

# OFFICE OF AUDITS & ADVISORY SERVICES

## EQUUS WORKFORCE SOLUTIONS CONTRACT MANAGEMENT AUDIT

*FINAL REPORT*



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JUAN R. PEREZ  
CHIEF OF AUDITS

June 26, 2025

TO: Julie Jeakle, Acting Director  
Office of Emergency Services

FROM: Juan R. Perez  
Chief of Audits

FINAL REPORT: EQUUS WORKFORCE SOLUTIONS CONTRACT MANAGEMENT AUDIT

Enclosed is our report on the Equus Workforce Solutions Contract Management Audit. We have reviewed your response to our recommendations and have attached it 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. You or your designee will receive email notifications when these quarterly updates are due, and these notifications will continue until all actions have been implemented.

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

JUAN R. PEREZ  
Chief of Audits

AUD:RC:nb

Enclosure

c: Andrew Strong, Deputy Chief Administrative Officer, Public Safety Group  
Tracy Drager, Auditor and Controller  
Lisa Keller-Chiodo, Group Finance Director, Public Safety Group

## About the Office of Audits & Advisory Services

The mission of the Auditor and Controller's Office of Audits & Advisory Services (OAAS) is to provide independent, objective assurance and consulting services designed to add value and improve the County of San Diego's operations. OAAS helps the County accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

## Audit Authority

OAAS derives its authority to conduct audits of County departments and programs primarily from the County Charter, County Administrative Code, Board of Supervisors Policy Manual, and California Government Code.

## Statement of Auditing Standards

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.



# AUDIT OBJECTIVE & SCOPE

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The Office of Audits & Advisory Services (OAAS) has completed an audit of the Arbor E&T, LLC DBA Equus Workforce Solutions Contract #564750 (contract) Emergency Temporary Lodging (ETL) Program in response to the floods of January 22, 2024. The objective of the audit was to determine the cost of the ETL Program, how many households were lodged, reasons for exiting the program, complaint resolution, and if any improvements can be made so that the County can better prepare for future emergency situations or natural disasters.

The scope of the audit included a review of the ETL Program, the associated case management services, Equus' complaint resolution practices, and security of the data Equus collected for the period of January 2024 through February 2025.

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.

## AUDIT RESULTS

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In our opinion, Equus billing for services provided during the ETL program was generally appropriate and complied with the contract provisions. The only questionable invoices we noted are listed below and were already identified by the County's Contracting Officer's Representative (COR) assigned to administer the contract before the audit and remained unpaid at the time audit work was completed. The COR and review team were in discussions with Equus to find a resolution for these charges:

1. **\$386,696.66** – Equus labor charges incurred from September 2024 through January 2025, despite the ETL Program having concluded in June 2024.
2. **\$1,965,076.56** – Amounts invoiced for temporary staff used by Equus for the ETL Program that exceeded the rates outlined in the applicable Equus temporary staffing agreements.

Improvements need to be made to the ETL Program to better prepare the County for future emergency situations if the County chooses to again provide temporary non-congregate lodging. Both Equus and the County had a steep learning curve navigating the program's complexity and scope during its rapid two-week development and launch. The following sections provide requested details of the program as well as identified opportunities for improvement. These recommendations aim to enhance the value and effectiveness of similar contracted services in future emergency situations or natural disasters, as outlined in the "Areas for Improvement" section.

### Financial Analysis:

#### CONTRACT FINANCIALS

As part of the County's COVID-19 response, the Department of Purchasing and Contracting (DPC) and Equus Workforce Solutions (Equus) executed Contract 564750 on June 16, 2021. As

shown in Table 1, the initial term of the contract included a not-to-exceed compensation of \$100,000. Additionally, the contract allowed for \$1,000,000 in compensation for each of the four option years spanning FY 2021-22 through FY 2024-25. The original total contract compensation was \$4,100,000.

On March 9, 2024, DPC and Equus executed Amendment 3 to the contract to provide lodging for the ETL Program. This amendment increased the compensation for option year three by \$6,000,000, raising it from \$1,000,000 to \$7,000,000. On August 15, 2024, DPC and Equus executed Amendment 5, further increasing the compensation for option year three by \$13,500,000 from \$7,000,000 to \$20,500,000. These amendments brought the total contract compensation to \$23,600,000.

