

**FEMA and California Need to Assist CalRecycle, a California State Agency, to Improve Its Accounting of \$230 Million in Disaster Costs**





# DHS OIG HIGHLIGHTS

## *FEMA and California Need to Assist CalRecycle, a California State Agency, to Improve Its Accounting of \$230 Million in Disaster Costs*

October 30, 2017

### Why We Did This Audit

The California Office of Emergency Services (California), a FEMA grant recipient, anticipates awarding the California Department of Resources Recycling and Recovery (CalRecycle), a state agency, about \$230 million in Public Assistance grant funding for debris removal work resulting from the 2015 wildfires.

### What We Recommend

FEMA should disallow \$142.7 million in costs incurred, and not fund \$87.2 million CalRecycle expects to claim in cost overruns for the remaining debris removal work, for a total of about \$230 million.

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### What We Found

CalRecycle has procurement policies, procedures, and practices in place to (1) comply with most Federal procurement requirement, and (2) to account for disaster costs on a project-by-project basis in accordance with Federal regulations and Federal Emergency Management Agency (FEMA) guidelines.

CalRecycle did not follow these policies, procedures, and practices when it accounted for and expended \$142.7 million in grant funding and \$56.2 million in cost overruns; it also expects to incur an additional \$31 million for a total of \$87.2 million in cost overruns. Specifically, CalRecycle did not adequately document costs, account for costs on a residential lot basis, monitor contractors, or clearly separate eligible from ineligible work. Although FEMA and California have consistently provided CalRecycle with adequate guidance, CalRecycle's deficiencies in accounting for project costs occurred primarily because CalRecycle did not follow most Federal regulations or FEMA guidelines for documenting costs.

California expects to collect about \$22.9 million in insurance proceeds. California, rather than CalRecycle, will administer the collection of these insurance proceeds. As a result, California has tasked Lake and Calaveras counties, California, to collect the insurance proceeds directly from private property owners who may receive benefits from their insurance carriers for debris cleanup. California, therefore, will need to ensure that (1) it collects all insurance recoveries from private property owners, and (2) it will identify and report all insurance recoveries so FEMA can deduct the correct amount of insurance proceeds from the Public Assistance grant awarded to CalRecycle.

### FEMA Response

FEMA Region IX officials agreed with our recommendations. Appendix C includes FEMA's written response in its entirety.

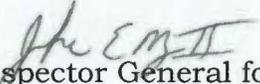


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OCT 30 2017

MEMORANDUM FOR: Dr. Ahsha Tribble  
Acting Regional Administrator, Region IX  
Federal Emergency Management Agency

FROM: John E. McCoy II   
Acting Assistant Inspector General for Audits

SUBJECT: *FEMA and California Need to Assist CalRecycle,  
a California State Agency, to Improve Its Accounting  
of \$230 Million in Disaster Costs*

We audited the capability of the California Department of Resources Recycling and Recovery (CalRecycle) to manage Federal Emergency Management Agency (FEMA) Public Assistance grant funds. We conducted the audit early in the Public Assistance process to identify areas where CalRecycle may need additional technical assistance or monitoring to ensure compliance with Federal regulations and FEMA guidelines. By undergoing an audit early in the grant cycle, grant recipients have the opportunity to correct noncompliance before they spend the majority of their grant funding. It also allows them the opportunity to supplement deficient documentation or locate missing records before too much time elapses.

As of February 27, 2017 (our audit cutoff date), the California Office of Emergency Services (California), a FEMA grant recipient, has awarded CalRecycle two large projects (Projects 36 and 37) totaling \$142.7 million (net of \$22.9 million in estimated insurance proceeds) to fund debris removal work resulting from the 2015 wildfires.<sup>1</sup> The award provides 75 percent Federal funding. CalRecycle had expended the \$142.7 million grant for these two projects, but had not submitted a cost claimed to FEMA. CalRecycle plans to request FEMA about \$87.2 million in supplemental funding for cost overruns for the two large projects, because CalRecycle expects the debris removal work will total about \$230 million.<sup>2</sup>

<sup>1</sup> Federal regulations in effect at the time of the disaster set the large project threshold at greater than \$121,600 [Notice of Adjustment of Disaster Grant Amounts, 79 Fed. Reg. 62,648 (Oct. 20, 2014)].

