



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 costs claimed under the awards are eligible and allowable under Federal regulations and FEMA guidelines. The Orlando Utilities Commission, Florida (Utility), received an award of \$3.4 million for damages resulting from Hurricane Jeanne that occurred in September 2004.

DHS Response

FEMA's written response is due within 90 days.

FEMA Should Recover \$615,613 of Public Assistance Grant Funds Awarded to Orlando Utilities Commission, Florida, under Hurricane Jeanne

What We Determined

The Utility's claim included \$615,613 for nonemergency contract work that did not meet Federal procurement requirements and FEMA guidelines. As a result, full and open competition did not occur and FEMA has no assurance that contract costs were reasonable or that minority firms, women's business enterprises, and labor surplus area firms had an opportunity to bid on the work. These conditions occurred because the Florida Division of Emergency Management (FDEM) did not fulfill its duty as the grantee to ensure that subgrantees were aware of and followed Federal regulations.

What We Recommend

We recommend that the Regional Administrator, FEMA Region IV:

- 1) Disallow \$615,613 (Federal share \$554,053) of ineligible contract costs the Utility claimed 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 FDEM to remind the Utility of the requirement to comply with Federal procurement standards when acquiring goods and services under a FEMA award.
- 3) Reemphasize to FDEM the requirement to adequately review costs subgrantees claim for adherence to Federal regulations and FEMA guidelines.

For Further Information:

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