



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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JOHN NAIMO
AUDITOR-CONTROLLER

December 22, 2014

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

FROM: John Naimo 
Auditor-Controller

SUBJECT: FEDERAL DEPARTMENT OF HOMELAND SECURITY GRANT SUB-RECIPIENT MONITORING FOR FISCAL YEAR 2012-13

The Chief Executive Office's (CEO) County Disaster Administrative Team (CDAT) received approximately \$24.4 million in grants from the federal Department of Homeland Security for Fiscal Year (FY) 2012-13. The grants were received through the California Emergency Management Agency (CalEMA). CDAT allocated the grant funds to the 51 sub-recipients, including County departments, the County Office of Emergency Management (OEM), and independent cities in Los Angeles County (County). OEM is a separate unit in the CEO that uses grant funds allocated by CDAT for Countywide disaster planning, training, and operations. CDAT is also responsible for monitoring the sub-recipients to ensure they comply with applicable grant requirements.

At CDAT's request, we contracted with an independent Certified Public Accounting firm, Vasquez & Company (Vasquez), to conduct financial compliance audits of the 51 sub-recipients that included reviewing a sample of transactions involving Grant Years 2009, 2010, 2011, and 2012. Vasquez's audit did not include reviewing CDAT directly or their monitoring efforts of sub-recipients.

Results of Review

Vasquez identified \$234,412 in questioned costs and other non-compliance issues. For example:

- Three sub-recipients did not provide supporting documentation for their grant expenditures, totaling \$211,911. Specifically, the City of Montebello and the City of San Marino did not have procurement documentation to support the equipment purchases totaling \$20,731 and \$165,447, respectively, and the City of Santa Monica did not provide documentation of three written price quotes for equipment purchased totaling \$25,733.
- Two sub-recipients were unable to locate equipment totaling \$14,198. Specifically, the City of San Gabriel and the City of San Marino could not locate equipment with a cost of \$9,752 and \$4,446, respectively. In addition, during the City of Montebello site visit, 12 (48%) of the 25 equipment items sampled were in use and were unavailable for inspection.
- The City of Long Beach did not provide documentation that they had obtained State approval as required before conducting the Environment, Historical Preservation/ National Environment Policy Act (EHP/NEPA) exercise totaling \$4,983.
- Two sub-recipients did not provide accounting records to support their grant expenditures. Specifically, the City of Montebello did not provide the expenditure detail report to support \$3,320 and the City of South Pasadena did not provide the expenditure detail report to support the equipment purchases.
- Thirteen sub-recipients did not maintain an inventory list for equipment purchased with grant funds in prior years. Specifically, the sub-recipients' equipment listings did not include all CalEMA-funded equipment purchased since the Program inception.
- Thirty-eight sub-recipients had a combined total of 82 internal control weaknesses. For example, 32 (84%) of the 38 sub-recipients did not maintain all required information in their inventory listings. These findings were noted in prior audits.
- Twenty-eight sub-recipients have not implemented 65 (54%) of the 121 recommendations that were made during the Grant Years 2005, 2006, and 2007 grant audits.

The CEO's attached response indicates that they obtained additional documentation from the five sub-recipients and resolved the \$234,412 in questioned costs. The response also indicates that they will continue to work with the sub-recipients in regards to equipment listing update, internal controls, and implementation of the prior year recommendations.

Review of Report

We discussed our report with CEO's CDAT. CDAT's response indicates that they agree with Vasquez's findings and recommendations and have already resolved a number of outstanding items. As indicated above, the CEO will work with the sub-recipients to ensure the weaknesses identified were resolved timely. Because of the number of sub-recipients, copies of the individual reports are not enclosed, but are available for your review upon request.

If you have any questions please call me, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:DC:EB:sk

Attachment

c: Sachi A. Hamai, Interim Chief Executive Officer
Public Information Office
Audit Committee

