



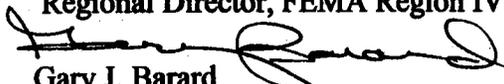
DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General
Atlanta Field Office - Audit Division
3003 Chamblee Tucker Rd
Atlanta, GA 30341

August 21, 2003

MEMORANDUM

TO: Kenneth O. Burris, Jr.
Regional Director, FEMA Region IV

FROM: 
Gary J. Barard
Field Office Director

SUBJECT: Lamar County, Alabama
FEMA Disaster No. 1362-DR-AL
Audit Report DA -23-03

The Office of Inspector General (OIG) audited public assistance funds awarded to Lamar County, Alabama. The objective of the audit was to determine whether the County accounted for and expended FEMA funds according to federal regulations and FEMA guidelines.

The County received an award of \$1.4 million from the Alabama Emergency Management Agency, a FEMA grantee, for debris removal resulting from severe storms and flooding in February 2001. The award provided 75 percent FEMA funding for one large project and three small projects¹. Audit work was limited to the \$1,384,219 awarded under the one large project (No.16).

The audit covered the period February 2001 to February 2002. During this period, the County claimed \$1,285,838 and received \$1,038,164 of FEMA funds under the large project.

The OIG performed the audit under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. The audit included tests of the County's accounting records, a judgmental sample of expenditures, and other auditing procedures considered necessary under the circumstances.

¹ According to FEMA regulations, a large project costs \$50,600 or more and a small project costs less than \$50,600.

RESULTS OF AUDIT

The County's claim under Project 16 included questioned costs of \$20,014 (FEMA share \$15,011) resulting from ineligible labor charges. Also, FEMA mistakenly awarded \$98,381 of funds under the project that should be de-obligated and used elsewhere.

- A. Ineligible Regular Labor Charges. Federal regulation (44 CFR 206.228) allows for overtime salaries, but not straight or regular-time salaries and benefits of permanent employees who perform debris removal and emergency service work. However, contrary to federal regulation, the County's claim included \$20,014 of regular-time salaries and associated fringe benefits for permanent County employees who performed debris removal work. Accordingly, the OIG questions the \$20,014.
- B. Excessive Award. FEMA awarded \$1,384,219 under the project for the removal of debris and tree stumps. The amount awarded was based on the final inspection of work and related cost records. However, the County's actual project costs totaled \$1,285,838, or \$98,381 less than the amount awarded. The excess award of \$98,381 resulted from a math error made by the FEMA inspector during the final inspection. Accordingly, the OIG questions the excessive award of \$98,381.

RECOMMENDATIONS

The OIG recommends that the Regional Director, in coordination with the grantee:

1. Disallow the \$20,014 of questioned costs; and
2. De-obligate the excessive award of \$98,381.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The results of the audit were discussed with FEMA, grantee, and County officials on June 4, 2003. County officials concurred with the findings.

Please advise the Atlanta Field Office – Audit Division by September 22, 2003, of the actions taken to implement the OIG recommendations. Should you have any questions concerning this report, please contact me or David Kimble at (770) 220-5242.