

**Early Warning Audit of  
FEMA Public Assistance  
Grants to Monroe County,  
Florida**





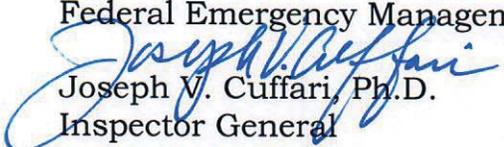
## OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

July 17, 2020

MEMORANDUM FOR: The Honorable Pete T. Gaynor  
Administrator  
Federal Emergency Management Agency

FROM:   
Joseph V. Cuffari, Ph.D.  
Inspector General

SUBJECT: *Early Warning Audit of FEMA Public Assistance Grants  
to Monroe County, Florida*

Attached for your information is our final report, *Early Warning Audit of FEMA Public Assistance Grants to Monroe County, Florida*. We incorporated the formal comments from the Federal Emergency Management Agency in the final report.

The report contains 18 recommendations aimed at improving FEMA's management of Public Assistance (PA) program grant funds awarded to disaster areas. Your office concurred with all 18 recommendations.

Based on information provided in your response to the draft report, we consider recommendations 1 through 18 open and resolved. Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts. Please send your response or closure request to [OIGAuditsFollowup@oig.dhs.gov](mailto:OIGAuditsFollowup@oig.dhs.gov).

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Sondra McCauley, Assistant Inspector General for Audits at (202) 981-6000.

Attachment



# DHS OIG HIGHLIGHTS

## *Early Warning Audit of FEMA Public Assistance Grants to Monroe County, Florida*

July 17, 2020

### Why We Did This Audit

The DHS Office of Inspector General contracted with Cotton & Company LLP to conduct an audit to determine whether FEMA ensured that Florida (the recipient) and Monroe County (the subrecipient) established and implemented policies, procedures, and practices to account for and expend Public Assistance program grant funds awarded for damages caused by Hurricane Irma in accordance with Federal regulations and FEMA guidance.

### What We Recommend

We made 18 recommendations that, when implemented, should improve Monroe County's management of FEMA PA funds.

#### **For Further Information:**

Contact our Office of Public Affairs at (202) 981-6000, or email us at [DHS-OIG.OfficePublicAffairs@oig.dhs.gov](mailto:DHS-OIG.OfficePublicAffairs@oig.dhs.gov)

### What We Found

Cotton & Company LLP found that FEMA did not ensure that Monroe County, Florida (the County) established and implemented policies, procedures, and practices to ensure that it accounted for and expended Public Assistance (PA) program grant funds awarded to disaster areas in accordance with Federal regulations and FEMA guidance. Specifically, the County:

- did not allocate anticipated and actual insurance proceeds totaling \$5 million to reduce FEMA's share of disaster costs;
- charged \$265,928 for ineligible stand-by time and other ineligible expenses;
- requested \$84,681 in unsupported and ineligible costs for multiple tasks including clearing emergency access and fighting floods;
- overstated \$34,378 in force account labor costs that were unreasonable and therefore ineligible for grant funding;
- overpaid a debris removal contractor, resulting in \$2,403 in ineligible costs; and
- charged \$1,080 to PW 1512 for security costs that were unsupported and are therefore ineligible for grant funding.

These deficiencies occurred because the County did not always have adequate policies, procedures, and practices in place. Because of these deficiencies, there is an increased risk that PA programs were mismanaged and that funds were used for unallowable activities.

### FEMA Response

FEMA concurred with our 18 recommendations. We included a copy of FEMA's management comments in their entirety in Appendix B.



*Answers Questioned*

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Ms. Sondra F. McCauley  
Assistant Inspector General for Audits  
Office of Inspector General  
U.S. Department of Homeland Security

Dear Ms. McCauley:

Cotton & Company LLP performed an early warning audit of FEMA Public Assistance (PA) subgrants awarded to Monroe County, Florida (the County) for damages resulting from Hurricane Irma. We performed the audit in accordance with our Task Order No. HSIQAQ-17-A-00003, dated September 26, 2018. Our report presents the results of the audit and includes recommendations to help improve FEMA's management of the audited PA subgrants.

We conducted our audit in accordance with applicable *Government Auditing Standards*, 2011 revision (the *Standards*). The audit was a performance audit, as defined by Chapter 6 of the *Standards*, and included a review and report on program activities with a compliance element. Although the audit report comments on costs claimed by the County, we did not perform a financial audit, the purpose of which would be to render an opinion on the County's financial statements, or on the funds claimed in the Financial Status Reports submitted to the Department of Homeland Security (DHS).

