following processes for reconciling project Monitoring Plans, contracts, SOW, and invoices:
 - a. Revise the SOW to include required analytical services, test methods, detection limits, and prices, and resubmit Services Task Order to the vendor.
 - b. Determine total overbilled amounts for laboratory services and request reimbursement from the vendor. Specifically, review, past invoices for laboratory services for Contract Nos. 531748 and 549679, and verify whether DPW was correctly billed for Nitrite tests and Ammonia tests.
 - c. Request reimbursement from vendor for all overbilled amounts, including \$364.25 for nitrite tests.

Action Plan: Subject to concurrence from DPC, DPW agrees to the following: 1) update the price proposal for Contract No. 549679 to include prices for all analytical services,

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including ammonia, and a list of detection limits by analytical method; 2) revise the SOW to include required analytical services, test methods, detection limits, and resubmit a Services Task Order to the vendor; 3) review past invoices for laboratory services for Contract Nos. 531748 and 549679 to determine if there were overbilled amounts in addition to the \$364.25 identified by OAAS for nitrite tests; and 4) request appropriate reimbursement from the vendor. The above actions will be subject to agreement from DPC that they do not violate any competitive procurement rules or other policies and regulations. For example, one of the referenced contracts is expired so it is unclear whether reimbursements will be allowed.

Planned Completion Date: Since completion of the recommended actions will require research and coordination with DPC and the vendor, DPW proposes to complete the recommended actions by June 2016.

Finding III: Contract Administration Practices Should be Strengthened.

OAAS Recommendation: To strengthen controls over contract administration, DPW should:

1. Require all staff with designated contract administration duties to complete standardized contract and procurement training, including but not limited to, COR and SOW training.
2. Document contract monitoring activities and supplemental contract administration procedures in a contract administration plan.
3. Develop and implement a process to ensure vendor's invoices include verbiage required by vendor contracts.

Action Plan: DPW concurs with the recommended actions. DPW already has a supplemental contract administration plan in place. It will be updated to provide specific guidance to staff in the Watershed Protection Program (WPP). Contract and procurement training will be provided to all appropriate WPP staff as recommended. Finally, DPW staff will utilize a newly developed checklist for invoice processing and grant-related claims to ensure all required information is included.

Planned Completion Date: DPW's supplemental contract administration plan will be updated for the WPP by April 2016. Contract and procurement training is scheduled to occur in March 2016 and will occur periodically thereafter. If any staff members are unable to attend the training in March, DPW will provide the appropriate training by June 2016. Recommendation 3 has been completed by developing and implementing a new invoice review checklist.

Finding IV: Improve Process for Tracking and Reporting Costs Related to Water Quality Monitoring Activities.

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OAAS Recommendation: To improve tracking and recording of TMDL project costs, DPW should:

1. Establish and implement formalized policies and procedures for tracking personnel costs for TMDL projects. Policies should include a link to the County's timekeeping policies and procedures.
2. Provide training to staff and supervisors to ensure hours worked are recorded and charged to the appropriate project and/or grant.
3. Enhance the existing list of project tracking numbers to ensure that DPW can track costs by project in Oracle and Kronos. Also, communicate updated procedures to the appropriate staff.

Action Plan: DPW does not think that this observation rises to the level of a "Finding" since specific methods for tracking and reporting costs related to water quality monitoring are not required by any law, regulation, or County policy. We agree to implement the recommendations as written. Actions already taken include the following:

1. Restructured the WPP fiscal tracking system by creating additional Oracle projects to record project costs, including staff time spent monitoring and assessing TMDL projects as well as other projects. Program journals were completed to move costs from the original incorrect Oracle project to the newly created project retroactive as of July 1, 2015, to consolidate costs for the fiscal year to be used for grant claiming and project costs monitoring.
2. Trained WPP staff to use the new Oracle Project, Org Expenditure, Task and Award (POETA) created for each project. Provided program staff with a list of Oracle projects and POETA to use and emphasized the importance of using the correct POETA for their projects.
3. Provided program managers with quarterly Oracle reports such as Employee Labor by Pay Code Summary Report for their review to ensure staff entered and used correct Oracle project in Kronos.

Planned Completion Date: Completed as of October 1, 2015.

Finding V: Strengthen Grant Invoicing Process

OAAS Recommendation: To ensure the County receives maximum grant reimbursement and credit for match amounts, DPW should:

1. Enhance the current grant invoicing process to include a review of whether reimbursement and match amounts are properly invoiced to the State Water Board.
2. Review Rainbow Creek TMDL project invoices for the grant period to ensure amounts are properly reported to the State Water Board, including but not limited to, identifying whether DPW should submit previously unreported

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amounts or reclassify any incorrectly reported grant amounts to ensure full reimbursement of available grant funds.

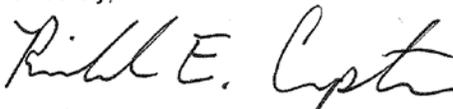
Action Plan: DPW agrees with the recommendations and will review project invoices for the grant period and work with the State Water Board to ensure the County receives full reimbursement of available grant funds.

Planned Completion Date: Recommendation 1 has been implemented by developing a checklist for invoice processing and grant-related claims to ensure all required information is included and to ensure the County receives appropriate grant reimbursement and credit for match amounts. With regard to Recommendation 2, DPW will review project invoices by March 2016 to ensure amounts were properly reported. DPW will ensure full reimbursement of available grant funds by the end of the grant agreement with the State Water Board (currently June 2016).

Contact Information for Implementation: Todd Snyder, LUEG Program Manager

If you have any questions, please contact Todd Snyder at phone number (858) 3694-3672.

Sincerely,



RICHARD E. CROMPTON, Director
Department of Public Works