<sup>2</sup> Cost overruns are cost that exceed the amount approved under the grant, and which require additional Federal funds. If FEMA approves the additional funds, FEMA shall increase the grant through an amendment to the original award document (44 Code of Federal Regulations (CFR) 79.9(d)).



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To determine whether CalRecycle properly managed the FEMA grant award, we assessed the policies, procedures, and business practices CalRecycle used to account for and expend the \$142.7 million, and an additional \$56.2 million CalRecycle incurred in cost overruns during the time of our audit for a total of \$198.9 million.

### **Background**

On September 9, 2015, wildfires swept through several communities in Northern California and continued to burn for at least 3 weeks. By September 13, 2015, the Governor of California had declared a state of emergency for the Valley fire in Lake County and the Butte fire in Calaveras County. The fires rank among the top most destructive fires in California's history and destroyed over 146,000 acres and 2,876 structures, including 1,830 homes, and resulted in the loss of 6 lives.

On September 22, 2015, President Obama issued Federal declaration 4240 to make available Public Assistance funding and help communities recover from the fires. CalRecycle applied for a FEMA Public Assistance grant to remove debris from private properties damaged by the fires.<sup>3</sup>

### **Results of Audit**

CalRecycle has procurement policies, procedures, and practices in place to comply with most Federal procurement requirements at 2 CFR 200.318 through 326. CalRecycle also has sufficient policies, procedures, and business practices in place to account for disaster costs on a project-by-project basis in accordance with most Federal regulations and FEMA guidelines.

CalRecycle did not follow these policies, procedures, and practices when accounting for and expending \$198.9 million in project costs. Therefore, we questioned these costs unless CalRecycle can correct the deficiencies we identify in finding A of this report. Specifically, CalRecycle did not adequately document costs, account for costs on a residential lot-by-lot basis, effectively monitor contractors to ensure they performed to contract terms and conditions, or clearly separate costs for eligible and ineligible work.

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<sup>3</sup> FEMA's Public Assistance program awards grants to State, local, and federally recognized tribal governments and certain private non-profit entities to assist them with the response to and recovery from federally declared disasters.



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Although FEMA and California have consistently provided CalRecycle with adequate guidance, CalRecycle's deficiencies in accounting for project costs occurred primarily because CalRecycle did not follow most Federal regulations or FEMA guidelines for documenting costs. As a result, FEMA does not have full assurance that (1) the \$198.9 million CalRecycle incurred in debris removal work are eligible disaster-related costs; or (2) CalRecycle will properly document the remaining \$31.1 million in estimated costs according to Federal Regulations and guidelines, for total expected costs of \$230 million.<sup>4</sup>

California, as grant recipient, is responsible for ensuring CalRecycle is aware of and complies with all grant requirements, for which the State received FEMA funding to support oversight activities. Therefore, California should provide technical assistance and monitoring to ensure CalRecycle properly accounts for its Public Assistance grant funds.

Lastly, California expects it will collect about \$22.9 million in insurance proceeds. California, rather than CalRecycle, will administer the collection of these insurance proceeds. As a result, California has tasked Lake and Calaveras Counties, California, to collect the insurance proceeds directly from private property owners who may receive benefits from their insurance carriers for debris cleanup. California, therefore, will need to ensure that (1) it collects all insurance recoveries from private property owners, and (2) it will identify and report all insurance recoveries so FEMA can deduct the correct amount of insurance proceeds from the Public Assistance grant awarded to CalRecycle.

### **Finding A: Project Costs Accounting**

CalRecycle did not conform fully to Federal regulations or FEMA guidelines when accounting for \$198.9 million it incurred in project costs. As a result, FEMA does not have full assurance that CalRecycle adequately supported its costs and that the costs were eligible under the FEMA grant. Specifically, CalRecycle did not ensure that it —

- adequately documented costs;
- accounted for costs on a residential lot-by-lot basis;
- monitored contractors to ensure they performed to contract terms and conditions; and
- separated costs for eligible and ineligible work.

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<sup>4</sup> We calculated the \$31.1 million by subtracting incurred costs of \$198.9 million from the \$230 million total estimated costs.