**Table 1: Contract 564750 Pricing Schedule**

<b>Contract Term &amp; Amendments</b>	<b>Amount</b>
Contract Initial Term (June 30, 2021)	\$100,000
Contract Option Year 1 (FY 2021-22)	\$1,000,000
Contract Option Year 2 (FY 2022-23)	\$1,000,000
Contract Option Year 3 (FY 2023-24)	\$1,000,000
Contract Option Year 4 (FY 2024-25)	\$1,000,000
<b>Original Total Contract Amount</b>	<b>\$4,100,000</b>
Amendment 3: Option Year 3 Increase (FY 2023-24) Due to Flood Response	\$6,000,000
Amendment 5: Option Year 3 Increase (FY 2023-24) Due to Flood Response	\$13,500,000
<b>Amended Total Contract Amount</b>	<b>\$23,600,000</b>

As of February 28, 2025, Equus has invoiced the County \$21,309,783.53 as shown in Table 2, and the County had paid Equus a total of \$16,445,130.19 for services provided for the ETL Program associated with contract 564750.

**Table 2: Contract 564750 Amount Invoiced by Expense**

<b>Expense Title</b>	<b>Amount Invoiced</b>	<b>Amount Paid</b>	<b>Unpaid Balance</b>
Equus Staff	\$981,151.32	\$888,243.53	\$92,907.79
Temp Staff	\$3,663,583.70	\$1,394,858.04	\$2,268,725.66
Hotel Expenditures	\$16,665,048.51	\$14,162,028.62	\$2,503,019.89
<b>Total</b>	<b>\$21,309,783.53</b>	<b>\$16,445,130.19</b>	<b>\$4,864,653.34</b>

The amount actually paid to Equus for the ETL Program translates to an average nightly hotel rate of \$186.22 and average costs per household of \$19,055.77,<sup>1</sup> although these figures will increase when a portion, or if all, of the unpaid invoiced amount is paid. A comprehensive summary of these figures can be found in Appendix A.

## **ROOM RATES**

All room rate expenditures paid to Equus complied with the County contracted rates. The contract's Exhibit C - Pricing Schedule states that the occupied room rate is "Not to exceed the

<sup>1</sup> Avg Nightly Rate (\$186.22) = Amount Paid \$16,445,130.19 (Table 3) / 88,309 # of Nights Lodged (Page 6;b);  
Avg Costs per Household (\$19,067.36) = Amount Paid \$16,445,130.19 (Table 3) / 863 # of Households (Page 6;a).

GSA-approved per diem lodging rates." The rate for occupied hotel rooms was listed as \$161 in the initial contract, which was the General Services Administration (GSA) rate the year the contract was executed. The GSA rates during the ETL Program were:

- February 2024 to May 2024: \$194
- June 2024 to August 2024: \$230 (increased during summer months)
- September 2024: returned to \$194

While the contract stipulated not to exceed GSA lodging rates, identifying and securing the lowest rate possible was not a contractual requirement for Equus. Equus used its pre-arranged pool of non-congregate lodging facilities to provide suitable lodging for participants. Lower market rates for similar lodging were likely available at the time of the program, but those facilities did not have an arrangement with Equus. In Table 3, OAAS compared Equus' contracted rates with hotels to the average daily rates on the hotels' websites for a sample of hotels used in the ETL Program. The comparison revealed that the contracted rate was usually above the average rate on the hotels' websites, but still below the GSA rate. The comparison does not account for potential seasonal fluctuations in pricing, which may influence rate differences during specific periods.

