



Federal Emergency Management Agency

Office of Inspector General – Audits Division
Western District Audit Branch
1111 Broadway, Suite 1200
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: City of Sacramento, California
Public Assistance Identification Number 067-6400
FEMA Disaster Number 1155-DR-CA
Audit Report Number W-05-03

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

The City received a public assistance award of \$1.4 million from the California Office of Emergency Services (OES), a FEMA grantee, for debris removal and emergency repairs to structures damaged as a result of flooding that occurred on December 28, 1996, to April 1, 1997. The award provided for 75 percent FEMA funding for 6 large projects and 24 small projects.¹ The audit covered the period December 28, 1996, to August 31, 1999, and included a review of 3 large projects and 2 small projects with a FEMA award of \$985,733.

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 and OES' records, tests of the City's accounting records, a judgmental sample of project expenditures, and other auditing procedures we considered necessary under the circumstances. We reviewed small projects to verify eligibility, completion of the work, and to ensure cost items were not included in other claims.

RESULTS OF AUDIT

¹ According to Federal regulations in effect at the time of the disaster, 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.

The City generally expended and accounted for public assistance funds according to Federal regulations and FEMA guidelines. However, its claim for projects 00036 and 99922 included \$2,206 in unsupported force account labor costs (FEMA's share – \$1,655). The City claimed \$724 for project 00036 and \$1,482 for project 99922 for 64 overtime hours that were not supported with payroll records. The hours pertained to employees in the City's Utilities and Police Departments. According to Federal regulation 44 CFR 13.20, the City is required to maintain accounting records that identify how FEMA funds are used, and to ensure that accounting records be supported by source documents such as payrolls, and time and attendance records. Since the City could not produce documentation proving the hours were actually performed, we question the \$2,206 in unsupported force account labor costs

RECOMMENDATION

We recommend that the Regional Director, in coordination with OES, disallow \$2,206 in questionable costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

We discussed the results of our audit with City and OES officials on November 22, 2002. These officials concurred in principle with the finding and recommendation. We also discussed the results of our audit with Region IX officials on December 3, 2002.

Pursuant to FEMA Instruction 1270.1, please advise this office in writing 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 Apolinar Tulawan.

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

| Project/ Primary DSR | Amount Claimed | FEMA Adjustments at Closeout | Final Amount Awarded | Amount Questioned |
|-------------------------|-------------------------|------------------------------------|----------------------------|-----------------------|
| <u>Large Projects</u> | | | | |
| 00036 | \$157,406 | \$ 0 | \$157,406 | \$ 724 |
| 98463 | 211,000 | \$478 | 211,478 | 0 |
| 99922 | <u>555,823</u> | <u>0</u> | <u>555,823</u> | <u>1,482</u> |
| Subtotal | <u>\$924,229</u> | <u>\$478</u> | <u>\$924,707</u> | <u>\$2,206</u> |
| <u>Small Projects</u> | | | | |
| 00004 | \$ 31,260 | \$ 0 | \$ 31,260 | 0 |
| 99924 | <u>29,766</u> | <u>0</u> | <u>29,766</u> | <u>0</u> |
| Subtotal | <u>\$ 61,026</u> | <u>\$ 0</u> | <u>\$ 61,026</u> | <u>\$ 0</u> |
| Total | <u><u>\$985,255</u></u> | <u><u>\$478</u></u> | <u><u>\$985,733</u></u> | <u><u>\$2,206</u></u> |