



Why This Matters

The Office of Inspector General (OIG) serves as an independent body to deter, identify, and address fraud, abuse, mismanagement, and waste in Department of Homeland Security (DHS) programs and operations. To this end, the OIG is responsible for conducting and supervising audits, investigations, and inspections relating to the programs and operations of the Department. The OIG examines, evaluates and, where necessary, critiques these operations and activities, recommending ways for the Department to carry out its responsibilities in the most effective, efficient, and economical manner possible.

DHS Response

Federal Emergency Management Agency (FEMA) officials told us that they will withhold comment on our findings until after issuance of our final report.

Hawaii State Civil Defense (SCD; grantee) and DDC officials partially concurred with our findings.

For Further Information:

Contact our Office of Public Affairs at (202)254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

FEMA Should Recover \$4.2 Million of Grant Funds Awarded to the Department of Design and Construction, Honolulu, Hawaii

What We Determined

We audited FEMA Public Assistance (PA) grant funds awarded to the Honolulu, Hawaii, Department of Design and Construction (DDC), for FEMA Disaster Number 1640-DR-HI.

Our audit objective was to determine whether DDC officials accounted for and expended FEMA PA grant funds according to Federal regulations and FEMA guidelines.

We determined that DDC officials did not account for or expend \$4,208,399, or 100 percent of costs they claimed for Project 104, according to Federal regulations and FEMA guidelines. They did not maintain sufficient documentation to support project costs, did not follow Federal procurement standards in awarding the contract for the work, and are not legally responsible for the work.

These findings occurred, in part, because (1) DDC officials did not have sufficient fiscal controls and accounting procedures in place, and (2) neither FEMA nor SCD (grantee) officials ensured that DDC officials complied with procurement regulations.

What We Recommend

We recommend that the Regional Administrator, FEMA Region IX: (1) disallow total contract costs of \$4,208,399 (Federal share \$3,156,299) under Project 104 as ineligible as a result of DDC's (a) insufficient documentation, unless DDC officials provide adequate documentation consistent with FEMA criteria to support the costs; (b) improper procurement, unless FEMA makes an affirmative decision that all or part of the contract costs are fair and reasonable and waives the Federal [44 CFR 13.6(c)] and State procurement requirements; and (c) lack of legal responsibility over the damaged site for which FEMA disbursed Federal funds, and thus lack of eligible applicant status; and (2) direct SCD to improve its procedures for managing Federal grants to ensure that subgrantees (a) maintain documentation to support how project costs relate to the FEMA-approved scope of work; (b) are aware of and follow Federal regulations, including those for Federal procurement standards; (c) are legally responsible for FEMA-approved projects, and thus are eligible applicants for FEMA disaster assistance; and (d) have sufficient fiscal controls and accounting procedures in place to account for costs separately on a project-by-project basis.

Within 90 days of the date of the grant audit report, Management should provide our office with a written response that includes their: (1) agreement or disagreement; (2) corrective action plan; and (3) target completion date for each recommendation.