**California Emergency Management Agency
Sub-Recipient Monitoring/Financial Compliance Audit
Fiscal Year 2012-13**

#	Sub-Recipients	Amount of FY 12-13 Claims Audited	Number of Current Year Findings	Number of Unresolved Prior Year Findings	Number of Internal Control Weaknesses Identified	Findings						
						A	B	C	D	E	F	Total
1	American Red Cross	\$ 603,466	2	N/A	2							
2	Burbank Fire Department	55,000	0	N/A	0							
3	Burbank Police Department	33,481	2	1/2	1						(1)	
4	City of Alhambra	238,466	4	3/3	3					(1)		
5	City of Arcadia	102,942	1	1/5	1							
6	City of Azusa	249,151	1	1/2	1							
7	City of Baldwin Park	57,839	4	3/4	3					(1)		
8	City of Bell	23,800	2	N/A	2							
9	City of Beverly Hills	56,073	0	0/2	0							
10	City of Claremont	272,750	1	N/A	1							
11	City of Covina	325,353	4	0/3	3						(1)	
12	City of Culver City	189,265	2	2/4	2							
13	City of Downey	96,787	5	2/2	4					(1)		
14	City of El Monte	841,436	3	4/4	3							
15	City of Gardena	34,831	3	3/4	2					(1)		
16	City of Glendale	3,610,313	4	1/1	3						(1)	
17	City of Glendora	286,243	0	0/2	0							
18	City of Hawthorne	855,090	2	N/A	2							
19	City of Hermosa Beach	28,886	4	2/2	2					(1)	(1)	
20	City of Huntington Park	210,000	2	N/A	2							
21	City of Inglewood	192,572	2	0/2	1					(1)		
22	City of Irwindale	132,000	3	2/5	2					(1)		
23	City of La Habra Heights	28,886	0	N/A	0							
24	City of La Verne	56,543	3	1/4	3							
25	City of Long Beach	628,369	1	0/2	0			\$ 4,983				\$ 4,983

**California Emergency Management Agency
Sub-Recipient Monitoring/Financial Compliance Audit
Fiscal Year 2012-13**

26	City of Los Angeles	919,647	0	0/3	0							
27	City of Manhattan Beach	96,582	1	0/4	1							
28	City of Monrovia	269,301	2	1/2	1					(1)		
29	City of Montebello	26,787	8	4/6	4	\$ 20,731	(1)		\$ 3,320	(1)		24,051
30	City of Pasadena	982,912	3	2/3	3							
31	City of Redondo Beach	69,049	0	0/1	0							
32	City of San Gabriel	438,334	3	1/2	1		\$ 9,752			(1)		9,752
33	City of San Marino	184,182	7	4/4	4	165,447	\$ 4,446			(1)		169,893
34	City of Santa Fe Springs	823,395	1	1/1	1							
35	City of Santa Monica	25,733	4	N/A	3	25,733						25,733
36	City of Signal Hill	58,485	3	N/A	3							
37	City of South Gate	374,477	3	5/5	3							
38	City of South Pasadena	144,751	4	2/4	2				(1)		(1)	
39	City of Torrance	37,302	1	1/1	1							
40	City of Vernon	28,305	0	0/2	0							
41	City of West Covina	138,295	5	5/5	4					(1)		
42	City of Whittier	98,833	0	0/1	0							
43	County Coroner	132,833	2	3/3	2							
44	County Department of Health Services	1,463,456	0	0/1	0							
45	County Department of Mental Health	199,996	1	1/1	1							
46	County Department of Public Health	59,868	0	N/A	0							
47	County District Attorney	98,466	0	N/A	0							
48	County Fire Department	1,825,838	2	5/9	2							
49	County Office of Emergency Management	1,135,868	2	2/4	1					(1)		
50	County Sheriff's Department	4,808,512	2	2/6	2							
51	Los Angeles Regional Interoperable Communications System	704,475	0	N/A	0							
TOTAL		\$ 24,355,224	109	65/121	82	\$ 211,911	\$ 14,198	\$ 4,983	\$ 3,320			\$ 234,412

Code Summary

- A Did not provide documentation to support procurement requirements were followed.
- B Unable to locate equipment items purchased with grant funds.
- C Did not obtain prior approval from the State.
- D Did not provide accounting records to support grant expenditures.
- E Did not maintain an equipment inventory list for equipment items purchased in prior years.
- F Unable to identify equipment sampled because either there was no serial or tag number on the equipment or the identifying number on the equipment did not match the equipment listing.

Footnotes

- (1) Monitor was unable to determine the dollar value of one or more findings in this category.



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

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November 25, 2014

To: John Naimo
Auditor-Controller
Department of Auditor-Controller

From: William T Fujioka
Chief Executive Officer 

Subject: **RESPONSE TO FEDERAL DEPARTMENT OF HOMELAND SECURITY
GRANT SUB-RECIPIENT MONITORING FOR FISCAL YEAR 2012-2013**

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

The Chief Executive Office, County Disaster Administrative Team (CDAT) has reviewed the attached Federal Department of Homeland Security Grant Sub-Recipient Monitoring report and generally agrees with six of the seven findings and recommendations prepared by Vasquez & Company (Vasquez). Our responses below include brief narrative on progress we have made with closing out the findings resulting from the Vasquez review.

