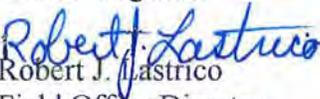




Homeland
Security

August 3, 2004

MEMORANDUM FOR: Karen Armes
Acting Regional Director
FEMA Region IX

FROM: 
Robert J. Lastrico
Field Office Director
Office of Audits

SUBJECT: *Audit of the Conejo Valley Unified School District
Thousand Oaks, California
Public Assistance Identification Number 111-91057
FEMA Disaster Number 1008-DR
Audit Report Number DS-18-04*

The Office of Inspector General (OIG) audited public assistance funds awarded to Conejo Valley Unified School District, Thousand Oaks, California (District). The objective of the audit was to determine whether the District expended and accounted for Federal Emergency Management Agency (FEMA) funds according to federal regulations and FEMA guidelines.

The District received an award of \$5.6 million from the California Office of Emergency Services (OES), a FEMA grantee, for recovery efforts as a result of the Northridge Earthquake that occurred on January 17, 1994. The award provided 90 percent federal funding for 34 large projects and 217 small projects.¹ The audit covered the period January 17, 1994, to October 22, 2002, and included a review of three large projects and four small projects with a total award of \$1,076,268.

The OIG performed the audit under the authority of the Inspector General Act of 1978, as amended, and according to *Government Auditing Standards* issued by the Comptroller General of the United States. The audit included review of FEMA, OES, and District records, a judgmental sample of project expenditures, and other auditing procedures considered necessary under the circumstances.

¹ Federal regulations in effect at the time of the disaster set the large project threshold at \$42,400.

RESULTS OF AUDIT

The District generally expended and accounted for public assistance funds according to federal regulations and FEMA guidelines. However, OIG is questioning \$44,155 (FEMA share - \$39,740) of the costs claimed because those costs were not adequately supported by source documentation.

The District allocated \$44,155 to all large projects for permanent District personnel (the Assistant Superintendent of Business, the Directors of both Facilities and Accounting, and the accounting staff) reportedly involved in FEMA project management. These costs were in addition to the costs associated with three District employees expressly assigned the project management responsibilities for FEMA public assistance and hazard mitigation projects. When asked to provide specific support for the \$44,155 claimed, the District informed the OIG that there was no specific support; rather the amount added was based on estimates of time spent on the FEMA projects by these personnel. Title 44 of the Code of Federal Regulations, Section 13.20(b)(6) requires subgrantees to have source documentation to support amounts claimed. Since the District could not support the \$44,155 claimed, the OIG is questioning that amount. FEMA Region IX will need to determine the appropriate project(s) for any adjustments that are to be made.

RECOMMENDATION

The OIG recommends that the Acting Regional Director, FEMA Region IX, in coordination with OES, disallow questioned costs of \$44,155.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The OIG discussed the results of this audit with District and OES officials on July 8, 2004. District officials did not agree with the findings but did not provide any additional documentation to support the questioned amount. The OIG also notified FEMA Region IX officials of the audit results on June 8, 2004.

Please advise this office by October 4, 2004, 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 Stephen Stevens, Trudi Powell, Montul Long, and Willard Stark.

Schedule of Audited Projects
 Conejo Valley Unified School District
 Thousand Oaks, California
 Public Assistance Identification Number 111-91057
 FEMA Disaster Number 1008 DR-CA

<u>Project Number</u>	<u>Amount Awarded</u>	<u>Amount Questioned</u>	<u>Finding Reference</u>
Large Projects			
22215	\$ 306,922		
22217	304,622		
37051	<u>257,381</u>		
Subtotal	<u>\$ 868,925</u>		
Small Projects			
01051	\$ 18,978		
01074	3,841		
01075	1,491		
01077	<u>3,960</u>		
Subtotal	<u>\$ 28,270</u>		
Project Mgmt ²	<u>\$ 179,073</u>	<u>\$44,155</u>	A
Total	<u>\$1,076,268</u>	<u>\$44,155</u>	

Finding Reference

A. Unsupported Project Management Costs

² For ease of reporting, all large project management questioned costs are being shown in one sum.