This report is intended solely for the use of the DHS Office of Inspector General and DHS management and is not intended to be, and should not be, relied upon by anyone other than these specified parties.

We appreciate the opportunity to have conducted this audit. Should you have any questions or need further assistance, please contact us at (703) 836-6701.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael W. Gillespie".

Michael W. Gillespie, CPA, CFE  
Partner

## Table of Contents

|  |    |
|--|----|
| Background .....   | 1  |
| Results of Audit .....   | 2  |
| The County Has Not Applied All Insurance Reimbursements to Reduce FEMA’s Share of Disaster Costs ..... | 3  |
| The County Received Reimbursement for Ineligible Force Account Labor Costs .....                       | 4  |
| The County Claimed Unreasonable Force Account Labor Costs .....  | 6  |
| The County Claimed Unsupported and Ineligible Force Account Equipment Costs.....                       | 8  |
| The County Overpaid a Debris Removal Contractor.....   | 11 |
| The County Did Not Maintain Documentation to Support Claimed Security Costs.....                       | 12 |
| The County’s Contracts Do Not Contain All Required Federal Provisions.....                             | 13 |
| FDEM’s Subrecipient Monitoring Process Needs Improvement.....  | 15 |
| FEMA Comments and OIG Analysis.....  | 17 |

## Appendixes

|   |    |
|---|----|
| Appendix A: Objective, Scope, and Methodology .....     | 20 |
| Appendix B: FEMA Comments to the Draft Report.....      | 22 |
| Appendix C: Summary of Potential Monetary Benefits..... | 27 |
| Appendix D: Report Distribution.....                    | 28 |

## Abbreviations

|      |  |
|------|--|
| DHS  | Department of Homeland Security          |
| FEMA | Federal Emergency Management Agency      |
| FY   | Fiscal Year                              |
| FDEM | Florida Division of Emergency Management |
| OIG  | Office of Inspector General              |
| PA   | Public Assistance                        |
| PW   | Project Worksheet                        |
| RFR  | Request for Reimbursement                |

## **Background**

The *Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988*, as amended, 42 U.S. Code (U.S.C.) 5121-5207 (Stafford Act) authorizes the Public Assistance (PA) program. Following a major Presidential disaster declaration, the Stafford Act authorizes the Federal Emergency Management Agency (FEMA) to provide PA funding for disaster relief to state, local, and tribal governments and to certain non-profit organizations. The Stafford Act, among other things, authorizes PA grants for:

- Assistance for debris removal (Category A);
- Emergency protective measures (Category B); and
- Assistance for the repair, restoration, and replacement of damaged facilities (Categories C-G), including certain hazard mitigation measures.

Florida's Monroe County (the County) includes the islands of the Florida Keys. Although 87 percent of the County's land area is located on the mainland, more than 99 percent of its population lives on the Florida Keys. On September 10, 2017, Hurricane Irma struck the Florida Keys as a Category 4 storm with maximum sustained winds of 132 miles per hour (mph) and storm surge up to 8 feet in the Lower and Middle Keys. The hurricane caused major damage to buildings, boats, roads, the electrical supply, sanitation, the water supply, and the fuel supply on the Florida Keys. On September 10, 2017, the President issued a major disaster declaration for the State of Florida.

FEMA disburses PA funds to the Florida Division of Emergency Management (FDEM). FDEM in turn passes funds to local subrecipients. Per Federal grant requirements, FDEM is responsible for monitoring these subrecipients to ensure they manage PA funds appropriately, in accordance with FEMA program guidance and other Federal grant requirements.

As of January 31, 2019, the County had submitted 25 Project Worksheets (PWs)<sup>1</sup> to FEMA, requesting a total of \$33,720,387 in PA funding. FEMA obligated \$8,750,083 for 13 of the 25 projects.

Cotton & Company LLP (referred to as "we" in this report) was engaged by the Department of Homeland Security (DHS), Office of Inspector General (OIG) to conduct a performance audit of FEMA PA subgrant funds awarded to the County for Hurricane Irma. The overall objective of this audit was to determine whether FEMA ensured that Florida (the recipient) and the County (the subrecipient) established and implemented policies, procedures, and practices

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<sup>1</sup> A Project Worksheet is the primary form used to document the location, damage description and dimensions, scope of work, and cost estimate for each project (Public Assistance Program and Policy Guide, April 2018, p.174).

to account for and expend PA grant funds awarded for damages caused by Hurricane Irma in accordance with Federal regulations and FEMA guidance.

