

# Spotlight

Department of Homeland Security



## Office of Inspector General

March 2014 OIG-14-54-D

### Why This Matters

The Federal Emergency Management Agency (FEMA) provides public assistance to state, tribal, and local governments, 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 Borough of Beach Haven, New Jersey, (Borough) received a Public Assistance grant award of \$5.84 million for damages resulting from Hurricane Sandy in October 2013.

### DHS Response

FEMA's written response is due within 90 days.

## FEMA Should Recover \$3.7 Million in Unneeded Funds and Review the Eligibility of \$344,319 of \$5.84 Million in Public Assistance Grant Funds Awarded to the Borough of Beach Haven, New Jersey, for Hurricane Sandy Debris Removal Activities

### What We Determined

The Borough accounted for FEMA funds on a project-by-project basis as Federal regulations and FEMA guidelines require. Additionally, the Borough complied with applicable Federal procurement regulations for contracts (time-and-material) it awarded for debris removal activities. However, we identified: (1) \$3,688,066 of unneeded funding; (2) \$651,592 of cash advanced under the project that the Borough can return to the New Jersey Office of Emergency Management (State) because final project costs are less than the amount advanced; and (3) \$344,319 of debris removal costs that were either not supported by adequate documentation or not eligible under the Public Assistance program.

### What We Recommend

We recommend that the Director, FEMA New Jersey Sandy Recovery Office:

1. Deobligate \$3,688,066 of unneeded project funding.
2. Instruct the State to recover \$651,592 of excess funds advanced under the project.
3. Disallow \$321,229 of unsupported costs unless the Borough provides additional documentation to adequately support these costs.
4. Disallow \$17,277 as ineligible for unapplied credits the Borough received from the sale of disaster-related scrap metal.
5. Disallow \$5,863 of ineligible and duplicate costs.

### For Further Information:

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