OFFICE OF INSPECTOR GENERAL

Ocean County, New Jersey, Generally Accounted for and Expended FEMA Public Assistance Funds Properly

Homeland Security

August 12, 2016

OIG-16-117-D

DHS OIG Highlights

Ocean County, New Jersey, Generally Accounted for and Expended FEMA Public Assistance Funds Properly

August 12, 2016

Why We Did This Audit

Ocean County, New Jersey (County) received a $105 million Public Assistance grant award from the New Jersey Office of Emergency Management (New Jersey), a Federal Emergency Management Agency (FEMA) grantee, for Hurricane Sandy damages in October 2012. Our audit objective was to determine whether the County accounted for and expended FEMA funds according to Federal requirements.

What We Recommend

FEMA should disallow $364,364 in unsupported costs. FEMA should also direct New Jersey to assist the County in properly supporting all costs it has claimed or plans to claim.

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

The County generally accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines. However, the County's claim included $277,005 in unsupported direct administrative costs and $87,359 in unsupported labor and equipment costs.

The County's $80 million debris removal project used two debris monitoring contractors and one debris-removal contractor to dispose of debris for the County and its 15 participating municipalities affected by Hurricane Sandy. Overall, 34 percent of the debris removal transactions we tested did not meet one or more FEMA standards or contractual requirements. However, the County's monitoring contractor mitigated the potential impact of noncompliance by reconciling debris removal invoices with load tickets to ensure the County paid the lowest rate, as appropriate, for noncompliant transactions. Despite the County's efforts of reconciling load tickets, the County fell short of ensuring it obtained the contractually required truck certifications and, therefore, needs New Jersey's assistance meeting the truck certification requirement.

These findings occurred primarily because of County officials' limited familiarity with Federal regulations and FEMA guidelines. However, New Jersey, as FEMA's grantee, is responsible for ensuring that its subgrantee is aware of and complies with these requirements, as well as for providing technical assistance and monitoring grant activities.

FEMA Response

FEMA officials agreed with our findings and recommendations. Appendix E includes FEMA's written response in its entirety.

OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

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

August 12, 2016

MEMORANDUM FOR: Jerome Hatfield
Regional Administrator, Region II
Federal Emergency Management Agency

Thomas M. Salmon

FROM: Thomas M. Salmon
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *Ocean County, New Jersey, Generally Accounted for and Expended FEMA Public Assistance Funds Properly*
Report Number OIG-16-117-D

We audited Public Assistance grant funds awarded to Ocean County, New Jersey (County), for damages from Hurricane Sandy, which occurred in October 2012. The County received a $105 million Public Assistance grant award from the New Jersey Office of Emergency Management (New Jersey), a Federal Emergency Management Agency (FEMA) grantee. The award provided 90 percent FEMA funding for debris removal and emergency protective measures. Our audit focused primarily on the County's debris removal activities under two large projects[1] totaling $80 million (see appendix B). As of August 25, 2015, the County had completed the work on the projects we audited but had not submitted a final claim to New Jersey for all project expenditures.

Background

Ocean County is the second largest county in New Jersey, with a population of about 583,000. The County spans 638 square miles and contains pine barrens, barrier islands, and a 45-mile Atlantic Ocean coastline. The County consists of 33 municipalities. Many of the communities are seasonal communities, with populations spiking during the summer vacation months. During Hurricane Sandy, most of the County experienced severe storm surge, flooding, structural damages, loss of power to homes and businesses, and roads blocked by debris.

Because of the County's unique composition of small communities with seasonal fluctuations in population, many of its municipalities lacked the resources to remove storm debris. As a result, the County initiated a "Shared Services Agreement" to manage and fund the debris removal for any municipality wishing to participate.

[1] Federal regulations in effect at the time of Hurricane Sandy set the large project threshold at $67,500. [Notice of Adjustment of Disaster Grant Amounts, 77 Fed. Reg. 61,423 (Oct. 9, 2012)]

All 33 municipalities were eligible to participate in the Shared Services Agreement, but only 15 of the municipalities, plus the County chose to do so. The County divided debris removal operations into two large projects: Project 2337 for contracted debris removal and monitoring ($79,903,208) and Project 5102 for "force account" debris removal work ($92,314).[2] The County employed two debris monitoring contractors. Debris monitoring contractor A worked directly for the County, while debris monitoring contractor B worked directly for the Borough of Lavallette (Borough). Estimated costs for the projects totaled $80 million. The last municipality participating in the Shared Services Agreement completed debris removal on April 30, 2013.

