



## Federal Emergency Management Agency

Office of Inspector General – Audits Division  
Western District Audit Branch  
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Oakland, California 94607-4052

December 18, 2002

MEMORANDUM FOR: Jeff Griffin  
Regional Director, Region IX

*Robert J. Lastrico*

FROM: Robert J. Lastrico  
Western District Audit Manager

SUBJECT: Sacramento County,  
Sacramento, California  
Public Assistance Identification Number 067-00000  
FEMA Disaster Number 1155-DR-CA  
Audit Report Number W-06-03

The Office of Inspector General audited public assistance funds awarded to Sacramento County, Sacramento, California (County). The objective of the audit was to determine whether the County expended and accounted for FEMA funds according to Federal regulations and FEMA guidelines.

The County received a public assistance award of \$1.9 million from the California Office of Emergency Services (OES), a FEMA grantee, for debris removal, and emergency and permanent repairs to facilities damaged as a result of flooding that occurred from December 28, 1996, to April 1, 1997. The award provided for 75 percent FEMA funding for 7 large projects and 32 small projects.<sup>1</sup> The audit covered the period December 28, 1996, to June 10, 1999, and included a review of 3 large and 2 small projects with a FEMA award of \$1.3 million. The attached exhibit provides a schedule of audited projects.

We performed the audit under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. The audit included a review of FEMA's, OES', and County's records, a judgmental sample of expenditures, and other auditing procedures we considered necessary under the circumstances. We reviewed the small

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<sup>1</sup> According to Federal regulations in effect at the time of the disasters, a large project was defined as a project costing \$46,000 or more and a small project was defined as one costing less than \$46,000.

projects to verify completion of the work, and to ensure cost items were not included in other claims.

### RESULTS OF AUDIT

The County generally expended and accounted for public assistance funds according to Federal regulations and FEMA guidelines for 4 of 5 projects audited. However, for large project 79227, the County's claim included \$17,484 in questionable costs (FEMA share - \$13,113). The questionable costs consisted of \$15,840 in ineligible force account labor and \$1,644 unsupported project costs due to an accounting error. The scope of project 79227 entailed emergency protective measures, a category B type project.

A. Ineligible Force Account Labor. The County's claim included \$15,840 in ineligible force account labor for regular hours worked by temporary and permanent staff, and for hours not related to disaster activities. Specifically, the claim included:

- \$12,717 for regular hours that were not eligible for FEMA reimbursement. The ineligible costs consisted of \$12,336 for regular hours worked by temporary law enforcement staff (On-Call Deputies) who were contracted annually to work a maximum 1560 hours. In addition, the County claimed \$381 for overtime hours worked by permanent staff whose hours, according to labor agreements in effect at the time of the disaster, were part of the their regular working schedules.
- \$3,123 for staff hours not related to disaster activities. Those costs pertained to law enforcement staff paid to stay home on "standby".

According to Federal regulation 44 CFR 206.228(a)(4), the straight or regular time salaries and benefits of employees are not eligible for emergency work projects. In addition, Federal regulation 44 CFR 206.223(a)(1) provides that for an item of work to be eligible for FEMA funding, it must be disaster related.

B. Unsupported Project Costs Due to An Accounting Error. The claim included \$1,644 in excess overtime hours. Due to an accounting error, the County claimed 82 overtime hours for one employee while the actual hours worked were 41. According to Federal regulation 44 CFR 13.20(b), the County is required to maintain accounting records that identify how FEMA funds are used.

### RECOMMENDATION

We recommend that the Regional Director, in coordination with OES, disallow \$17,484 of questionable costs for project 79227.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

We discussed the results of our audit with the County and OES officials on December 5, 2002. County officials agreed with the findings. We also discussed the results of our audit with Region IX officials on December 6, 2002.

Pursuant to FEMA Instruction 1270.1, please advise this office by February 18, 2003, of actions taken to implement our recommendation. Should you have any questions concerning this report, please contact me at (510) 627-7011. Key contributors to this assignment were Humberto Melara and Paulette Solomon.

Schedule of Audited Projects  
 Sacramento County, Sacramento, California  
 FEMA Disaster Number 1155-DR-CA

Project Number	Amount Awarded *	Amount Questioned	Finding Reference
<u>Large projects</u>			
79227	\$ 644,678	\$17,484	A, B
80501	172,147	0	
80502	<u>436,400</u>	<u>0</u>	
Subtotal	\$1,253,225	\$ 0	
<u>Small Projects</u>			
79215	\$ 10,944	\$ 0	
79226	<u>33,425</u>	<u>0</u>	
Subtotal	\$ 44,369	\$ 0	
Total	<u>\$1,297,594</u>	<u>\$17,484</u>	

\*Amount awarded was the same as claimed.

Legend

- A. Ineligible Force Account Labor
- B. Unsupported Project Costs Due to An Accounting Error