

**Perth Amboy, New Jersey,
Effectively Managed
FEMA Grant Funds
Awarded for Hurricane
Sandy Damages**





DHS OIG HIGHLIGHTS

Perth Amboy, New Jersey, Effectively Managed FEMA Grant Funds Awarded for Hurricane Sandy Damages

January 12, 2017

Why We Did This Audit

The City of Perth Amboy, New Jersey (City), received an \$11.3 million grant award from the New Jersey Office of Emergency Management (New Jersey), a FEMA grantee, for damages resulting from Hurricane Sandy in October 2012. We audited nine projects with net awards totaling \$8.1 million. Our audit objective was to determine whether the City accounted for and expended FEMA funds according to Federal requirements.

What We Recommend

This report contains no recommendations.

For Further Information:

Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

For the projects we reviewed, the City effectively accounted for and expended Federal Emergency Management Agency (FEMA) Public Assistance grant funds according to Federal regulations and FEMA guidelines. City officials accounted for disaster expenditures on a project-by-project basis; procured contracts for disaster work appropriately, and maintained adequate documentation to support the costs.

FEMA Response

Because the audit did not identify any issues requiring further action from FEMA Region II, we consider this audit closed.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

January 12, 2017

MEMORANDUM FOR: Jerome Hatfield
Regional Administrator, Region II
Federal Emergency Management Agency
Thomas M. Salmon

FROM: Thomas M. Salmon
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *Perth Amboy, New Jersey, Effectively Managed FEMA Grant Funds Awarded for Hurricane Sandy Damages Audit Report Number OIG-17-21-D*

We audited Public Assistance grant funds awarded to the City of Perth Amboy, New Jersey (City). The New Jersey Office of Emergency Management (New Jersey), a Federal Emergency Management Agency (FEMA) grantee, awarded the City \$11.3 million (\$11.2 million net of insurance and other credits) for damages resulting from Hurricane Sandy, which occurred in October 2012. The award provided 90 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to buildings and facilities. We audited six large projects and three small projects with awards totaling \$8.1 million (see appendix A, table 1). At the time of our audit, the City had completed work on several of its projects in our audit scope but had not submitted final claims to New Jersey.

Results of Audit

For the projects we reviewed, the City effectively accounted for and expended FEMA Public Assistance grant funds according to Federal regulations and FEMA guidelines. City officials accounted for disaster expenditures on a project-by-project basis, procured contracts for disaster work appropriately, and maintained adequate documentation to support the costs.



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Discussion with Management and Audit Follow-up

We discussed the results of our audit with City, New Jersey, and FEMA officials during our audit. We also provided a draft report in advance to these officials and discussed it at the exit conference on November 15, 2016. Because the audit did not identify any issues requiring further action from FEMA Region II, we consider this audit closed.

The Office of Emergency Management Oversight contributors to this report are David Kimble, Director; Felipe Pubillones, Audit Manager; Salvador Maldonado-Avila, Auditor-in-Charge; and Vilmarie Serrano-Rosario, Senior Auditor.

Please call me with any questions at (202) 254-4100, or your staff may contact David Kimble, Director, Eastern Regional Office – South at (404) 832-6702.



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Appendix A
Objective, Scope, and Methodology

We audited Public Assistance grant funds awarded to the City, FIPS Code 023-58200-00. Our audit objective was to determine whether the City accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines for Disaster Number 4086-DR-NJ. The City received a Public Assistance grant award of \$11.2 million (net of insurance and other credits) from New Jersey, a FEMA grantee, for damages resulting from Hurricane Sandy, which occurred in October 2012. The award provided 90 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to buildings and facilities under 16 projects (8 large and 8 small).¹

We audited six large and three small projects with awards totaling \$8.1 million as table 1 shows. The audit covered the period October 24, 2012, to March 31, 2016, during which the City prepared claims for \$8.1 million under the nine projects in our audit scope. At the time of our audit, the City had completed work on several of its projects in our audit scope but had not submitted final claims to New Jersey.

Table 1: Projects Audited

Project Number	Category of Work²	Type of Project	Net Amount Awarded
2289	A	Large	\$ 191,642
2298	B	Large	102,783
2349	B	Large	897,054
2546	G	Large	6,357,024
2547	B	Large	344,721
3678	B	Large	112,575
1791	F	Small	44,919
2049	C	Small	17,912
2282	B	Small	31,173
Totals			\$8,099,803

Source: FEMA Project Worksheets, City Records, and Office of Inspector General Analyses

¹ Federal regulations in effect at the time of Hurricane Sandy set the large project threshold at \$67,500 [Notice of Adjustment of Disaster Grant Amounts, 77 Fed. Reg. 61,423 (Oct. 9, 2012)].

² FEMA classifies disaster-related work by type: debris removal (Category A), emergency protective measures (Category B), and permanent work (Categories C through G).



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Appendix A (continued)

To accomplish our objective, we interviewed City, New Jersey, and FEMA personnel; gained an understanding of the City's method of accounting for disaster-related costs and its procurement policies and procedures; judgmentally selected and reviewed (generally based on dollar amounts) project costs and procurement transactions for the projects in our audit scope; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary to accomplish our audit objective.

As part of our standard auditing procedures, we also notified our Office of Information Technology Audits of all contracts the subgrantee awarded under the grant that we reviewed to determine whether the contractors were debarred or whether there were any indications of other issues related to those contractors that would indicate fraud, waste, or abuse. As of the date of this report, the Office of Information Technology Audits analysis of contracts was ongoing. When it is complete, we will review the results and determine whether additional action is necessary. We did not perform a detailed assessment of the City's internal controls applicable to its grant activities because it was not necessary to accomplish our audit objective.

We conducted this performance audit between April and November 2016 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 the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objective. To conduct this audit, we applied the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.



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Appendix B
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