**Table 3: Hotel Rate Comparison**

Hotel	Average Rate (AR)	GSA Rate	GSA - AR	Contracted Rate (CR)	CR - AR
Comfort Inn Old Town	\$121.00	\$194.00	\$73.00	\$172.14	\$51.14
Holiday Inn La Mesa	\$194.60	\$194.00	-\$0.60	\$165.00	-\$29.60
Motel 6 Downtown	\$131.80	\$194.00	\$62.20	\$140.00	\$8.20
Quality Inn Escondido	\$103.00	\$194.00	\$91.00	\$174.54	\$71.54
Best Western Kearny Mesa	\$127.50	\$194.00	\$66.50	\$179.00	\$51.50
Ramada by Wyndham National City	\$122.42	\$194.00	\$71.58	\$127.00	\$4.58

The GSA lodging rate is intended to cover the full cost of a suitable and moderately priced single room, excluding taxes and fees. The GSA rate serves as a standardized benchmark for government lodging reimbursements, but it does not represent the lowest available market rate. Future contracts could consider incorporating provisions and incentives for seeking cost-saving opportunities below the GSA rate when feasible, while still ensuring adequate accommodations for program participants.

The contract was originally procured to provide lodging on an as-needed basis for displaced or evacuated individuals during regional and sub-regional emergencies. According to County staff involved in developing the initial Statement of Work (SOW), the federal GSA lodging rate was used to support eligibility for federal reimbursement, as it is the standard rate recognized by the federal government. The GSA rate was also selected to accommodate the potential need to house first responders. The SOW states: "Rooms will primarily be used to temporarily house individuals from impacted areas and may also be used to house first responders (e.g., fire crews, law enforcement officers, National Guard) responding to impacted areas, as requested by OES' Contracting Officer Representative (COR) or designee."

### **EQUUS LABOR RATES**

Although the ETL Program concluded in June 2024, Equus has invoiced the County \$386,696.66 in labor charges from September 2024 to January 2025, citing ongoing administrative

requirements as the reason. These charges are questionable, given that the primary goal of the contract was to provide lodging and case management assistance. As of this report, these charges remain unpaid. The COR and review team originally identified the invoiced amounts and plan to follow established County procedures to initiate discussions with Equus regarding the justification and value of these charges.

### **TEMPORARY STAFFING LABOR RATES**

The County's COR for the Equus contract identified questionable charges for temporary staff. Equus hired temporary staff as Housing Navigators to assist with the ETL Program, utilizing four temporary staffing agencies:

1. Robert Half
2. Melon Bank
3. Dedicated
4. Recruiting For Purpose

The COR raised concerns about the amounts invoiced for the temporary staff from these agencies and reviewed the staffing agreements between the agencies and Equus. These agreements consistently stated that the rates they would bill Equus were inclusive of the staffing agencies employee's pay, taxes, benefits, and agency fees. However, Equus billed the County at the \$107.73 Housing Navigator hourly rate listed in the Equus contract for the temporary staff. Exhibit C of the contract specifies that the "Fully Burdened rate from contractor staff is inclusive of hourly rate, fringe benefit rate, overhead rate, general and administrative rate, vacation sick time, training, travel (meals, hotel, and mileage), etc."

Paying Equus the \$107.73 hourly rate would result in an overpayment, as the County would have paid twice for the temporary staff's taxes, benefits, and administrative costs. To address this issue, the County has paid Equus only the amounts listed in the agreements with staffing agencies for their temporary staffing charges, avoiding the potential overpayment of \$1,965,076.56.

Discussions are planned between the County and Equus to address this concern. This situation highlights the importance of careful contract review and oversight, especially when dealing with complex staffing arrangements and subcontractors.

### **ETL Program Data:**

#### **HOUSEHOLDS & LENGTH OF STAY**

Early in the ETL program, Equus migrated to their new system QuickBase to assist with providing case management services for the ETL Program. Equus stored ETL Program participant information in that system. OAAS obtained a data export from QuickBase to determine the number of households provided with temporary lodging, as follows:

- a. 863 households received temporary lodging through the ETL Program
- b. Participants were housed for a total of 88,309 hotel night stays
- c. The program ran from February 12, 2024, to June 21, 2024

All 863 households received case management services. Equus Management had a standard operating procedure (SOP) to provide guidance to their Case Managers on specific language,



questions to ask, and processes for completing required documentation necessary for enrolling participants in the ETL Program. The SOP included a phone script as guidance. Case management services provided by Equus were limited to obtaining the following:

- Demographic information (e.g., Name of the head of household, address, phone number, date of birth, social security number, number of adults in household, number of children in household, etc.)
- Hotel information (e.g., Have you previously been placed in a hotel or received a voucher, name of placed hotel, address of hotel, preferred geographical location, check-in/check-out date, etc.)
- FEMA information (e.g., Have you applied for FEMA, what is your FEMA number, etc.)
- Insurance information (e.g., Do you have renter's insurance, has a claim been filed, have you received payment for claim, is your claim coverage being extended, etc.)
- Additional services information (e.g., Are you receiving services from another provider, types of services, what program or entity is providing the assistance, have you been referred to state, tribal or non-governmental organizations or programs for assistance, etc.)
- Vehicle information (e.g., Type of vehicle, do you have vehicle insurance, etc.)
- Animal information (e.g., Number of animals, do you have service animals, etc.)
- Medical information (e.g., Any medical conditions, disabilities, or special accommodations, etc.)
- Social Worker Information (e.g., Social worker's name, social worker number, etc.)

### **EXIT REASONS**

Of the 863 ETL Program participants placed in hotels, all households exited the program for one of nine reasons in Table 4.

**Table 4: Contract 564750 Amount Invoiced by Expense**

<b>Exit Reason</b>	<b># of Households</b>
1. Received a 3 Day Transition Notification Letter	115
2. Received a 7 Day Transition Notification Letter	174
3. Code of Conduct Violation	25
4. Impacted Home Became Habitable	71
5. Obtained Alternative Housing Other Than Hotel	20
6. Obtained New Permanent Housing	18
7. ETL Program Ended	344
8. Voluntary Exit	93
9. Other	3
<b>Total</b>	<b>863</b>

Equus provided the explanation for each exit reason, as defined by the County:

1. 3 Day Transition Notification Letter - This exit reason indicates that the participant has received a notification letter informing them of the need to transition out of the emergency shelter within three days due to being ineligible for not providing documentation, providing fraudulent documentation, or being a person experiencing homelessness (PEH) at the time of the floods.
2. 7 Day Transition Notification Letter - This exit reason indicates that the participant has received a notification letter informing them of the need to transition out of the emergency shelter within seven days due to being ineligible for not providing documentation, providing fraudulent documentation, or being a PEH at the time of the floods.
3. Code of conduct violation - This exit reason is triggered when a participant violates the Code of Conduct (COC) established for the ETL program. It may involve behaviors or actions that are deemed unacceptable within the lodging environment, leading to the necessity of the individual leaving the premises.
4. Impacted home became habitable - This exit reason is applicable when the participant's primary residence, which was previously rendered uninhabitable due to the flood or related circumstances, becomes habitable again. It signifies that the participant informed us they can safely return to their home and no longer require emergency lodging assistance.
5. Obtained alternative housing other than hotel - This exit reason denotes that the participant has secured alternative housing arrangements other than staying in a hotel. It could involve arrangements with family, friends, or other temporary or transitional housing options.
6. Obtained new permanent housing - This exit reason indicates that the participant has successfully secured permanent housing such as an apartment, condo, house, townhome, mobile home, etc. outside of the emergency lodging but is not returning to their residence impacted by the flood.
7. ETL Program ended - This exit reason signifies that the ETL Program ended for all participants.
8. Voluntary Exit - This exit reason is used when a participant voluntarily chooses to leave the emergency lodging without a specific reason provided. It may occur when the participant decides to abandon the lodging property or when the reason for leaving is unknown or unspecified.
9. Other - No explanation provided.

## Complaints:

### **COMPLAINT PROCESSING CONTRACTOR REQUIREMENTS**

The contract SOW, section 5.2.1.1. of Contractor Requirements explicitly states, "Include written policies and procedures for processing complaints." OAAS obtained and reviewed Equus' Client Grievance SOP to assess its adequacy. The stated purpose of the procedure was to guide Case Managers, Supervisors, and Managers in handling client grievances. The procedure included:

- Contact information for participants to submit grievances
- Steps to escalate grievances through the organizational hierarchy
- A requirement for the Project Director to respond to the participant within 24 hours
- Instructions to close the complaint in the participant's case notes

The procedure did not appear to be robust enough to ensure resolution of participant grievances.

