



Homeland Security

October 12, 2004

MEMORANDUM

TO: Daniel A. Craig
Recovery Division Director
Emergency Preparedness and Response

Patricia G. Arcuri, Acting Regional Director
FEMA Region III

FROM: 
Gary J. Barard
Field Office Director

SUBJECT: Audit of Crisis Counseling Program Funds Awarded to Virginia
Department of Mental Health, Mental Retardation and Substance
Abuse Services
FEMA Disaster No. 1392-DR-VA
Audit Report No. DA-03-05

The Office of Inspector General (OIG) audited disaster assistance funds awarded to the Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services under the Crisis Counseling Assistance and Training Program (Crisis Counseling Program). The objective of the audit was to determine whether the Department used and accounted for the funds awarded according to program and financial requirements promulgated by FEMA and the Center for Mental Health Services (CMHS)¹. The OIG also addressed questions raised by several members of Congress concerning the use of program funds.

The Crisis Counseling Program provides short-term crisis counseling services to victims of a major disaster for the purpose of relieving mental health problems caused or aggravated by the disaster or its aftermath. Outreach is the primary method for delivering crisis counseling services to disaster survivors. However, other services frequently include individual and group counseling sessions, referrals for those individuals needing more formal mental health treatment, and education, which

¹The CMHS is part of the U. S. Department of Health and Human Services

includes the distribution or presentation of information on crisis counseling-related topics through brochures, flyers, mailings, and the media.

The Department received awards totaling \$12.4 million—\$1,694,334 for Immediate Services and \$10,707,990 for Regular Services—to provide crisis counseling services to victims of the September 11, 2001, (9/11) terrorist attack on the Pentagon. Immediate Services provided assistance for the period September 11, 2001, to March 14, 2002. Regular Services, on the other hand, provided assistance for the period March 15, 2002, to April 14, 2004. The local mental health authorities located within the FEMA-approved disaster area delivered the crisis counseling services to disaster victims. Those authorities included the Community Services Boards of Alexandria City, Arlington County, Fairfax County, and Loudon County.

Audit work was limited to the \$10.7 million awarded for regular services and focused primarily on the program activities and related costs of \$7 million of the Community Services Boards of Arlington and Fairfax County. According to Department officials, over 682,000 individuals received crisis counseling services and over 1.4 million pieces of educational material was distributed during the regular services grant.

The audit covered the period March 2002 to July 2004. During this period, the Department claimed and received \$10,138,094 (see Exhibit) of FEMA funding under the grant.

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 accounting records, a judgmental sample of \$1.05 million of expenditures, and other accounting procedures considered necessary under the circumstances.

RESULTS OF AUDIT

The OIG found that the Department used and accounted for Crisis Counseling Program funds in accordance with FEMA and CMHS regulations and guidelines. However, the Department's claim included excessive fringe benefit charges of \$37,480.

A. Congressional Concerns. Various members of Congress expressed concern and raised questions on the appropriateness of using program funds to support activities such as anniversary celebrations, a multicultural town hall meeting, and an anger management class. As detailed below, the OIG concluded that the charges for these activities were proper and allowable under the Crisis Counseling program.

- Anniversary Celebrations

The Community Services Boards participated in a community tree planting ceremony to remember victims of 9/11. The event, held around the first anniversary of 9/11, was sponsored by the Virginia Cooperative Extension. A second event, focusing on community healing, was held on the second anniversary of 9/11. Program funds totaling \$910 were used to pay the salaries of staff who provided counseling services to attendees of the events.

According to CMHS program guidance, crisis counseling staff are expected to attend community events related to the disaster and offer counseling support and consultation to participants. Thus, charges for this activity were proper and allowable under the Crisis Counseling program.

- Multicultural Town Hall Meeting

The Alexandria City and Fairfax County Community Services Boards jointly held a multicultural town hall meeting on May 8, 2003. The meeting was held in partnership with a community interfaith organization and the George Mason University Institute of Conflict Analysis and Resolution. Program funds used for this purpose totaled \$3,481; \$2,631 for rental of the hall and \$850 for a facilitator. The meeting was held to address cultural misunderstandings that surfaced after 9/11 between the mainstream Fairfax population and immigrant groups within the community.

After 9/11, many immigrant groups in the disaster area experienced backlash and hate crimes. According to CMHS program guidance, community education services designed to facilitate discussion of disaster-related issues is an appropriate method to help individuals cope with the psychological affects of the disaster. Thus, charges for this activity were proper and allowable under the Crisis Counseling program.

- Anger Management Workshop

The Alexandria City Community Services Board held several 12-week anger management classes over the course of the grant period. Program funds totaling \$2,472 were used to pay the salaries of staff who conducted the classes. According to Department officials, the classes were held to help individuals manage lingering anger over the events of 9/11.

According to CMHS guidance, disaster victims generally experience stress reactions such as anger, fear, headaches, or sleeping problems following a major disaster. CMHS program guidance states that crisis counseling services should be geared toward assisting individuals in coping with the extraordinary stress caused by the disaster. Thus, charges for a class designed to relieve stress reactions resulting from the disaster are proper and allowable under the Crisis Counseling program.

- B. Excessive Fringe Benefits. The Department's claim for services delivered by the Fairfax County Community Services Board contained \$37,480 of excess fringe benefit charges. The Community Services Board contracted with a community-based organization to provide crisis counseling services to the Hispanic community. According to the terms of the contract, fringe benefit costs would be reimbursed based on an hourly allowance, which included the costs of health insurance, retirement, and worker's compensation, and leave time allowed for vacation, holiday, illness, and bereavement. The fringe benefit allowance varied for each worker depending upon their individual circumstances such as number of insurance dependents, hourly wage, etc.

The contractor billed the Community Services Board \$68,335 for the costs of fringe benefits provided to the workers. However, the OIG noted that the contractor made math errors when calculating the costs for vacation and health insurance. Moreover, the costs of leave for illness and bereavement were billed twice; once in the hourly allowance and again as a separate charge

cost of the fringe benefits and determined that the contractor should have billed \$30,855, or \$37,480 less than the amount billed. Accordingly, the OIG questions the \$37,480.

After completion of audit fieldwork, Department officials provided the OIG with documentation showing that the \$37,480 of costs questioned was not included in its final claim to CMHS. Accordingly, the OIG considers this finding resolved and closed.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW UP

The OIG discussed the audit results with Department officials on July 8, 2004, and with FEMA and CMHS officials on July 9, 2004. Department officials agreed with the findings.

Since this report contains no recommendations, a response is not required. Should you have any questions concerning this report, please contact me or David Kimble at (770) 220-5242.

Virginia Department of Mental Health
FEMA Disaster No. 1392-DR-VA
Schedule of Expenditures Claimed
Regular Services Grant

<u>Expenditure</u>	<u>Amount Claimed</u>
Salaries/Fringes	\$ 8,123,729
Consultants	606,041
Supplies	177,998
Travel	81,080
Training	25,076
Media	855,784
Other	<u>268,386</u>
Total	<u>\$10,138,094</u>