



SAN LUIS OBISPO COUNTY
DEPARTMENT OF PUBLIC WORKS

Paavo Ogren, Director

County Government Center, Room 206 • San Luis Obispo, CA 93408 • (805) 781-5252

Fax (805) 781-1229

email address: pwd@co.slo.ca.us

March 18, 2014

MEMORANDUM

TO: James P. Erb, CPA, Auditor-Controller-Treasurer-Tax Collector

FROM: Will Clemens, Department Administrator *WC*

VIA: Paavo Ogren, Director of Public Works *PO*

SUBJECT: San Luis Obispo County Public Works Department - Response to Los Osos Water Conservation Rebate Program Compliance Audit

We would like to thank you and your staff for completing this audit at the request of County Counsel, Public Works, and the Administrative Office in response to a concern we uncovered in the course of managing this program. While the audit only identified questions relating to 3% of the tested rebates, we expect that following your recommendations will improve this even further. Since this is a new program and one unlike any other that we have implemented previously, we expected that recommendations for process improvements would be made, and we plan to implement suggested improvements to the maximum extent practical. We especially appreciate the professionalism of your staff and your leadership on this effort.

Overall, we agree that Public Works needs to do a better job of maintaining the program database as well as documenting the rationale for decisions that may on the surface seem inconsistent with program requirements. We also found that Public Works produced rebate forms that were not consistent with the forms adopted by the Board of Supervisors, and this caused confusion as to what documentation was required to be submitted. We also agree with your recommendations and will follow up as indicated.

As requested, we will respond to the specific findings and recommendations below.

FINDINGS & RECOMMENDATIONS

Recommendation 1:

We recommend that all Pre-Inspection Water Conservation forms be reviewed by a second staff person, and that a sample of data entered into the PW database be reviewed on a routine basis for accuracy and completeness.

Reply:

Public Works agrees with this recommendation and has already implemented the changes.

Recommendation 2:

We recommend that all rebate applications be carefully reviewed for both accuracy and eligibility. When rebates are approved that vary from available data (Pre-inspection or Title 8 forms), we recommend that sufficient explanation is documented to justify the variance. We also recommend Public Works suspend any plumbing contractors that they believe displayed gross negligence in submitting rebate applications from participation in the program.

Reply:

Public Works agrees with this recommendation. Variances from supporting documents will be investigated and the reason for the variance will be adequately documented. Public Works will work with County Counsel to consider suspending any plumbing contractors that display gross negligence in submitting rebate applications.

Recommendation 3:

We recommend Public Works review the rebate application instructions and align the requirements with those approved by the Board of Supervisors on October 23, 2012 or enforce the qualifications outlined in the instructions.

Reply:

Public Works agrees with this recommendation. It was never the intent for plumbers to provide supporting documentation. The purpose of the programs is to install as many water conservation fixtures as possible. Public Works has changed the instructions to comply with the procedures and goals approved by the Board of Supervisors.

Recommendation 4:

In instances where rebate applications differ from supporting documentation (Pre-inspections or Title 8 forms), Public Works should verify the accuracy of the application prior to approving the rebate.

Any rebates identified in our test work as questionable, and subsequently verified by Public Works as ineligible, should be refunded.

Reply:

Public Works agrees with the recommendation. In instances where rebate applications differ from supporting documentation (Pre-inspections or Title 8 forms), Public Works will verify the reasons for the difference and, if approved, clearly document why the rebate was approved. Public Works will work with the plumbers to substantiate the questionable rebates identified by the audit, and any rebates deemed ineligible will be requested to be refunded.

Moving forward, Public Works will require plumbers to provide better justification for replacing fixtures that might be questionable and documenting the rationale for decisions to rebate those fixtures. However, implementation of the program in a cost-effective manner relies on the professional determination and certification of the licensed plumbers performing the work. Public Works originally proposed a program that budgeted significantly more staff time for inspections. However, in response to public comment that too much money was going to be spent on staff time, that budget was reduced and the trade off was that licensed plumbers would certify the work in accordance with the program.

File: CF 310.86.02 LOWWP – Water Conservation Rebate Program Compliance Audit

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