### **COMPLAINT COUNTS & RESOLUTION**

While performing case management services for the ETL Program, Equus Case Managers documented any complaints they received in the case notes section of their QuickBase system. OAAS conducted a manual review of the system's 26,442 case notes to identify the number and types of complaints and their resolutions. This manual review was necessary due to the lack of a query function within the unstructured notes of the QuickBase system.

During the review, OAAS identified 51 case notes containing some type of complaint. These complaints were categorized by OAAS as follows:

- a. 1 complaint was made against a participant regarding their mental state.
- b. 16 complaints were made from the hotel and other guests against participants for various code of conduct violations, such as fighting, smoking in a non-smoking room, playing loud music during the night, domestic violence, preventing staff from cleaning rooms, and having non-program participants coming in and out the room frequently.
- c. 34 complaints made by ETL participants:
  - 31 were regarding hotel-related issues consisting of unsanitized rooms, problems checking-in, requests to relocate rooms due to noise or the area where the hotel was located, parking issues, and required hotel room repairs.
  - 2 were for Uber Eats issues.
  - 1 was a combination of a hotel and Uber Eats issue.

Of the 34 complaints made by ETL participants, only 18 (53%) had documented resolution in the case notes. An Equus representative stated that the County managed additional Uber Eats complaints not handled by Equus. OAAS follow-up with the Office of Emergency Services (OES) noted the County had an additional 238 Uber Eats complaints which were mainly due to food vouchers not working, food vouchers already being claimed, or not enough food vouchers for the household. The County also handled any complaints regarding eligibility, FEMA, or decisions on exiting the program.

Some complaints made against Equus were valid, while others were unsubstantiated. For example, Equus appeared to underestimate the challenges associated with transitioning households from community partners' programs and the staffing and resources needed to manage this process effectively. Contract documents show that Equus initially had only four staff members at the inception of the ETL Program. They subsequently hired additional staff, who required training, to assist with placing participants in hotels and performing case management services.

The contract also required Equus to have a system in place for the timely placement of referred individuals. However, community partners complained that it took too long to transition participants. Additionally, Equus failed to anticipate how critical an automated database would be for tracking household statuses and performing case management services. QuickBase was developed after Equus had assured the County that they could handle the volume of participants.

However, some complaints were uncorroborated. For example, based on interviews, a participant who was believed to have been sent to a closed hotel by Equus, was most likely sent to the hotel by one of the County community partners. OAAS spoke with the participant, who believed she was placed by the County but could not recall whom she spoke with or what number she called. OAAS also spoke with a representative from a community partner who assisted households with at least one child in the San Diego Unified School District (SDUSD) with obtaining temporary lodging. QuickBase records showed that the participant was enrolled in the ETL program by the community partner.

## Securing Personal Data:

To capture personal information, Equus Case Managers utilized an electronic Microsoft form to enroll participants and initiate required case management services. Data from this form was initially exported directly into a spreadsheet until the QuickBase system was developed and implemented. To ensure data security, the laptops used for data input were encrypted and required both a username and password for access. Additionally, Equus employs multifactor authentication for laptop login.

The contract SOW, Section 6.3. of Case Management Requirements, mandated that Equus staff contact participants every 7 days to obtain and confirm specific personal information. The SOW states, "Contractor shall conduct weekly (every 7 days) consultation with individuals to re-evaluate the need for lodging assistance, obtain updates on any FEMA assistance and payments or payouts from insurance as well as ongoing documentation of need."

This frequent contact may have led to participant confusion, as different representatives were asking similar questions to confirm information. Moreover, other organizations, including FEMA and the County, were also contacting participants to collect or confirm personal information. Some organizations that had provided lodging to participants prior to the County program inception would not share the information they collected without a release on file. Additionally, a community-based organization refused to share information due to concerns about undocumented participants and aiming to assist the PEH population in obtaining lodging services or remaining in the ETL program.

## **AREAS FOR IMPROVEMENT**

### **Observation I: Equus' Grievance SOP Was Not Robust Enough to Ensure Complaint Resolution**

The contract SOW, section 5.2.1.1., requires written policies and procedures for processing complaints, and Equus had an SOP for grievances. The SOP directed Case Managers to escalate grievances up to the Project Director if necessary. However, the SOP did not provide guidance on steps to take if participant grievances remained unresolved after escalation to the Project Director. Furthermore, there was no process to ensure resolution prior to closing out a grievance.