The County's debris removal contractor removed debris in all 16 locations that participated in the Shared Services Agreement (see table 1). The debris removal contractor invoiced the County based on the type of debris it removed and the distance it hauled the debris. The debris removal contractor charged to haul debris in 15-mile increments. The County awarded two debris monitoring contracts totaling $5.8 million (see table 2).

The Borough, a participant in the Shared Services Agreement, began debris removal operations immediately after Hurricane Sandy, before Ocean County offered its municipalities the option to participate in the Shared Services Agreement. The Borough opted to join the Shared Services Agreement and the County allowed the Borough to continue using its debris monitoring contractor to oversee its load ticket transactions. The Borough approved invoices for removing debris, and the County paid the invoices.

The Borough oversaw 7,212 load ticket transactions related to $8.7 million in debris removal costs. Debris monitoring contractor B oversaw the Borough's load ticket transactions and reconciled the debris removal contractor invoices. Unfortunately, the Borough's load ticket transactions were not available for our review until the end of our fieldwork. Therefore, we omitted the $8.7 million from the scope of this audit and will review Borough of Lavallette's load ticket transactions in a separate audit.

[2] "Force account" is the term FEMA uses to identify work an entity performs with its own employees, equipment, and/or materials rather than work that a contractor performs.

Table 1: Mileage from Municipality Center to Ocean County Landfill

Participant	Town Size (in square miles)	Distance to Ocean County Landfill (in miles)
Township of Lakewood	25	6
Township of Barnegat	41	23
Borough of Beach Haven	2.3	40
Township of Berkeley	56	14
Township of Jackson	100	9
Borough of Lavallette	0.95	16
Township of Long Beach	22	35
Township of Manchester	83	10
Borough of Mantoloking	0.64	12
Township of Ocean	32	23
Borough of Seaside Heights	0.75	14
Borough of Seaside Park	0.77	15
Township of Stafford	55	28
Township of Toms River	137	7.5
Borough of Ship Bottom	1	33
County of Ocean	638	7.5

Source: Office of Inspector General (OIG) analyses

Table 2: Debris Monitoring Contracts

Debris-Monitor	Location	Amount Paid
Contractor A	Ocean County	$ 5,215,318
Contractor B	Borough of Lavallette	566,268
Total		**$5,781,586**

Source: NJEMGrants, County documentation, and OIG analyses

Figure 1: Damaged Mantoloking Bridge

Source: Ocean County

Results of Audit

The County generally accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines. However, the County's claim included $277,005 in unsupported direct administrative costs and $87,359 in unsupported force account labor and equipment costs.

For the $80 million debris removal project, the County used two debris monitoring contractors and one debris-removal contractor to dispose of debris for the County and its 15 participating municipalities. We reviewed a statistically valid sample of debris load ticket transactions and associated truck certifications for debris removal the County's contractor performed. Overall, 205, or 34 percent, of the 600 debris removal transactions we tested did not meet one or more FEMA standards or contractual requirements. However, the County's monitoring contractor mitigated the potential impact of noncompliance by reconciling debris removal invoices to load tickets to ensure the County paid the lowest rate, as appropriate, for noncompliant transactions. Despite the County's efforts of reconciling load tickets, the County fell short of ensuring it obtained the contractually required truck certifications and, therefore, needs New Jersey's assistance meeting the truck certification requirement.

We are not using our test results to infer how much of the $80 million the County needs New Jersey's help with in obtaining contractually required truck certifications. However, FEMA, New Jersey, and the County need to recognize the significance of that deficiency and obtain reasonable assurance of the capacity of vehicles used to haul debris. Although we are not questioning costs

associated with the County's load ticket transactions, we are questioning $364,364 as unsupported debris removal costs consisting of—

- $277,005 for direct administrative costs the County did not track to specific projects,
- $47,560 for force account labor costs the County did not identify as disaster specific, and
- $39,799 for force account equipment costs the County did not identify as disaster specific.

We also identified $926,631 in costs for eligible emergency protective services that FEMA omitted when obligating funds for Project 5071. Therefore, FEMA should review these costs and determine the correct amount for obligation.

These findings occurred primarily because of County officials' limited familiarity with Federal regulations and FEMA guidelines. However, New Jersey, as FEMA's grantee, is responsible for ensuring that its subgrantee is aware of and complies with these requirements, as well as for providing technical assistance and monitoring grant activities.