Responses to Review Summary

1. ***Three sub-recipients, the City of Montebello, the City of San Marino, and the City of Santa Monica did not provide supporting documentation for their grant expenditures, totaling \$211,911. Specifically, the City of Montebello and the City of San Marino did not have procurement documentation to support the equipment purchases with a cost of \$20,731 and \$165,447, respectively, and the City of Santa Monica purchased equipment with a cost of \$25,733 without an evidence of obtaining three written quotes as required.***

Response

Subsequent to Vasquez's review, CDAT staff obtained and verified the appropriate documentation to support the grant expenditures reviewed for the Cities of Montebello, San Marino, and Santa Monica. We have determined this finding is closed.

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- 2. Two sub-recipients were unable to locate equipment items totaling \$14,198. Specifically, the City of San Gabriel and the City of San Marino could not locate equipment with a cost of \$9,752 and \$4,446, respectively. In addition, during the City of Montebello site visit, 12 (48%) of 25 equipment sampled were in use and were unavailable for inspection.**

Response

Subsequent to Vasquez' site visit, the City of San Gabriel located the missing equipment items and provided pictorial documentation of the equipment and their locations to the auditors. We have determined this finding is now closed.

CDAT will work with the Cities of San Marino and Montebello to ensure they locate all of the Homeland Security Grant Funded equipment claimed in FY 2012-13.

- 3. City of Long Beach did not provide required documentation that they had obtained State approval before conduction Environment, Historical Preservation/National Environment Policy Act (EHP/NEPA) exercise with a cost of \$4,983.**

Response

The City of Long Beach submitted a request to FEMA for the required EHP/NEPA approval but did not receive it, as required by regulation, before its April 20, 2012 exercise date. FEMA ultimately granted the EHP/NEPA approval for the exercise, though not until May 29, 2010, and identified April 20, 2012 as the date of scheduled event. The City acknowledges its error, recognizes the need to receive State approval prior to scheduling an event, and will make every effort to do so in the future. In addition, CDAT will continue to emphasize to the sub-recipients the need to obtain prior approval in training workshops. We have determined this finding is now closed.

- 4. Two sub-recipients did not provide accounting records to support their grant expenditures. Specifically, the City of Montebello did not provide the expenditure detail report to show how backfill expenditures for \$3,320 were recorded, and the City of South Pasadena did not provide invoices and cancelled checks to support \$76,690 in equipment purchases.**

Response

Our office was able to obtain the expenditure detail information to support the City of Montebello's backfill expenditures in the amount of \$3,320. We have determined that the finding is now closed.

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In addition, our office determined that the finding regarding the City of South Pasadena's equipment purchase was inadvertently reported. Upon our review of the Vasquez' work papers, we noted that the invoice and canceled check for the equipment purchase in the amount of \$76,690 was provided to the auditor's at the time of their field work. Therefore, we have determined that the necessary documentation was provided and no finding or further action is warranted.

- 5. Thirteen sub-recipients did not maintain an inventory list for equipment purchased with grant funds in prior years. Specifically, the sub-recipients' equipment listings did not include all CalEMA-funded equipment purchased since the Program inception.**

Response

CDAT will coordinate an effort to update the inventory listings of all sub-recipients that have purchased equipment through the Homeland Security Grant Program. Our office will then ensure each sub-recipient receives those equipment inventory listings so they can verify the status and update their equipment inventory lists by grant year.

- 6. Thirty-eight sub-recipients had a combined total of 82 internal control weaknesses. For example, thirty-two (84%) of the 38 sub-recipients did not maintain all required information in their inventory listings. These findings were noted in the prior findings.**
- 7. Twenty-eight sub-recipients have not implemented 65 (54%) of the 121 recommendations that were made during the Grant Years 2005, 2006 and 2007 grant audits.**

Response (#'s 6 and 7)

CDAT will work with the sub-recipients to address these internal control weaknesses and attempt to close out these findings as soon as possible.

We would like to thank Vasquez & Company and the Countywide Contract Monitoring Division for their assistance in conducting this review. If you have any questions or require additional information, please contact Al Shaw of my staff at (213) 974-7315 or ashaw@ceo.lacounty.gov

WTF:NH
AS:tlh

Attachment

c: Don Chadwick, Auditor-Controller
Elaine Boyd, Auditor-Controller
Allen Khozahi, Auditor-Controller