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According to 2 CFR 200.403(g), CalRecycle is required to adequately document costs to be allowable under a Federal award. CalRecycle did not conform fully with this requirement. As we previously reported, CalRecycle has paid its contractors about \$186.4 million for debris removal work, yet it had not completed its review of invoices or collected all missing support records.<sup>5</sup> In some instances, we observed invoices for labor costs with missing timesheets, costs for standby crews, equipment used with no justification or support records, and lodging expenses with no receipts.

CalRecycle officials also acknowledged that within the first 6 months of debris removal operations, it paid contractors about \$45 million of the \$198.9 million in total incurred cost, even though it did not (1) review most of the invoice support documentation, (2) collect most support records needed to determine cost eligibility, or (3) segregate ineligible costs from eligible. CalRecycle officials explained that they paid the initial \$45 million because California's Prompt Payment Act requires CalRecycle to pay its contractors within 45 days of receiving a request for payment.<sup>6</sup>

Additionally, CalRecycle did not always require its contractors to conform to contract provisions pertaining to tracking costs on a residential lot-by-lot basis.<sup>7</sup> FEMA's approved scope of work (SOW) for Projects 36 and 37 also includes similar requirements. According to 2 CFR 200.318(b) CalRecycle is required to maintain sufficient oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Furthermore, FEMA's approved SOW for the two projects requires an appropriate breakdown of project costs that clearly separates eligible from ineligible work; CalRecycle did not always comply with this requirement. According to 2 CFR 200.403(c), for cost to be allowable it must be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity.

We conducted a limited review of CalRecycle's cost records for the two large projects. We observed instances in which prime contractors submitted invoices with ineligible expenses and CalRecycle did not separate them from eligible costs. Specifically, these invoices included ineligible expenses such as —

- subcontractors' profit;
- work performed at lots not approved in the projects' SOW;
- subcontractors' markups; and

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<sup>5</sup> *Management Advisory Report to FEMA*, OIG-17-44-D, March 6, 2017.

<sup>6</sup> California Government Code section 927 et seq.

<sup>7</sup> CalRecycle awarded four contracts to two prime contractors, two time-and-material and two cost-plus-fixed-fee, valued at about \$223 million to perform residential debris removal work.



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- removal and transport of concrete slabs.<sup>8</sup>

Moreover, FEMA has expressed similar concerns regarding CalRecycle's accounting for project costs. On September 19, 2016, CalRecycle submitted to FEMA a funding request for cost overruns under Projects 36 and 37 totaling \$56.2 million.<sup>9</sup>

FEMA denied the funding request because the support for the request did not conform to Federal regulations or the terms of the projects' SOW. Specifically, FEMA noted that CalRecycle's request —

- did not separate costs on a per-residential-lot basis as the SOW required;
- included ineligible work such as the transport and disposal of concrete, bricks, and masonry; and
- included invoices for ineligible work completed at unknown addresses and non-residential locations—which is ineligible for FEMA grant funding.

According to 44 CFR 206.204(e)(2), CalRecycle must evaluate each cost overrun and, when justified, submit a request for additional funding that contains sufficient documentation to support the eligibility of all claimed work and costs.

FEMA and California both agreed that CalRecycle needs additional technical assistance to conform fully to Federal regulations and guidelines for project cost accounting. CalRecycle has implemented some corrective actions to assist in improving its accounting for project costs. Specifically, CalRecycle has enhanced some of its procedures and practices for tracking and documenting project costs, payments to contractors, and invoicing.

Therefore, if CalRecycle follows its policies, procedures, and business practices, specifically for project cost accounting, FEMA has reasonable, but not absolute, assurance that CalRecycle will properly manage the FEMA Public Assistance grant funds according to Federal regulations.

However, if CalRecycle does not improve its methods of accounting for project costs and does not correct the deficiencies identified in this finding, it risks (1) FEMA disallowing the \$142.7 million grant award, and (2) misspending the \$87.3 it expects to claim in cost overruns for the remaining debris removal work, for a total cost of \$230 million.

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<sup>8</sup> According to FEMA's Disaster Assistance Policy 9523.13, page 6, paragraph 2.c., the removal of concrete slabs or foundations-on-grade is ineligible work.

<sup>9</sup> Cost overruns are in excess of the initial FEMA grant award of \$142.7 million.