Finding A: Monitoring of Debris Removal Project 2337

For the $80 million debris removal project, the County used two debris monitoring contractors and one debris-removal contractor to dispose of debris for the County and its 15 participating municipalities. We reviewed a random statistical sample of 600 debris removal transactions (supported by load tickets and their corresponding truck certifications) from a total of 81,943 transactions.[3] Of the 600 transactions we tested, 205, or 34 percent, did not meet FEMA standards or contractual requirements. The 205 anomalies included 111 errors on load tickets plus 105 errors on truck certifications less 11 anomalies that fit both categories. Table 3 shows the results of our review of load tickets transactions for Project 2337.

[3] Appendix D provides an example of a load ticket and a truck certification.

Table 3: Load Ticket Transaction Results

Results		Inferred Range of Errors[4]
Load tickets not meeting standards (see appendix C, table 8)	111	12,685—17,888
Truck certifications not meeting standards (see appendix C, table 9)	105	11,923—17,020
Transactions not meeting standards for both categories	-11	
Total Questioned Load Tickets	**205**	

Source: OIG analysis of tested load ticket transactions

Errors on Load Tickets

Of the 600 load tickets we tested, 111, or 18.5 percent, did not meet FEMA standards. Debris monitors track the amount and location of debris on forms referred to as load tickets. Each load ticket is essentially a 'blank check,' which the debris removal contractor uses to compile and invoice the County for work completed. According to the FEMA *Debris Management Guide* (FEMA 325, July 2007, p. 110), debris monitors are responsible for completing specific areas of the load ticket. For example, monitors must enter the address or global positioning system coordinates of where debris was physically loaded.

On some of the tickets we examined, the required information was missing or ambiguous, and we were unable to determine an accurate debris collection location. The major reason we questioned the missing or incomplete load ticket locations was because location was one of the many factors the debris removal contractor used to charge Ocean County for hauling debris. The County and the 15 municipalities that participated in the Ocean County Shared Services Agreement are scattered all over the 638 square miles of Ocean County (see figure 2). The debris removal contractor moved debris to and from temporary debris management areas, and to the Ocean County Landfill in Manchester, New Jersey, for final disposition. The distance to the temporary debris management areas and the Ocean County Landfill varied depending on the municipality (see table 1). The fact that the Shared Services Agreement covered many municipalities made complete and accurate locations on the load tickets even more important.

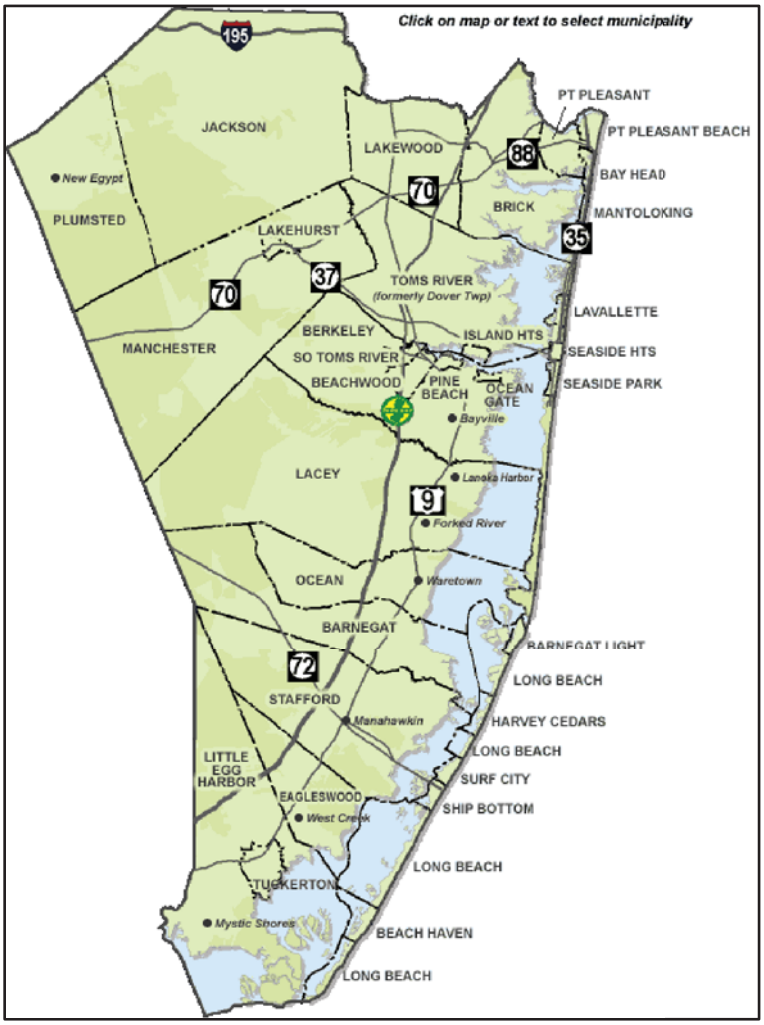
[4] The inferred range of errors is representative of the total universe of 81,943 load ticket transactions.

