

Department of Homeland Security **Office of Inspector General**

**The City of Raleigh, North Carolina, Properly
Accounted for and Expended FEMA Public Assistance
Grant Funds Awarded for April 2011 Disaster**





OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

FEB 11 2014

MEMORANDUM FOR: Major P. (Phil) May
Regional Administrator, Region IV
Federal Emergency Management Agency

FROM: John V. Kelly
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *The City of Raleigh, North Carolina, Properly Accounted for
and Expended FEMA Public Assistance Grant Funds
Awarded for April 2011 Disaster*
FEMA Disaster Number 1969-DR-NC
Audit Report Number OIG-14-34-D

We audited Public Assistance funds awarded to the City of Raleigh, North Carolina (City) (FIPS Code 183-55000-00). Our audit objective was to determine whether the City accounted for and expended Federal Emergency Management Agency (FEMA) grant funds according to Federal regulations and FEMA guidelines.

The City received a Public Assistance award of \$4.3 million from the North Carolina Emergency Management Agency (State), a FEMA grantee, for damages resulting from severe storms, tornadoes, and straight-line winds that occurred in April 2011. The award provided 75 percent FEMA funding for debris removal; emergency protective measures; and permanent repairs to buildings, utilities and other facilities. The award consisted of 14 large projects and 27 small projects.¹

We audited six large projects and four small projects with awards totaling \$2.5 million (see Exhibit, Schedule of Projects Audited). The audit covered the period from April 16, 2011, to January 7, 2014, during which the City claimed \$2.5 million of costs under the projects reviewed. At the time of our audit, the City had completed work on all projects included in our scope and had submitted final claims to the State for expenditures under those projects.

We conducted this performance audit between August 2013 and January 2014 pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the

¹ Federal regulations in effect at the time of disaster set the large project threshold at \$63,900.

OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objective. To conduct this audit, we applied the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.

We judgmentally selected and reviewed project costs (generally based on dollar value); interviewed City, State, and FEMA personnel; reviewed the City's procurement policies and procedures; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary to accomplish our audit objective. We did not assess the adequacy of the City's internal controls applicable to its grant activities because it was not necessary to accomplish our audit objective. However, we gained an understanding of the City's method of accounting for disaster-related costs and its policies and procedures for administering activities provided for under the FEMA award.

RESULTS OF AUDIT

For the projects we reviewed, the City properly accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOWUP

We discussed the audit results with City, State, and FEMA officials at an exit conference held on January 21, 2014. Because the audit did not identify issues requiring further action from FEMA, we consider this audit closed.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Major contributors to this report are David Kimble, Director; Adrienne Bryant, Audit Manager; Jerry Aubin, Auditor-in-charge; and Calbert Flowers, Auditor.

Please call me with any questions at (202) 254-4100, or your staff may contact David Kimble, Director, Eastern Regional Office, at (404) 832-6702.

OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Exhibit

Schedule of Projects Audited

Project Number	Project Scope	FEMA Category of Work	Amount Awarded
Large Projects:			
335	Debris Removal – Public Works Department	A	\$1,058,599
373	Debris Removal – Public Works Department	A	\$599,420
471	Emergency Protective Measures – Public Works Department	A	\$280,176
423	Debris Removal – Public Works Department	A	\$228,331
470	Debris Removal – Solid Waste Department	A	\$164,749
375	Emergency Protective Measures	B	\$114,811
Small Projects:			
413	Parks and Recreation	G	\$22,678
364	Buildings and Equipment	E	\$23,224
278	Buildings and Equipment	E	\$25,114
442	Buildings and Equipment	E	\$33,047
Total			\$2,550,149

OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix

Report Distribution

Department of Homeland Security

Secretary
Chief Financial Officer
Under Secretary for Management
Chief Privacy Officer
Audit Liaison, DHS

Federal Emergency Management Agency

Administrator
Chief of Staff
Chief Financial Officer
Chief Counsel
Director, Risk Management and Compliance
Audit Liaison, FEMA Region IV
Audit Liaison, FEMA (G-13-055-EMO-FEMA)

State

State Auditor, North Carolina
Executive Director, North Carolina Emergency Management Agency

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Sub grantee

Audit Liaison, City of Raleigh, North Carolina

Congress

Senate Committee on Appropriations, Subcommittee on Homeland Security
Senate Committee on Homeland Security and Governmental Affairs
House Committee on Appropriations, Subcommittee on Homeland Security
House Committee on Homeland Security
House Committee on Oversight and Government Reform
House Committee on Transportation and Infrastructure

ADDITIONAL INFORMATION

To view this and any of our other reports, please visit our website at: www.oig.dhs.gov.

For further information or questions, please contact Office of Inspector General (OIG) Office of Public Affairs at: DHS-OIG.OfficePublicAffairs@oig.dhs.gov, or follow us on Twitter at: [@dhsoig](https://twitter.com/dhsoig).”

OIG HOTLINE

To expedite the reporting of alleged fraud, waste, abuse or mismanagement, or any other kinds of criminal or noncriminal misconduct relative to Department of Homeland Security (DHS) programs and operations, please visit our website at www.oig.dhs.gov and click on the red tab titled "Hotline" to report. You will be directed to complete and submit an automated DHS OIG Investigative Referral Submission Form. Submission through our website ensures that your complaint will be promptly received and reviewed by DHS OIG.

Should you be unable to access our website, you may submit your complaint in writing to:

Department of Homeland Security
Office of Inspector General, Mail Stop 0305
Attention: Office of Investigations Hotline
245 Murray Drive, SW
Washington, DC 20528-0305

You may also call 1(800) 323-8603 or fax the complaint directly to us at (202) 254-4297.

The OIG seeks to protect the identity of each writer and caller.