

**The City of Rocky Mount, North
Carolina, Effectively Managed
FEMA Public Assistance Grant
Funds Awarded for Hurricane
Irene Damages**





DHS OIG HIGHLIGHTS

The City of Rocky Mount, North Carolina, Effectively Managed FEMA Public Assistance Grant Funds Awarded for Hurricane Irene Damages

June 12, 2015

Why We Did This

The City of Rocky Mount, North Carolina (City), received a Public Assistance award of \$5.4 million from the North Carolina Division of Emergency Management, a Federal Emergency Management Agency (FEMA) grantee, for damages resulting from Hurricane Irene in August 2011. We audited projects totaling \$5.3 million to determine whether the City accounted for and expended FEMA funds according to Federal requirements.

What We Recommend

The report contains no recommendations.

For Further Information:

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

What We Found

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

FEMA Response

Because the audit did not identify any issues requiring further action from FEMA, we consider this audit closed.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security
Washington, DC 20528

June 12, 2015

MEMORANDUM FOR: Gracia Szczech
Regional Administrator, Region IV
Federal Emergency Management Agency

John V. Kelly

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

SUBJECT: *The City of Rocky Mount, North Carolina, Effectively
Managed FEMA Public Assistance Grant Funds
Awarded for Hurricane Irene Damages
Audit Report Number OIG-15-103-D*

We audited Public Assistance funds awarded to the City of Rocky Mount, North Carolina (City). The City received a Public Assistance award of \$5.4 million (net of insurance) from the North Carolina Division of Emergency Management (North Carolina), a Federal Emergency Management Agency (FEMA) grantee, for 2011 Hurricane Irene damages. The award provided 75 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to roads and other facilities. We audited six projects totaling \$5.3 million (net of insurance) (see appendix A). At the time of our audit, the City had completed all work on all projects in our audit scope and had submitted final expenditure claims to North Carolina for those projects.

Results of Audit

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

Discussion with Management and Audit Follow-up

We discussed the results of our audit with City, North Carolina, and FEMA officials during our audit. We also provided a draft report in advance to these officials and discussed it at the exit conference on March 26, 2015. Because the audit did not identify any issues requiring further action from FEMA, we consider this audit closed.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Major contributors to this report are David Kimble, Director; Adrienne Bryant, Audit Manager; and Angelica Esquerdo, Auditor-in-Charge.

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



Appendix A

Objective, Scope, and Methodology

We conducted this audit between September 2014 and March 2015 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 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 audited Public Assistance funds awarded to the City, FIPS Code 127-57500-00. Our audit objective was to determine whether the City accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines for FEMA Disaster Number 4019-DR-NC. The City received a Public Assistance award of \$5.4 million (net of insurance) from North Carolina, a FEMA grantee, for damages resulting from Hurricane Irene in August 2011. The award consisted of 3 large projects and 32 small projects.¹

We audited three large and three small projects totaling \$5.3 million (net of insurance—see table 1), for which the City claimed \$5.3 million. The audit covered the period August 25, 2011, to September 22, 2014.

We interviewed City, North Carolina, and FEMA personnel; gained an understanding of the City's method of accounting for disaster-related costs and its procurement policies and procedures; judgmentally selected and reviewed (generally based on dollar amounts) project costs and procurement transactions for the projects in our audit scope; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary under the circumstances to accomplish our audit objective. As part of our standard audit procedures, we also notified the Recovery Accountability and Transparency Board of all contracts the City awarded under the grant to determine whether the contractors were debarred or whether there were any indications of other issues related to them that would indicate fraud, waste, or abuse. As of the date of this report, the Recovery Accountability and Transparency Board's analysis of contracts was ongoing. When it is complete, we will review the results and determined whether additional action is necessary.

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



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Appendix A (continued)

We did not perform a detailed assessment of the City’s internal controls applicable to its grant activities because it was not necessary to accomplish our audit objective.

Table 1: Schedule of Projects Audited

Project Number	FEMA Category of Work²	Amount Awarded (Net of Insurance)	Amount Claimed
Large Projects:			
47	A	\$ 3,938,239	\$ 3,938,239
52	B	76,147	76,147
749	F	1,184,906	1,184,906
Subtotal		\$ 5,199,292	\$ 5,199,292
Small Projects:			
1927	B	36,009	36,009
1675	A	29,637	29,637
698	G	21,217	21,217
Subtotal		\$ 86,863	\$ 86,863
Total		\$5,286,155	\$5,286,155

Source: FEMA Project Worksheets, City Records, and Office of Inspector General Analysis.

² FEMA classifies disaster-related work by type: debris removal (Category A), emergency protective measures (Category B), and permanent work (Categories C through G).



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Appendix B

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