



Why This Matters

The Federal Emergency Management Agency (FEMA) provides public assistance to state, tribal, and local government, and certain types of private nonprofit organizations so that communities can quickly respond to and recover from major disasters or emergencies declared by the President. We perform audits of FEMA grantees and subgrantees to determine whether cost claimed under the awards are eligible and allowable under Federal regulations and FEMA guidelines. The Orlando Utilities Commission, Florida (Utility), received an award of \$17.1 million for damages resulting from Hurricane Charley that occurred in August 2004.

DHS Response

FEMA's written response is due within 90 days.

FEMA Should Recover \$4.1 Million of Public Assistance Grant Funds Awarded to Orlando Utilities Commission -- Hurricane Charley

What We Determined

FEMA should recover \$4,067,504 of grant funds awarded to the Utility. Although the Utility generally accounted for FEMA funds according to Federal regulations and FEMA guidelines, its claim included \$4,067,504 for contract work that did not meet Federal procurement requirements and FEMA guidelines. We also determined that the Florida Department of Emergency Management (State) and FEMA could have done a better job of reviewing the eligibility of costs claimed by the Utility during their closeout process.

What We Recommend

We recommend that the Regional Administrator, FEMA Region IV:

- (1) Disallow \$4,067,504 (Federal share \$3,660,754) of ineligible costs for contracts unless FEMA grants the Utility an exception for all or part of the costs as provided for in 44 CFR 13.6(c) and Section 705(c) of the *Robert T Stafford Disaster Relief and Emergency Assistance Act*, as amended, and determines the costs were reasonable;
- (2) Instruct the State to remind the Utility that it is required to comply with Federal procurement standards when acquiring goods and services under a FEMA award; and
- (3) Reemphasize to the State and FEMA Region IV Public Assistance personnel of the need to adequately review costs claimed by subgrantees for adherence to Federal regulations and FEMA guidelines.

For Further Information:

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