Furthermore, the load tickets with missing or ambiguous locations made it impossible for the team to identify the actual origin of the loads. Specifically, we could not determine—

- from what town the debris was loaded,
- the length of the street/road, or
- the specific location on the street/road the debris removal contractor loaded the debris.

Consequently, we could not determine the number of miles the debris removal contractor hauled the debris. However, the County's debris monitoring contractor mitigated the effect of this noncompliance by reconciling the debris removal invoices to the load tickets to ensure the County claimed the lowest contracted price, as appropriate, for noncompliant load tickets.

Figure 2: Map of Ocean County, New Jersey



Source: Ocean County Department of Planning Website

Errors on Truck Certifications

From the corresponding truck certifications we tested, 105, or 17.5 percent of the 600, did not meet contract standards. Specifically, the debris removal contract required the contractor to provide detailed truck capacity measurements to the State or its designated agent. The contract required the debris removal contractor to certify the internal measurement of the truck, in cubic yards, and for the State to certify that measurement. The contract also required equipment designated to transport debris to display two signs, one attached to each side of the vehicle, displaying the cubic-yard capacity and tare (empty) weight.

We followed up with the County and its debris monitoring contractor about the types of trucks the debris removal contractor used to remove debris. Both the County and the debris monitoring contractor told us that the vehicles used to remove debris were "specialty vehicles" that were fully capable of hauling the quantity and different types of debris the monitors annotated on the load tickets. For example, when the debris removal contractor removed debris from rights of way, they used grapple trucks. The grapple trucks picked up the debris and placed it either in the beds of the trucks or into trailers behind the trucks. Both the trucks and trailers were required to have side-walls and the ability to cover the loads. For the sand operation, the debris removal contractor used "sand dump trucks" to haul debris. These trucks have specialized tires to drive on sand. Additionally, the haul-out vehicles were 18-wheel semi-trucks with end dump trailers. Finally, the debris monitoring contractor assured us that the debris removal contractor did not use any pickup trucks to remove debris in Ocean County.

We are not using our test results to infer how much of the $80 million in debris removal costs the County needs New Jersey's help with in obtaining contractually required truck certifications. However, FEMA, New Jersey, and the County should work together to obtain reasonable assurance of the capacity of vehicles used to haul debris.

Finding B: Unsupported Costs (Projects 2337 and 5102)

The County did not provide adequate documentation to support $364,364 of disaster costs for Projects 2337 and 5102. As a result, FEMA has no assurance that the costs were eligible and valid. According to 44 Code of Federal Regulations (CFR) 13.20(b)(2) and (6), subgrantees must maintain accounting records that adequately identify the source and application of Federal funds and maintain source documentation to support those accounting records. Further, Federal cost principles at 2 CFR 225, appendix A, C.1.j., require grant fund recipients to provide adequate documentation for those costs to be allowable. Table 4 summarizes the costs we question for the two large projects we reviewed.

Table 4: Unsupported Debris Removal Costs

Type of Costs	Amount	Questioned Amount
Project 2337 Contract Costs		
Debris removal	$73,380,425	$ 0
Monitoring	5,781,614	0
Other contracts	200,542	0
Direct Admin. Costs	272,050	$ 272,050
Subtotal	$79,634,631	$ 272,050
Project 5102 Force Account Costs		
Labor	$47,560	$ 47,560
Equipment	39,799	39,799
Direct Admin. Costs	4,955	4,955
Subtotal	$92,314	$ 92,314
Totals	**$79,726,945**	**$364,364**

Source: NJEMGrants, Emergency Management Mission Integrated Environment (EMMIE), County project documentation, and OIG analyses

Unsupported Direct Administrative Costs

The County could not support any of the $277,005 of direct administrative costs for Projects 2337 and 5102 because it commingled these costs among all of its projects. These costs represent 100 percent of the direct administrative costs we reviewed in our scope (see appendix B). FEMA *Disaster Assistance Policy* (DAP9525.9, March 2008, p. 6) requires that "direct administrative costs include costs that can be tracked, charged, and accounted for directly to a specific project." County officials explained that they intend to address the commingled expenses during the project close out process with FEMA and New Jersey. Regardless, we were unable to track administrative costs to specific projects and, therefore, question $277,005 as unsupported.

