

LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
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Deputy Legislative Auditors:
Cindy Jorgenson
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MEMORANDUM

TO: Angus Maciver, Legislative Auditor
FROM: Kelly Zwang, CPA, Financial-Compliance Senior Auditor
DATE: January 2020
RE: Follow-up on Department of Military Affairs documents

I reviewed the documents the Disaster and Emergency Services Division Administrator, provided to some committee members during the Department of Military Affairs hearing on October 30, 2019. The documents included a monitoring tool used by FEMA to complete a site visit on August 20, 2019, and a letter with the results of the review. Also included is a grant reimbursement example for each of the Emergency Management Performance Grant (EMPG), Homeland Security Grant (HSGP), and Hazard Mitigation Grant (HMGP) programs.

As part of following-up on prior audit recommendations, we review any response or correspondence from the federal awarding agency, including results of site visits as shown in the provided documents. Additionally, when there is a disconnect between our recommendations and what the federal awarding agency has determined, we contact the federal awarding agency directly for more information on their position. We consider this information when determining the implementation status of the recommendation. Because this desk review was performed subsequent to the completion of our audit work, we will consider it as part of our next audit. However, I performed a limited review of the documents in order to provide some context for you to consider.

Based on the grant numbers on the first page of the FEMA document, the review did not cover any EMPG awards. As noted in our audit, EMPG awards accounted for 11 of the 16 reimbursements where at least a portion of the expenditures were unallowable under the grant award due to inadequate documentation. The document does not include information on what expenditures were tested as part of the review.

Based on review of the included reimbursements, we have questions about the allowability of the underlying expenditures that would require further follow-up with the department. This follow-up could resolve these questions, or like the sample items noted in the report, could result in questioned costs.

For example, in the HMGP (Hazard Mitigation) reimbursement, more than half of the reimbursement cost was for an easement purchase of \$95,800. The supporting documentation for this purchase was an unsigned easement contract. There was also a note from the department indicating they requested and were provided additional documentation for this item. If we were testing this reimbursement, we would ask the department for this additional documentation. The rest of the reimbursement amount appears to be supported by invoices.

The EMPG example included documents beyond what was provided in our testing. For instance, pages 35 through 40 of the document are copies of in person monitoring tools used by the department for other counties. Pages 42 through 51 is an example of the award documents between the department and the subrecipient. While the documents included were not for the award being reimbursed, we would have looked at the awarding documents applicable to the reimbursement as part of determining whether the expenditures are allowable under the grant. The remaining reimbursement documentation, pages 1-34, was typical of the EMPG reimbursements we reviewed during the audit that would have been considered errors. This is because the dollar amount of the salaries and fringe benefits included in the county's general ledger do not match the dollar amount claimed (and ultimately paid) on the reimbursement. There is also no information about whose personal services are being claimed on the reimbursement in order to determine if they are allowable under the scope of the grant. Additionally, there are no invoices or receipts for the approximately \$2,500 of non-personal services expenditures claimed on the reimbursement. Finally, included in the support is a general ledger that was dated after the reimbursement was approved and paid by the department.

While the department indicated in their presentation they did not know what success looks like for these reimbursements, we reviewed a sample of 46 and took issue with only 16 of them; meaning the remaining reimbursements we reviewed were sufficient. The department can look to these reimbursements to determine what type of documentation passes our audit tests.