



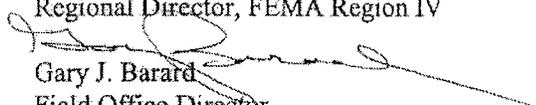
DEPARTMENT OF HOMELAND SECURITY

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

May 6, 2004

MEMORANDUM

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

FROM: 
Gary J. Barard
Field Office Director

SUBJECT: Dekalb County, Georgia
FEMA Disaster No. 1311-DR-GA
Audit Report DA-23-04

The Office of Inspector General (OIG) audited public assistance funds awarded to Dekalb County, Georgia. 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 \$12 million from the Georgia Emergency Management Agency, a FEMA grantee, to provide emergency protective measures and remove debris as a result of a severe ice storm in January 2000. The award provided 75 percent FEMA funding for 2 large projects. The audit covered the period January 2000 to April 2003. During this period, the County claimed \$11,975,539 (see Exhibit) and received \$8,981,654 of FEMA funds.

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.

RESULTS OF AUDIT

The County's claim included questioned costs of \$161,352 (FEMA share \$121,014) resulting from unsupported, excessive, and ineligible project charges.

- A. Unsupported Costs. Federal regulation (44 CFR 13.20) requires subgrantees to maintain supporting documentation for all charges under FEMA projects. However, the County's claim included \$85,439 of unsupported charges, as follows:

The County claimed contractor costs of \$11,709,841 under Project 93 for debris hauling and disposal costs. However, the County had documentation (i.e. invoices, equipment usage records, dumping tickets, and cancelled checks) to support only \$11,686,088. Accordingly, the OIG questions the difference of \$23,753.

County officials said that they would look for documentation to support the costs questioned.

The County claimed \$62,522 under Project 230 for material (sand/salt mix) used by its Roads and Drainage Division in de-icing operations. The claim was based on truckload capacity and the estimated number of trips made by the trucks during disaster operations. However, the County did not maintain truck activity logs or inventory records on the amount of material dispensed and used during the de-icing operation. Additionally, the County could not explain the methodology used to estimate the number of trips made by the trucks.

In the absence of this information, the OIG reviewed other available documentation (i.e. invoices and cancelled checks) and found that de-icing materials totaling \$5,472 were purchased and reportedly used during the disaster period. Accordingly, the OIG questions the unsupported difference of \$57,050.

County officials said that the costs were reasonable and should be allowed. However, the costs claimed were not supported by appropriate documentation such as activity logs, invoices, inventory records, etc, and, as such, could not be verified.

The County claimed \$11,875 under Project 230 for overtime labor of police department employees. However, employee timesheets and payroll registers supported charges of only \$7,239. Accordingly, the OIG questions the difference of \$4,636.

- B. Excess Charges. The County's claim included \$73,612 of excess fringe benefits and administrative charges. Specifically, the County overstated its overtime fringe benefit claim of \$113,971 by \$49,893. The claim was based on a rate 17.15 percent using various fringe benefit components, including a group health insurance rate of 9 percent.

However, group health insurance applied to regular, not overtime salaries. Using the correct rate of 8.15 percent, the claim as illustrated below, should have been \$64,078, or \$49,893 less than the amount claimed.

<u>Project Number</u>	<u>Claimed Amount</u>	<u>Correct Amount</u>	<u>Questioned Amount</u>
93	\$102,146	\$ 58,424	\$43,722
230	11,825	5,654	6,171
	<u>\$113,971</u>	<u>\$64,078</u>	<u>\$49,893</u>

With respect to administrative costs, federal regulation (44 CFR 206.228) states that indirect costs of a subgrantee are not separately eligible because the statutory administrative allowance covers the necessary costs of requesting, obtaining, and administering FEMA projects. However, the County's claim under Project 93 included \$23,719 of such costs. This consisted of \$13,613 of general administrative labor costs for individuals engaged in data processing and other general managerial support activities for individuals, and \$10,106 paid to a contractor for installing and providing employee training on a computerized cost reporting system used to generate financial reports for FEMA and other special County projects. The OIG questions these charges because they are indirect costs and, as such, are covered by the administrative allowance.

- C. Ineligible Regular-Time Salaries. Overtime salaries, according to Federal regulation (44 CFR 206.228) are allowable under FEMA projects, but not straight or regular-time salaries and benefits of permanent employees engaged in performing emergency protective services and debris removal work. However, contrary to this regulation, the County's claim under Project 230 included \$2,301 of regular-time salaries and associated fringe benefits for permanent employees who performed emergency service work. Accordingly, the OIG questions the \$2,301.

RECOMMENDATION

The OIG recommends that the Regional Director, in coordination with the grantee, disallow the \$161,352 of questioned costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The audit results were discussed with FEMA, grantee, and County officials on January 28, 2004. County officials concurred with Findings B and C but disagreed with the costs

questioned under Finding A related to unsupported contractor and material charges. Their comments, where appropriate, are included in the body of the report.

Please advise the Atlanta Field Office-Audit Division by July 7, 2004, of the actions taken to implement the recommendation. Should you have any questions concerning this report, please contact David Kimble or me at (770) 220-5242.

Exhibit

Dekalb County, Georgia
FEMA Disaster No. 1311-DR-GA
Schedule of Claimed and Questioned Costs

<u>Project Number</u>	<u>Amount Awarded</u>	<u>Amount Claimed</u>	<u>Amount Questioned</u>
93	\$11,709,841	\$11,709,841	\$ 91,194
230	<u>265,698</u>	<u>265,698</u>	<u>70,158</u>
Total	<u>\$11,975,539</u>	<u>\$11,975,539</u>	<u>\$161,352</u>