

U.S. Department of Homeland
Security
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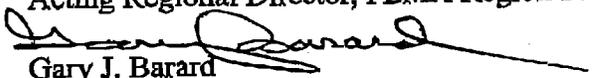


**Homeland
Security**

September 29, 2004

MEMORANDUM

TO: Mary Lynne Miller
Acting Regional Director, FEMA Region IV

FROM: 
Gary J. Barard
Field Office Director

SUBJECT: City of Macon, Georgia
FEMA Disaster No. 1033-DR-GA
Audit Repot No. DA-35-04

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

The City received an award of \$2,021,236 from the Georgia Emergency Management Agency, a FEMA grantee, for emergency protective measures and to remove debris that resulted from severe flooding in July 1994. The award provided 90 percent FEMA funding for 12 large projects and 31 small projects¹. The audit was limited to the \$1,677,378 awarded and claimed under the 12 large projects (see Exhibit).

The audit covered the period July 1994 to April 2003. During this period, the City received \$1,509,640 of FEMA funds under the 12 large projects.

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 City'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 \$42,400 or more and a small project costs less than \$42,400.

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RESULTS OF AUDIT

The City's claim contained charges of \$126,911 (federal share \$114,220) that were excessive or duplicative in nature.

A. Excessive Charges. The City claimed \$110,665 of excessive labor, equipment, and contract charges under several FEMA projects. Accordingly, the OIG questions these charges.

- The City claimed \$504,699 of overtime salary and related fringe benefits under five emergency work projects. However, the City's payroll records reflected labor costs of \$438,347, or \$66,352 less than the amount claimed. The affected projects are:

<u>Project Number</u>	<u>Amount Claimed</u>	<u>Amount Supported</u>	<u>Amount Unsupported</u>
83029	\$280,903	\$225,657	\$55,246
79559	41,249	38,258	2,991
83043	101,175	98,535	2,640
83044	34,208	33,644	564
83041	<u>47,164</u>	<u>42,253</u>	<u>4,911</u>
Totals	<u>\$504,699</u>	<u>\$438,347</u>	<u>\$66,352</u>

- The City claimed \$53,710 under Project 79559 for the use of trucks and forklifts to deliver bottled water to various distribution centers. The City based its claim on 7,474 hours of usage at an hourly rate of \$6 for forklifts and \$7.50 to \$13 for trucks. However, the City did not maintain equipment utilization records to support the claim.

In the absence of equipment records, the OIG determined that the City's truck and forklift operators worked 5,006 regular and overtime hours on the project. Based on this data, the OIG concluded that the City's equipment utilization claim should equal the 5,006 hours worked. Accordingly, the OIG questions the 2,468 hours of excess equipment charges, or based on the lowest of the equipment rates, \$14,810 (\$6 x 2,468).

- The City claimed \$32,715 under Project 92017, representing payment to a contractor for providing bottle water. However, the payment included a \$2,945 handling fee that the contractor assessed for delivering water to three locations; Macon, GA, Albany, GA. and Marianna, Fl. Thus, consistent with its 37 percent portion of the water bill (\$29,770 of \$80,566), the City should have been assessed only 37 percent of the handling fee or \$1,090. The OIG questions the excess charge of \$1,855.
- The City claimed \$27,648 for the use of two water tankers it borrowed from two local volunteer fire stations. The City, however, did not pay the fire stations for use of these tankers and incurred no expenses. Accordingly, the OIG questions these excess charges.

B. Duplicate Charges. The City's claim included \$16,246 of duplicate charges, as follows:

- The City claimed \$67,582 under Project 79559 for equipment usage based on the FEMA Schedule of Equipment Rates, which includes funds for maintenance, fuel, repairs, and incidentals. However, the City also claimed \$9,329 of labor cost of employees who repaired and maintained the equipment. These charges duplicated the funding provided under the FEMA Schedule of Equipment Rates.
- The City claimed \$4,270 of labor cost under Project 83043 for a Sanitation Supervisor who worked on the project from July 16, 1994, to July 30, 1994. However, the City paid the employee \$2,135 for that period. The difference of \$2,135 represent duplicate charges.
- The City also duplicated equipment charges under the project. The claim included \$9,564 for 171 hours of equipment usage. However, the proper charge for such usage was \$4,782. The OIG questions the duplicate charge of \$4,782.

RECOMMENDATION

The OIG recommends that the Regional Director, in coordination with the grantee, disallow the \$126,911 of questioned costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The audit results were discussed with FEMA, grantee, and City officials on July 12, 2004. City officials withheld comments pending further analysis of the facts and receipt of the audit report.

Please advise the Atlanta Field Office-Audit Division by December 29, 2004, of the actions taken to implement the recommendation. Should you have any questions concerning this report, please contact George Peoples or me at (770) 220-5242.

Exhibit

City of Macon, Georgia
FEMA Disaster No. 1033-DR-GA
Schedule of Claimed and Questioned Costs

Large Projects

<u>Project Number</u>	<u>Amount Awarded</u>	<u>Amount Claimed</u>	<u>Amount Questioned</u>
54759	\$ 42,434	\$ 42,434	
54764	86,781	86,781	
79559	109,875	109,875	\$ 27,130
79561	45,362	45,362	
79563	212,337	212,337	
80455	54,640	54,640	
83012	85,000	85,000	
83029	314,804	314,804	55,246
83041	111,473	111,473	32,559
83043	312,409	312,409	9,557
83044	109,233	109,233	564
92017	193,030	193,030	1,855
Totals	<u>\$1,677,378</u>	<u>\$1,677,378</u>	<u>\$126,911</u>