Additionally, Case Managers documented and stored complaints in QuickBase's case notes, which made it challenging to search when attempting to research issues and determine the status of their resolution. This system lacked an efficient method for tracking and managing complaints, potentially hindering effective resolution and analysis of recurring issues.

The contract's limited requirement for policies and procedures regarding complaints, without explicitly mandating a process to ensure complaint resolution, led to significant issues in tracking and resolving participant grievances. As a result, Equus was unable to definitively confirm the resolution of 16 out of 34 complaints identified by OAAS in the case notes.

### **RECOMMENDATION:**

When developing an SOW for future ETL Programs that includes complaint management requirements, OES should:

1. Require the contractor to implement a comprehensive complaint resolution process that includes:
  - a. Clear procedures for receiving, documenting, and categorizing complaints
  - b. Defined escalation pathways and timelines for resolution
  - c. A mechanism for tracking the status of each complaint from initiation to resolution
2. Mandate the use of a dedicated complaint management system that allows for:
  - a. Easy searching and querying of complaints by various parameters (e.g., type, status, date)
  - b. Generation of reports on complaint trends and resolution times
  - c. Structured documentation of all steps taken towards resolution
3. Specify that complaints cannot be closed out without documented evidence of resolution or a clear explanation for why resolution was not possible.
4. Require regular reporting on complaint statistics, including the number of resolved and unresolved complaints, average time to resolution, and any recurring issues identified.

5. Include provisions for periodic audits of the complaint management process by the COR to ensure compliance and effectiveness.

## Observation II: Less Competition for Lodging Services Due to One Contractor

A representative from DPC stated that Equus was awarded the contract because it was the only respondent for most of the County's sheltering-related Request for Proposals (RFP) since 2019. The use of an RFP process helps ensure competitive pricing by outlining the County's requirements and encouraging vendor competition. However, a review of the RFP documentation revealed that 15 responses were received, 14 of which were submitted by hotels.

The hotel submissions were disqualified because the SOW required the awarded contractor to provide wrap-around services and staff to support the EOC during activations, requirements that hotels could not fulfill. As the sole qualified respondent, Equus had significant leverage in setting both labor and room rates. Notably, the wrap-around services requirement was later removed when the contract was amended for the ETL Program. As a result, these services were never provided under the amended contract.

Since 2023, new vendors have begun submitting proposals for sheltering-related contracts, indicating an evolving and potentially more competitive vendor landscape.

## RECOMMENDATION:

OES management should:

1. Develop new RFPs for as-needed emergency services to encourage competition and ensure specialization of services.
2. Consider separating each as-needed emergency service into individual contracts. For example, establish separate contracts for as-needed lodging services and as-needed wrap-around services.

## BACKGROUND

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On January 22, 2024, San Diego County experienced the heaviest rainfall in a single day in over one hundred years. This resulted in widespread flooding, catastrophic property damage and devastation throughout the County. The floods inflicted disproportionate damage to San Diego County's most vulnerable and impoverished communities across southeastern San Diego and the unincorporated areas of the County. Thousands of San Diegans were displaced as their homes and cars were flooded and deemed uninhabitable.

On January 23, 2024, the Governor of California declared a State of Emergency for San Diego County due to a severe weather incident resulting in excessive rain and flooding. The County Office of Emergency Services identified the need to offer temporary non-congregate lodging for

individuals whose home was made uninhabitable due to the effects of flooding, so that they avoid exposure to dangerous conditions.

Due to the urgent need to respond as quickly as possible to those who had been displaced by the floods and the lengthy process required to contract with new service providers, the Board of Supervisors (Board) authorized an amendment of the County of San Diego's pre-existing contract (Contract #564750) with Arbor E&T, LLC dba Equus Workforce Solutions ("Equus"). Equus has been providing emergency non-congregate housing services in the County of San Diego since 2021.