Unsupported Force Account Labor Costs

The County could not adequately support any of the $47,560 of force account labor costs claimed under Project 5102 with work activity logs. According to 44 CFR 206.223(a)(1), to be eligible for financial assistance, an item of work must be "required as a result of the major disaster." Therefore, the subgrantee must substantiate that its claimed costs directly relate to the disaster. The subgrantee must also establish a clear relationship between claimed costs and the scope of work recorded on a project worksheet prepared according to the requirements of 44 CFR 206.202(d).

The County provided summary forms that identified each employee, total labor hours claimed, and total labor costs. Although the County provided timesheets, we could not determine whether the work employees performed related to the

disaster because the County did not provide work activity logs to support its claim. As a result, we could not validate the eligibility of the labor costs the County claimed to the project.

County officials said that they did not compile work activity logs because their employees were preoccupied with conducting the emergency work at hand in the wake of Sandy. We attributed the lack of activity logs to the County not having a standardized policy or procedure in place to document adequately disaster-related labor costs.

Unsupported Force Account Equipment Costs

The County could not support any of the $39,799 of force account equipment costs under Project 5102 with equipment usage logs. County records did not show how the equipment usage related to disaster work. FEMA *Debris Management Guide* (FEMA 325, July 2007, p. 14) requires applicants to maintain source documentation such as timesheets, work logs, and equipment-use sheets that show the work related to the disaster. Because the County did not provide evidence that it used the equipment for disaster-related work, we could not validate the eligibility of the equipment costs the County claimed to the project. We attributed the lack of equipment usage logs to the County not having a standardized policy or procedure in place to document adequately disaster-related equipment costs.

Finding C: Grant Management

New Jersey should have done more as FEMA's grantee to ensure the County was aware of and complied with Federal regulations. In its FEMA-State Agreement, New Jersey agreed to "comply with the requirements of laws and regulations found in the Stafford Act and 44 CFR." Further, Federal regulations at 44 CFR 13.37(a)(2) and 13.40(a) require grantees to (1) ensure that subgrantees are aware of Federal regulations, (2) manage the operations of subgrant activity, and (3) monitor subgrant activity to ensure compliance. It was New Jersey's responsibility to ensure the County complied with applicable Federal regulations and FEMA guidelines. It is FEMA's responsibility to hold New Jersey accountable for proper grant administration. New Jersey's lack of subgrantee oversight may be a contributing factor to the County's lack of controls over its debris removal expenses. Consequently, FEMA has no assurance that the costs are valid or allowable.

Other Matters

We identified $926,631 of disaster-related expenses the County incurred that FEMA did not properly obligate to Project 5071 for emergency protective measures (Category B work). As a result, the County may not receive all funds

eligible under the grant to which it is entitled. This occurred because of an error that a FEMA project specialist made when approving project activities.

The County originally estimated and submitted total project costs of $958,702 to New Jersey and FEMA for processing. In processing the County's project documentation, a FEMA project specialist split the activities into two separate projects to "optimize reimbursement" to the County. However, the project specialist obligated only $32,070 of the costs to one project (Project 5071) and did not develop or obligate the second project, leaving an unobligated balance of $926,631. We recommend that New Jersey and FEMA review the eligibility of the costs and obligate the appropriate amount of funding to the project so the County can receive FEMA reimbursement for all eligible project activities.

Recommendations

We recommend the Regional Administrator, FEMA Region II:

Recommendation 1: Direct New Jersey to work with the County to obtain missing or noncompliant truck certifications (finding A).

Recommendation 2: Disallow $277,005 (Federal share $249,305) of unsupported direct administrative costs that the County planned to claim unless the County provides supporting documentation sufficient to track the costs to specific projects (finding B).

Recommendation 3: Disallow $47,560 (Federal share $42,804) of unsupported force account labor costs that the County planned to claim unless the County provides evidence that the costs directly relate to the disaster (finding B).

Recommendation 4: Disallow $39,799 (Federal share $35,819) of unsupported force account equipment costs that the County planned to claim unless the County provides evidence that the costs directly relate to the disaster (finding B).

Recommendation 5: Direct New Jersey to provide additional technical assistance and verify that the County implements and adheres to Federal requirements to account for disaster-related expenses (finding C).

Recommendation 6: Review Project 5071 to ensure all eligible cost estimates for disaster-related repairs are included in total project costs (Other Matters).

Discussion with Management and Audit Follow-up

We discussed the results of our audit with the County, New Jersey, and FEMA officials during our audit. We also provided a draft report in advance to those officials and discussed it at exit conferences with FEMA on June 22, 2016, and with New Jersey and the County on June 28, 2016.