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### **Finding B: Grant Management**

CalRecycle's project cost accounting deficiencies occurred primarily because CalRecycle did not follow the policies, procedures, and business practices in place to account for disaster-related costs in accordance with most Federal regulations or FEMA guidelines.

We found that FEMA and California officials consistently provided CalRecycle with adequate guidance. For instance, California, during the applicant briefings and kick-off meetings — which CalRecycle attended — provided resources and informed applicants of their responsibility to comply with all requirements of FEMA's Public Assistance Program or risk losing Federal funding. In fact, in a letter to the Office of Inspector General (OIG), CalRecycle states that California and FEMA have provided technical assistance to CalRecycle since the inception of the projects, including during the contract procurement phase. Therefore, California, as grant recipient, has made CalRecycle (subrecipient) sufficiently aware of the need to comply with all grant requirements in accordance to 2 CFR 200.331(d) and (e)(1).<sup>10</sup> Yet, as presented in finding A of this report, CalRecycle did not fully apply all grant management requirements, specifically for documenting disaster-related costs.

Because of our audit, CalRecycle implemented corrective measures for improving its management of the FEMA grant, including the process for documenting costs. For instance, CalRecycle has obtained training resources from FEMA and California on the Public Assistance program, and has trained staff on conforming to all Federal regulations and FEMA guidelines.

CalRecycle also noted that it plans to request additional technical assistance from California and other state agencies to improve its review and implementation of debris removal activities, and make them more efficient, effective, and consistent with Federal and State requirements. Furthermore, CalRecycle plans to improve its procedures and practices for tracking and documenting project costs, reviewing invoices, and paying contractors.

### **Finding C: Insurance**

California estimated it could receive about \$22.9 million in insurance proceeds from about 1,760 private property owners who have insurance for debris cleanup. California, rather than CalRecycle, will administer the collection of the insurance proceeds from private property owners who may receive benefits from their insurance carriers for debris cleanup.

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<sup>10</sup> *California's Administrative Plan for Federal Disaster Assistance* also stipulates that California is responsible for monitoring CalRecycle and ensuring compliance with grant requirements.



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Because CalRecycle's debris removal activities are primarily located within Lake and Calaveras Counties (Counties), California has tasked these Counties to collect these insurance proceeds. California, as a FEMA grant recipient, awarded the Counties about \$500,000 to fund their efforts of recovering insurance proceeds from owners of private residences.

According to the *Robert T. Stafford Disaster Relief Emergency Assistance Act*, as amended, no entity will receive assistance for any loss for which it has received financial assistance from any other program, insurance, or any other source (see 42 United States Code 5155). Further, 44 CFR 206.250(c) requires FEMA to deduct actual or anticipated insurance recoveries from otherwise eligible costs. FEMA has deducted the anticipated insurance proceeds from CalRecycle's Public Assistance grant award amount of \$165.6 million, for a net award amount of \$142.7 million. California, therefore, needs to ensure that the Counties collect all insurance recoveries from private property owners and accurately document the proceeds so that FEMA can adjust the amount of anticipated insurance proceeds from CalRecycle's Public Assistance grant if necessary.

### Recommendations

We recommend that the Regional Administrator, FEMA Region IX:

**Recommendation 1:** Disallow as ineligible \$142,669,989 (\$107,002,492 Federal share) in debris removal costs that did not comply fully with Federal regulations, specifically project cost accounting, unless FEMA (1) grants an exception to this administrative requirement as 2 CFR 200.102 allows, or (2) determines that costs are as a result of the declared disaster, eligible for Federal funding, and fully documented (finding A).

**Recommendation 2:** Direct California, as recipient, to continue providing CalRecycle with technical assistance and monitoring to ensure compliance with all applicable Federal regulations and FEMA guidelines, specifically for project cost accounting, to avoid improperly funding any of the \$87,197,228 (\$65,397,921 Federal share) it expects to claim in costs overruns for the remaining debris removal work, for a total cost of \$230 million (findings A and B).

**Recommendation 3:** Direct California, as grantee, to ensure the Counties collect all insurance recoveries from private property owners, and accurately report the amount of insurance proceeds to FEMA (finding C).