On January 30, 2024, the Board voted to authorize an amendment of the County of San Diego's contract with Equus to provide temporary non-congregate lodging and case management services to those impacted by the floods. On January 31, 2024, an amendment was executed between Equus and the County, which included a provision that required Equus to provide the County with access to any books, documents, papers, and records which are directly related to the contract for the purpose of conducting an audit. On October 22, 2024, the Board requested an audit of the Equus ETL contract due to significant criticism from community members.

## METHODOLOGY

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OAAS made its conclusions based on the following methodology:

- Interviewed Equus staff, County staff, representatives from CBOs, and program participants regarding ETL Program processes, complaints, and case management services.
- Reviewed Contract #564750, Request for Proposal documentation used to procure the contract, and all 5 contract modifications to gain understanding of contractor obligations and verify compliance with contractual requirements.
- Performed data analysis on Equus' QuickBase system of records to verify ETL Program costs, the number of housed provided case management services, the number of hotel night stays.
- Inspected hotel vouchers, hotel folios, labor time sheets, expense reports, monthly invoices, accounting records, and payment records to verify the accuracy of amounts invoiced and paid to the contractor.
- Reviewed SOP, emails, hotel agreements, temporary staffing agreements, and Code of Conduct agreements.



## Appendix A

### Contract Financial Analysis

Component	Amount
Contract initial term (6/30/21)	\$ 100,000.00
Contract Option Year 1 (FY 21-22)	\$ 1,000,000.00
Contract Option Year 2 (FY 22-23)	\$ 1,000,000.00
Contract Option Year 3 (FY 23-24)	\$ 1,000,000.00
Contract Option Year 4 (FY 24-25)	\$ 1,000,000.00
Amendment 3: Increase for Option Year 3 (FY 23-24) Due to Flood Response	\$ 6,000,000.00
Amendment 5: Increase for Option Year 3 (FY 23-24) Due to Flood Response	\$ 13,500,000.00
<b>Total Compensation Per Contract #564750</b>	<b>\$ 23,600,000.00</b>
Contract Payments Prior to Flood:	
Contract Invoices From 7/1/21 - 12/31/23	\$ (70,564.80)
<b>Total Verified Pre-Flood Contract Expenditures Paid Per Oracle</b>	<b>\$ (70,564.80)</b>
ETL Program Payments:	
Invoice 36339-0124	\$ (4,796.63)
Invoice 36339-0224-B	\$ (3,268,363.25)
Invoice 36339-0224-C	\$ (255,538.64)
Invoice 36339-0324-A	\$ (1,700,615.08)
Invoice 36339-0224	\$ (274,812.94)
Invoice 36339-0224-E	\$ (315,693.53)
Invoice 36339-0324R	\$ (161,755.17)
Invoice 36339-0224-F	\$ (3,208,075.19)
Invoice 36339-0224-D	\$ (3,858,831.84)
Invoice 36339-0724R	\$ (292,182.63)
Invoice 36339-0324	\$ (1,595,908.09)
Invoice 36339-0824	\$ (183,908.75)
Invoice 36339-0824A	\$ (1,284,012.05)
Invoice 36339-0224-A	\$ (40,636.40)
<b>Total Verified ETL Program Expenditures Paid Per Oracle as of 2/28/25</b>	<b>\$ (16,445,130.19)</b>
<b>Remaining Contract Compensation Available as of 2/28/25</b>	<b>\$ 7,084,305.01</b>



**DEPARTMENT'S RESPONSE**  
(OFFICE OF EMERGENCY SERVICES)

**OFFICE OF EMERGENCY SERVICES**

5580 OVERLAND AVENUE, SUITE 100, SAN DIEGO, CALIFORNIA 92123  
(858) 565-3490

**JULIE E. JEAKLE**  
ACTING DIRECTOR

**VACANT**  
ASSISTANT DIRECTOR

June 20, 2025

TO: Juan R. Perez  
Chief of Audits, Auditor & Controller

FROM: Julie E. Jeakle  
Acting Director, Office of Emergency Services

**DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: EQUUS WORKFORCE  
SOLUTIONS CONTRACT MANAGEMENT AUDIT**

**Observation I:** Equus' Grievance SOP Was Not Robust Enough to Ensure Complaint Resolution

**OAAS Recommendation:** When developing an SOW for future ETL Programs that includes complaint management requirements, OES should:

1. Require the contractor to implement a comprehensive complaint resolution process that includes:
  - a. Clear procedures for receiving, documenting, and categorizing complaints
  - b. Defined escalation pathways and timelines for resolution
  - c. A mechanism for tracking the status of each complaint from initiation to resolution
2. Mandate the use of a dedicated complaint management system that allows for:
  - a. Easy searching and querying of complaints by various parameters (e.g., type, status, date)
  - b. Generation of reports on complaint trends and resolution times
  - c. Structured documentation of all steps taken towards resolution
3. Specify that complaints cannot be closed out without documented evidence of resolution or a clear explanation for why resolution was not possible.
4. Require regular reporting on complaint statistics, including the number of resolved and unresolved complaints, average time to resolution, and any recurring issues identified.
5. Include provisions for periodic audits of the complaint management process by the COR to ensure compliance and effectiveness.

**Action Plan:** OES agrees that a clear and accountable complaint resolution process is essential to ensure participant concerns are addressed consistently and transparently. This program was a new effort undertaken to assist the community in a time of great need, and our After Action Report identified opportunities in several areas to improve the Emergency Temporary Lodging (ETL) program, should we implement it in future disasters. To address the audit recommendation regarding complaint resolution, OES and the Department of Purchasing and Contracting (DPC) will incorporate enhanced complaint management requirements into the development of new countywide ETL contracts. These contracts will include provisions for a comprehensive complaint resolution process, including clear procedures for receiving, documenting, categorizing, escalating, and resolving complaints. They will also require the use of a dedicated complaint management system that supports case tracking, searchable records, reporting on trends and resolution timelines, and structured documentation of all actions taken. Complaints will not be allowed to close without documented resolution or clear explanation of why resolution was not possible. Additionally, contractors will be required to submit regular reports on complaint statistics and recurring issues, and the contract will include provisions for periodic audits by the COR to ensure compliance.

**Planned Completion Date:** December 2025 (Target timeframe for posting solicitations).

**Contact Information for Implementation:** Julie Jeakle, Acting Director, Office of Emergency Services and Sean Behan, Chief, Purchasing and Contracting

## **Observation II: Less Competition for Lodging Services Due to One Contractor**

**OAAS Recommendation:** OES management should:

1. Develop new RFPs for as-needed emergency services to encourage competition and ensure specialization of services.
2. Consider separating each as-needed emergency service into individual contracts. For example, establish separate contracts for as-needed lodging services and as-needed wraparound services.

**Action Plan:** OES agrees with the recommendation to encourage greater competition and ensure flexibility in contracting for emergency services. The approach to separate key service areas such as temporary lodging, transportation, feeding, and wraparound support into individual, as-needed contracts is already part of OES' current strategy of improvement on lessons learned from this event.

To ensure vendor pools remain up to date and aligned with current operational needs, OES has been working closely with DPC to reprocure these services through updated contract solicitations. This includes exploring whether a pre-identified list of potential partners could be developed to help identify vendors for emergency contracting opportunities. DPC has also begun incorporating emergency clauses into County contracts and is actively reaching out to local businesses through community engagement and outreach events and tools like SurveyMonkey to assess their interest in supporting emergency response needs.

In addition, OES is actively working with CBOs to strengthen capacity and coordination for wraparound services. Within the next few weeks, DPC also anticipates finalizing new contracts with Uber and Uber Eats, which will expand the County's on-demand transportation and food delivery capabilities during emergencies.

Together, these efforts aim to lower barriers to entry, attract a broader and more specialized vendor pool, and improve the County's ability to rapidly activate critical services during disasters.

**Planning Completion Date:** December 2025 (Target timeframe for posting solicitations).

**Contact Information:** Julie Jeakle, Acting Director, Office of Emergency Services and Sean Behan, Chief, Purchasing and Contracting

Should you have any questions related to this matter, please do not hesitate to contact me at [Julie.Jeakle@sdcounty.ca.gov](mailto:Julie.Jeakle@sdcounty.ca.gov).

Respectfully,



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JT:JM:KA

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