DEPARTMENT OF HOMELAND SECURITY

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

April 29, 2003

MEMORANDUM

TO: Dan Craig
Regional Director, FEMA Region I

FROM: Gary J. Barard
Field Office Director

SUBJECT: Review of Emergency Management Performance Grant
Maine Emergency Management Agency
Audit Report No. EMA-06-03

The Office of Inspector General (OIG) audited the FY 2000 and 2001 Emergency Management Performance Grants (EMPG) awarded to the Maine Emergency Management Agency (MEMA). The objective of the audit was to determine whether MEMA accounted for and expended EMPG funds according to federal regulations and FEMA guidelines.

The EMPG award to MEMA totaled $5,448,153 and contained funding for two separate activities, as follows:

	FY 2000	FY 2001
EMPG – Non Terrorism	$2,447,988	$2,511,281
EMPG – Terrorism	243,609	245,275
	$2,691,597	$2,756,556

The non-terrorism portion of the award provided funds to address State and local needs in the areas of disaster mitigation, preparedness, response, and recovery. The terrorism portion, on the other hand, provided funds for activities that enhanced the State and local governments' ability to prepare for, respond to, and recover from acts of terrorism involving weapons of mass destruction. The terrorism award provided 100 percent Federal funding. The non-terrorism award provided for cost sharing of 53 percent Federal participation and 47 percent State participation.

The audit covered the period October 1999 to September 2001. During this period, MEMA claimed $5,448,153 (see Exhibit) and received FEMA funds of $3,044,495 under the FYs 2000 and 2001 EMPG. The audit included a review of grant accounting and expenditures of MEMA and two County governments (Lincoln and Sagadahoc) that received EMPG funding from MEMA.

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 MEMA's and the aforementioned local governments' accounting records, a judgmental sample of expenditures, and other auditing procedures considered necessary under the circumstances.

RESULTS OF AUDIT

MEMA's claim included questioned costs of $358,040 (FEMA share $265,722) resulting from unsupported costs, duplicate charges, and the unauthorized carry over and late use of funds provided to local governments.

A. Non-Terrorism Actvities. Federal regulation (44 CFR 13.20) requires grant recipients to maintain supporting documentation for all charges to federal programs and limits reimbursement to actual costs. However, MEMA's claim for non-terrorism activities included $196,581 of travel and other expenses (utilities, supplies, etc.) that were either unsupported or duplicative in nature. Thus, the OIG questions these charges.

   Specifically, MEMA claimed $489,750 for travel and other expenses under the FY 2001 award. However, MEMA's detailed accounting records for these two cost categories reflected actual expenses of only $379,146, resulting in an unsupported difference of $110,604.

   MEMA also claimed $78,714 of the same costs for travel and other expenses under both the FY 2001 and FY 2000 awards. These costs were applicable to FY 2000. Similarly, MEMA claimed $7,263 of the same costs for travel and other expenses under both the FY 1999 and 2000 awards. These costs were applicable to FY 1999.

B. Terrorism Activities. MEMA's claim for terrorism activities included unsupported and duplicate charges of $100,722. Additionally, the claim reflected expenses of $60,737 that were neither obligated nor spent within the grant performance period. Accordingly, the OIG questions these charges of $161,459.

   - Unsupported Charges. MEMA claimed $83,600 of salary costs for a terrorism program manager under the FY 2000 ($43,600) and 2001 ($40,000) awards. However, the program manager position was vacant during these periods and no such costs were incurred.

Similarly, under the FY 2001 award, MEMA claimed salary and fringe benefit (worker's compensation and State retirement) costs of $24,900 and $8,720, respectively, for a project officer. However, actual salary costs of the employee totaled only $23,862, and no costs were incurred for the fringe benefits because the employee was not eligible to receive them. Thus, $9,758 of the claim was unsupported.

- Unexpended Grant Balances. Federal regulation (44 CFR 13.23) required MEMA to obligate grant funds within the fiscal year covered by the awards and to expend funds 90 days thereafter. These terms also applied to EMPG funds provided to local governments. However, the OIG determined that MEMA did not monitor the local governments' activities to determine whether unobligated funds remained at the end of the fiscal year funding period. As a result, several local governments had unobligated grant funds totaling $60,737 at the end of FY 2001 that were carried over and retained for use in FY 2002.

Local Government	Amount Advanced	Amount Obligated 9/30/01	Amount Questioned
Cumberland	$ 78,899	$ 57,513	$ 21,386
Kennebec	86,816	60,279	26,537
Androscoggin	20,000	17,199	2,801
Oxford	7,000	5,746	1,254
Hancock	6,000	1,166	4,834
Gr. Portland Council of Govt.	37,500	37,324	176
Knox County	14,966	11,217	3,749
Total	$251,181	$190,444	$ 60,737

- Duplicate Charges. MEMA claimed $7,364 of the same charges for travel and equipment under both the FY 2000 and FY 2001 awards. The OIG determined that only $6,414 of these charges were applicable to FY 2000 and $950 to FY 2001. Consequently, duplicate charges of $6,414 were made under the FY 2001 award and $950 under the FY 2000 award.

RECOMMENDATIONS

The OIG recommends that the Regional Director:

1. Disallow the $358,040 of questioned costs; and

2. Require MEMA to develop written procedures to ensure that any funds provided to local governments that remain unobligated at the end of the performance period are timely returned to FEMA.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

We discussed the results of our audit with MEMA and FEMA officials on February 7, 2003. MEMA officials concurred with our findings.

Pursuant to FEMA, Instruction 1270.1, please advise the Atlanta Field Office – Audit Division by June 30, 2003, of actions taken to implement our recommendations. Should you have any questions concerning this report, please contact me or David Kimble at (770) 220-5242.

Exhibit

Maine Emergency Management Agency
Augusta, Maine
Schedule of Questioned Costs

EMPG Program	Amount Awarded	Amount Claimed	Amount Questioned
Non- Terrorism (FY 2000)	$2,447,988	$2,447,988	$ 7,263
Terrorism (FY 2000)	243,609	243,609	189,318
Non-Terrorism (FY 2001)	2,511,281	2,511,281	44,550
Terrorism (FY 2001)	245,275	245,275	116,909
	$5,448,153	$5,448,153	$358,040