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### **Discussion with Management and Audit Follow-Up**

We discussed our findings with FEMA, California, and CalRecycle officials during our audit and included their comments in this report, as appropriate. We also provided a draft report in advance to officials from FEMA and California on May 17, 2017, and CalRecycle on May 24, 2017.

We also discussed the draft at an exit conference with FEMA on May 24, 2017, and California and CalRecycle officials on July 6, 2017. These officials agreed with the findings and recommendations.

FEMA officials provided a written response on August 25, 2017, agreeing with our observations and recommendations (see appendix C). FEMA expects to complete its proposed corrective actions to address our recommendations by December 31, 2017. Because we accepted FEMA's proposed corrective actions, we, therefore, consider the three report recommendations to be resolved but open. We will close these recommendations when we receive and review documentation that FEMA has completed its proposed corrective actions. Please email closeout documentation and request to [OIGAuditsFollowup@oig.dhs.gov](mailto:OIGAuditsFollowup@oig.dhs.gov).

The Office of Audits major contributors to this report are Humberto Melara, Director; Louis Ochoa, Audit Manager; Renee Gradin, Auditor-in-charge; Victor Du, Auditor; and William Stark, Independent Reference Reviewer.

Please call me with any questions at (202) 254-4100, or your staff may contact Paul Wood, Acting Deputy Assistant Inspector General or Humberto Melara, Director, Western Regional Office, at (510) 637-1463.



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### **Appendix A**

#### **Objective, Scope, and Methodology**

We audited the capability of CalRecycle, Public Assistance Identification Number 000-UUJ4B-00, to manage FEMA Public Assistance grant funds. Our audit objective was to determine whether CalRecycle's policies, procedures, and business practices are adequate to account for and expend FEMA grant funds according to Federal regulations and FEMA guidelines for FEMA Disaster Number 4240-DR-CA. We conducted this audit early in the Public Assistance process to identify areas where CalRecycle may need additional technical assistance or monitoring to ensure compliance with Federal regulations and FEMA guidelines. In addition, by undergoing an audit early in the grant cycle, CalRecycle has an opportunity to correct noncompliance before they spend the majority of their grant funding. It also allows them the opportunity to supplement deficient documentation or locate missing records before too much time elapses.

Our audit covers the period of September 9, 2015, the first day of the incident period, through February 27, 2017, our audit cutoff date for this report. At the time of our audit, California, a FEMA grant recipient, had awarded and obligated \$142.7 million (net of \$22.9 million in estimated insurance proceeds) to CalRecycle for two large projects (Projects 36 and 37) to fund debris removal work from the 2015 wildfires. The award provides 75 percent Federal funding. CalRecycle had expended the \$142.7 million grant for these two projects, but had not submitted a cost claimed to FEMA. It plans to request FEMA about \$87.2 million in supplemental funding for cost overruns for the two large projects, because CalRecycle expects the debris removal work will total about \$230 million.

To determine whether CalRecycle properly managed the FEMA grant award, we assessed the policies, procedures, and business practices CalRecycle used to account for and expend the \$142.7 million, and an additional \$56.2 million CalRecycle had incurred during the time of our audit for a total of \$198.9 million.

We interviewed FEMA, California, and CalRecycle officials; assessed the adequacy of the policies, procedures, and business practices CalRecycle uses to account for and expend Federal grant funds and to procure and monitor contracts for disaster work; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary to accomplish our objective.



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**Appendix A (Continued)**

We conducted fieldwork activities at FEMA, California, and CalRecycle offices. We did not perform a detailed assessment of CalRecycle's internal controls over its grant activities because it was not necessary to accomplish our audit objective. However, we did assess the adequacy of the policies, procedures, and business practices CalRecycle uses and plans to use to account for and expend Federal grant funds and to procure for and monitor disaster work.

We are conducting this performance audit pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objective. We are conducting this audit by applying the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.