FEMA Region II officials provided a written response on July 20, 2016, agreeing with our findings and recommendations (see appendix E). The response indicated that FEMA expects to implement its proposed corrective actions to address all recommendations by October 31, 2016. Therefore, we consider all six recommendations contained in this report to be resolved, but open. We will evaluate for closure upon documentation that FEMA has implemented its proposed corrective actions. Please email closeout documentation and request to William.Johnson@oig.dhs.gov.

The Office of Emergency Management Oversight major contributors to this report are David Kimble, Director; William Johnson, Director; Anthony Colache, Audit Manager; Carlos Aviles, Audit Manager; Carolyn Berry, Auditor; Omar Russell, Auditor; and Mohammad Islam, Statistician.

Please call me with any questions at (202) 254-4100, or your staff may contact William Johnson, Director, Eastern Regional Office - North at (404) 832-6703.

Appendix A

Objective, Scope, and Methodology

We audited Public Assistance grant funds awarded to Ocean County, New Jersey (County), Public Assistance Identification Number 029-99029-00. Our audit objective was to determine whether the County accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines for Disaster Number 4086-DR-NJ. The County received a Public Assistance grant award of $105 million from the New Jersey Office of Emergency Management (New Jersey), a FEMA grantee, for damages resulting from Hurricane Sandy, which occurred in October 2012. The award provided 90 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to buildings and facilities. The award consisted of 24 large projects and 12 small projects.

We audited two large projects and three small projects with awards totaling approximately $80 million (see appendix B, table 6). The audit covered the period of October 26, 2012, to April 24, 2015. At the time of our audit, the County had completed work on the five projects we audited but had not submitted a final claim to New Jersey for all project expenditures.

To accomplish our objective, we interviewed County, New Jersey, and FEMA personnel; gained an understanding of the County's method of accounting for disaster-related costs and its procurement policies and procedures; and selected and reviewed (generally based on dollar amounts) project costs and procurement transactions for the projects in our audit scope. Two Category A debris removal projects in our audit scope comprised the majority of costs we reviewed (see appendix B, table 6).

To review the costs for Project 2337, we used IDEA data analysis software[5] to draw a statistically random sample based on a given population size of 81,943 load ticket transactions, a 95 percent confidence interval, a 4 percent sampling error, and a 50 percent population. Our analysis concluded that a statistically valid sample would need to include at least 596 load ticket transactions. Therefore, we drew a random sample of 600 load ticket transactions from the universe of 81,943 load tickets transactions Ocean County provided. We tested each load ticket load for its availability to us and for missing or erroneous information that could have an impact on its monetary value. For example, we considered an error to be a load ticket missing specific debris loading locations, vehicle numbers not matching, or loads greater than the vehicle's capacity. We then tested the truck certification of each load ticket transaction in our sample

[5] IDEA stands for Interactive Data Extraction and Analysis. It is a file interrogation tool for use by auditors, accountants, investigators, and information technology staff. It analyzes data in many ways and allows extraction, sampling, and field manipulation of data to identify errors, problems, specific issues, and trends (*www.accountingweb.com/)*.

universe. We considered a truck certification as not meeting standards if Ocean County (1) did not provide the truck certifications to us for review or (2) did not accomplish the required truck certification according to standards (contractual requirements or FEMA guidance). We then totaled the load tickets that did not meet standards and truck certifications that did not meet standards. We did not double count load tickets if both conditions were present; instead, we counted the discrepancies as a single error. That error rate was the rate we applied to draw our inference to the total population of load-ticket transactions. We then applied the dollar value of each load ticket (obtained from the County debris monitor's database) to determine the dollar value of tickets affected. We did not infer a monetary value to the total population. We also reviewed applicable Federal regulations and FEMA guidelines, and performed other procedures considered necessary to accomplish our audit objective. We did not perform a detailed assessment of the County's internal controls applicable to its grant activities because it was not necessary to accomplish our audit objective.

We conducted this performance audit between September 2014 and May 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.

Appendix B

Potential Monetary Benefits

Table 6: Projects Audited and Costs Questioned

Project Number	Category of Work*	Gross Award Amount	Unsupported Costs Questioned	Federal Share
2337	A	$79,903,208	$272,050[6]	$244,845
5102	A	92,314	92,314[7]	83,083
5010	B	26,260	0	0
5071	B	32,070	0	0
5130	F	39,070	0	0
Totals		**$80,092,922**	**$364,364**	**$327,928**

Source: NJEMGrants, EMMIE, County project documentation, and OIG analyses

*FEMA identifies type of work by category: A for debris removal, B for emergency protective measures, and C–G for permanent work.