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**Appendix B**  
**Potential Monetary Benefits**

**Table 1: Summary of Potential Monetary Benefits**

<b>Type of Potential Monetary Benefit</b>	<b>Total</b>	<b>Federal Share</b>
Questioned Costs – Ineligible	\$ 142,669,989	\$ 107,002,492
Questioned Costs – Unsupported	0	0
Funds Put to Better Use (Cost Avoidance)	87,197,228	65,397,921
<b>Totals</b>	<b>\$229,867,217</b>	<b>\$172,400,413</b>

*Source:* Office of Inspector General analysis of findings in this report



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**Appendix C**  
**FEMA Region IX Response**

U.S. Department of Homeland Security  
Region IX  
1111 Broadway, Suite 1200  
Oakland, CA 94607-4052



**FEMA**

AUG 25 2017

MEMORANDUM FOR: Humberto U. Melara  
Director, Western Regional Office  
Office of Inspector General

FROM: Robert J. Fenton  
Regional Administrator  
FEMA Region IX 

SUBJECT: FEMA-4240-DR-CA, P.A. ID: 000-UUJ4B-00  
Subrecipient: California Dept. of Resources, Recycling, and  
Recovery  
Response to Audit Report Number OIG-17-##-D  
(Job Code G-17-006)  
FEMA Log: 310290.4

On July 20, 2017, the Office of Inspector General (OIG) Western Regional Office transmitted the updated draft audit report *FEMA and California Need to Assist CalRecycle, a California State Agency, to Improve its Accounting of \$230 Million in Disaster Costs*. The OIG audited the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA) Public Assistance grant funds awarded to the California Department of Resources, Recycling, and Recovery (Subrecipient) under FEMA-4240-DR-CA. The early warning audit report listed the following three (3) recommendations based on findings related to the role and responsibility of FEMA and the California Governor's Office of Emergency Services (Cal OES), as Recipient, in ensuring that the County understands Federal requirements associated with Stafford Act disaster recovery grants.

**Recommendation 1:** Disallow, as ineligible, \$142,669,989 (\$107,002,492 Federal share) in debris removal costs that did not comply fully with Federal regulations, specifically project cost accounting unless FEMA (1) grants an exception to this administrative requirement as 2 CFR 200.102 allows, or (2) determines that costs are a result of the declared disaster, eligible for Federal funding, and fully documented (finding A).

**FEMA's Response to Recommendation 1, Finding A:** Concur. FEMA will continue reviewing all documentation submitted, including debris removal costs, and will determine the eligibility of these expenditures. FEMA will make the final eligibility claim and determine if an

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**Appendix C (Continued)**

*Mr. Humberto U. Melara*  
*Audit Report Number OIG-17-##-D (Job Code G-17-006)*  
*FEMA-4240-DR-CA, FEMA Log: 310290.4*  
*Page 2 of 2*

exception to administrative requirements is warranted or deobligate any costs found to be ineligible.

Estimated completion date is December 31, 2017.

**Recommendation 2:** Direct California, as Recipient, to continue providing the Subrecipient with technical assistance and monitoring to ensure compliance with all applicable Federal regulations and FEMA guidelines, specifically for project cost accounting, to avoid improperly funding any of the \$87,197,228 (\$65,397,921 Federal share) it expects to claim in cost overruns for the remaining debris removal work, for a total cost of \$230 million (finding A).

**FEMA's Response to Recommendation 2, Finding A:** Concur. FEMA will direct Cal OES, as Recipient, to provide the Subrecipient with the technical assistance and monitoring they may need to ensure compliance with all applicable Federal regulations, specifically for project cost accounting, and ways to avoid improperly funding any of the \$230 million (\$173 million Federal share) in debris removal work.

Estimated completion date is December 31, 2017.

**Recommendation 3:** Direct California, as Recipient, to ensure the Counties collect all insurance recoveries from private property owners, and accurately report the amount of insurance proceeds to FEMA (finding C).

**FEMA's Response to Recommendation 3, Finding C:** Concur. FEMA works closely with Cal OES and all California Subrecipients to ensure that federal regulations regarding the FEMA Public Assistance program including insurance are fully understood and properly applied. This is an ongoing and interactive process with seminars, classes, and discussions.

Specifically, Cal OES disseminates program specific information, including the importance of compliance to federal regulations, during the Applicants' Briefing at the beginning of each new disaster.

FEMA will reiterate to Cal OES the need to monitor this Subrecipient, and to provide additional technical assistance as appropriate to ensure compliance with Federal insurance requirements.

In summary, FEMA concurs with Recommendations 1, 2, and 3. FEMA has taken the actions noted above. FEMA requests closure of all recommendations.

If you have any questions or require additional information, please contact William Roche, Recovery Division Director, at (510) 627-7250.



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