Table 7: Summary of Potential Monetary Benefits

Type of Potential Monetary Benefit	Amount	Federal Share
Questioned Costs – Ineligible	$ 0	$ 0
Questioned Costs – Unsupported	364,364	327,928
Funds Put to Better Use	0	0
Totals	**$364,364**	**$327,928**

Source: OIG analyses of findings in this report

[6] We questioned the County's claim for Direct Administrative Costs totaling $272,050 (Federal share $244,845) for Project 2337.
[7] We questioned the County's claim for Direct Administrative Costs totaling $4,955 (Federal share $4,460) for Project 5102.

Appendix C

Summary of Results

Table 8 summarizes the conditions we found in our review of load tickets sampled. Table 9 summarizes the conditions we found in our review of truck certifications.

Table 8: Results of Load Ticket Reviews

Condition	Number of Occurrences	Occurrence Rate	Inferred Range
No Errors	489	81.50%	64,055—69,258
Errors:			
Location Missing or Ambiguous	103	17.17%	11,669–16,725
Overload	1	0.17%	≤ 639
Vehicle Numbers Do Not Match	4	0.67%	147–1,385
Driver Information Not Available	1	0.17%	≤ 639
Multiple Debris Classifications Indicated	2	0.33%	38–975
Total Tickets Reviewed	**600**	**100.00%**	

Source: OIG analysis of load tickets

Table 9: Results of Truck Certification Reviews

Condition	Number of Occurrences	Occurrence Rate	Inferred Range
Met Contract Standards	495	82.50%	64,923–70,020
Did Not Meet Contract Standards[8]	105	17.50%	11,923–17,020
Total Certifications Reviewed	**600**	**100.00%**	

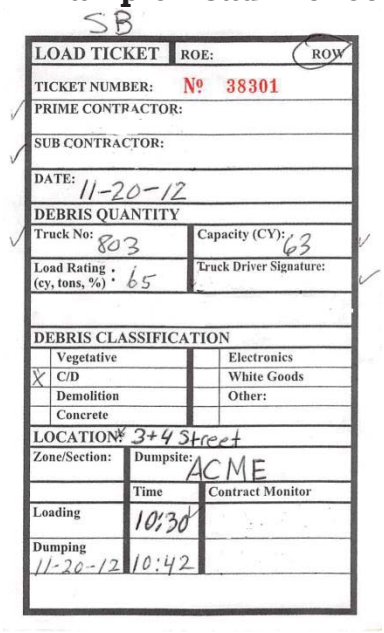
Source: OIG analysis of truck certifications

[8] A single truck may account for multiple noncompliance occurrences. This may occur because the truck identified as having a truck certification issue may have hauled multiple loads of debris.

Appendix D

Example Load Ticket and Truck Certification

Example Load Ticket[9]

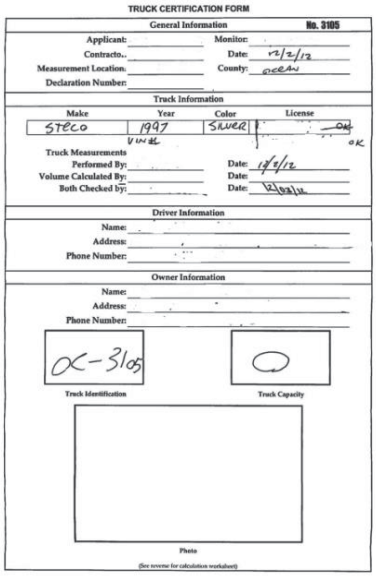


SB

LOAD TICKET	ROE:	ROW
TICKET NUMBER:	№ 38301	
PRIME CONTRACTOR:		
SUB CONTRACTOR:		
DATE: 11-20-12		
DEBRIS QUANTITY		
Truck No: 803	Capacity (CY): 63	
Load Rating (cy, tons, %): 65	Truck Driver Signature:	
DEBRIS CLASSIFICATION		
Vegetative	Electronics	
X C/D	White Goods	
Demolition	Other:	
Concrete		
LOCATION: 3+4 Street		
Zone/Section:	Dumpsite: ACME	
	Time	Contract Monitor
Loading	10:30	
Dumping 11-20-12	10:42	

Source: Ocean County

Example Truck Certification[10]



TRUCK CERTIFICATION FORM

General Information — No. 3105

Applicant: Monitor:
Contractor: Date: 12/2/12
Measurement Location: County: Ocean
Declaration Number:

Truck Information

Make	Year	Color	License
STECO	1997	SILVER	OK

VIN #

Truck Measurements
Performed By: Date: 12/2/12
Volume Calculated By: Date:
Both Checked by: Date: 12/03/12

Driver Information
Name:
Address:
Phone Number:

Owner Information
Name:
Address:
Phone Number:

OC-3105 — Truck Identification
0 — Truck Capacity

Photo
(See reverse for calculation worksheet)

Source: Ocean County

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[9] We sanitized information that could identify a specific contractor or employee. This example load ticket is an "Overload" error in our sample.

[10] We sanitized information that could identify a specific contractor or employee. This example truck certification documented the truck capacity as "0" and did not contain the contractually required measurements.

Appendix E

FEMA Region II Audit Response

U.S. Department of Homeland Security
Region II
Jacob K. Javits Federal Office Building
26 Federal Plaza, 13th Floor
New York, New York 10278

FEMA

July 20, 2016

MEMORANDUM FOR: Thomas M. Salmon
Acting Assistant Inspector General
Office of Emergency Management Oversight
Office of Inspector General

FROM: Jerome Hatfield
Regional Administrator
Region II

SUBJECT: Management's Response to OIG Draft Report: "Ocean County, New Jersey, Generally Accounted for and Expended FEMA Public Assistance Funds Properly" (Project No. 14-056-EMO-FEMA)

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security's (DHS) Federal Emergency Management Agency (FEMA) appreciates the Office of Inspector General's (OIG) review and report.

FEMA concurs with the six recommendations contained in the draft report. Please see the attached for the detailed response to each recommendation.

Again, FEMA thanks you for the opportunity to review and comment on this draft report. Please feel free to contact Anastasia Holmes at 202-384-2925 or Anastasia.Holmes@fema.dhs.gov if you have any questions.

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Appendix E (continued)

Attachment: Management Response to Recommendations Contained in 14-056-EMO-FEMA

OIG recommended that the Regional Administrator, FEMA Region II:

Recommendation 1: Direct New Jersey to work with the County to obtain missing or non-compliant truck certifications (finding A).

Response: Concur. FEMA will direct New Jersey Office of Emergency Management (Grantee) to work with Ocean County (Subgrantee) to obtain missing or non-compliant truck certifications in writing. Estimated Completion Date (ECD): October 31, 2016.

Recommendation 2: Disallow $277,005 (Federal share $249,305) of unsupported Direct Administrative Costs (DAC) that the County planned to claim, unless the County provides supporting documentation sufficient to track the costs to specific projects (finding B).

Response: Concur. The $277,005 in DAC were comingled between projects, but the Subgrantee has stated that they will provide a breakdown of the $277,005 incurred by project worksheet as required by FEMA's disaster assistance policy during the grant closeout process. FEMA will review these costs with the Grantee and the Subgrantee, prior to the final grant closeout, and will make the final determination whether or not to disallow. ECD: October 31, 2016.

Recommendation 3: Disallow $47,560 (Federal share $42,804) of unsupported force account labor costs that the County planned to claim unless the County provides evidence that the costs directly relate to the disaster (finding B).

Response: Concur. FEMA will review these force account labor costs with the Grantee and the Subgrantee, prior to the final grant closeout, and will make the final determination whether or not to disallow. ECD: October 31, 2016.

Recommendation 4: Disallow $39,799 (Federal share $35,819) of unsupported force account equipment costs that the County planned to claim unless the County provides evidence that the costs directly relate to the disaster (finding B).

Response: Concur. FEMA will review these force account equipment costs with the Grantee and the Subgrantee, prior to the final grant closeout, and will make the final determination whether or not to disallow. ECD: October 31, 2016.

Recommendation 5: Direct New Jersey to provide additional technical assistance and verify that the County implements and adheres to Federal requirements to account for disaster-related expenses (finding C).

Appendix E (continued)

Response: Concur. FEMA will direct the Grantee to provide additional technical assistance and verify that the Subgrantee implements and adheres to Federal requirements to account for disaster-related expenses in writing. ECD: August 15, 2016.

Recommendation 6: Review Project 5071 to ensure all eligible cost estimates for disaster-related repairs are included in total project costs (Other Matters).

Response: Concur. With respect to Project Worksheet (PW) 5071, OIG identified $926,631 of disaster-related, incurred expenses that FEMA did not obligate for emergency protective measures. The Subgrantee will provide the actual costs incurred in the performance of the emergency protective measures originally estimated at $926,631. This will include all the additional eligible costs not captured when FEMA prepared and obligated the PW. FEMA will review these costs and determine whether to amend the project. ECD: October 31, 2016.

Appendix F

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Appendix E (continued)

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