Appendix A provides additional detail regarding the objective, scope, and methodology of this audit. We designed this performance audit to meet the objectives identified in the Objective, Scope, and Methodology section of this report. We conducted the audit in accordance with Generally Accepted Government Auditing Standards, issued by the Government Accountability Office. We communicated the results of our audit and the related findings and recommendations to the County, FDEM, FEMA, and the DHS OIG.

### **Results of Audit**

FEMA did not ensure that Monroe County, Florida (the County) established and implemented policies, procedures, and practices to account for and expend PA program grant funding in accordance with Federal regulations and FEMA guidance.

Our audit identified the following findings:

**Table 1: Results of Audit**

| No. | Finding   | Questioned Costs  | Funds Put to Better Use |
|-----|---|-------------------|-------------------------|
| 1   | The County has not applied insurance reimbursements to reduce FEMA's share of disaster costs. |                   | \$ 5,000,000            |
| 2   | The County received reimbursement for ineligible force account labor costs.                   | \$ 265,928        |                         |
| 3   | The County claimed unreasonable force account labor costs.                                    | \$ 30,237         |                         |
| 4   | The County claimed unsupported and ineligible force account equipment costs.                  | \$ 84,681         |                         |
| 5   | The County overpaid a debris removal contractor.  | \$ 2,403          |                         |
| 6   | The County did not maintain documentation to support claimed security costs.                  | \$ 1,080          |                         |
| 7   | The County's contracts do not contain all required Federal provisions.                        |                   |                         |
| 8   | The FDEM's subrecipient monitoring process needs improvements.                                |                   |                         |
|     | <b>Total</b>  | <b>\$ 384,329</b> | <b>\$ 5,000,000</b>     |

Source: Cotton & Company LLP audit testing.

These findings are discussed in greater detail below.

## **Finding 1 – The County Has Not Applied All Insurance Reimbursements to Reduce FEMA’s Share of Disaster Costs**

The County did not allocate anticipated and actual insurance proceeds to reduce FEMA’s share of disaster costs. On May 23, 2018, and May 23, 2019, the County received \$1.5 million and \$3.5 million, respectively, for all claims filed under the County’s bulk storm Lloyds of London policy (the Policy). County personnel informed us that they are calculating how to allocate the \$5 million of insurance proceeds across individual projects and therefore have not yet applied the insurance reimbursement to Project Worksheets (PWs) and Requests for Reimbursement (RFRs). The County was unable to provide a list of projects covered by the Policy.

According to 44 Code of Federal Regulations (CFR) 206.250(c), entities must deduct actual and anticipated insurance recoveries from otherwise eligible costs.

According to FEMA PA Program and Policy Guide, FP 104-009-2/April 2017, Section IV, P, 1. *Insurance Proceeds*:

*FEMA cannot provide PA funding that duplicates insurance proceeds. Consequently, FEMA reduces eligible costs by the amount of:*

- *Actual insurance proceeds, if known; or*
- *Anticipated insurance proceeds based on the Applicant’s insurance policy, if the amount of actual insurance proceeds is unknown. FEMA subsequently adjusts the eligible costs based on the actual amount of insurance proceeds the Applicant receives.*

*FEMA requires the Applicant to take reasonable efforts to pursue claims to recover insurance proceeds that it is entitled to receive from its insurer(s). If the Applicant expends costs to pursue its insurance claim, FEMA offsets the insurance reduction with the Applicant’s reasonable costs to pursue the claim.*

County officials explained that Lloyds of London tested a sample of the County’s claims and determined that the claimed costs would exceed the Policy’s \$5 million cap for a named storm. We noted that the County did apply the insurance proceeds from other carriers to the applicable projects and properly reduced the reimbursement amounts claimed for those projects.

### **Conclusion**

The County is required to allocate the Lloyds of London insurance proceeds but has not yet done so. The County may have requested and received reimbursements from FEMA for those projects covered by the insurance proceeds. The County therefore may have received up to \$5 million for costs that are ineligible.

## **Recommendations**

**Recommendation 1:** We recommend that the Regional Administrator, FEMA Region IV work with the State of Florida to ensure that the County provides a listing of all projects receiving an equitable allocation of the \$5 million in insurance proceeds and ensure that the County uses the proceeds to reduce the amounts that FEMA funded and/or reimbursed to the County.

**Recommendation 2:** We recommend that the Regional Administrator, FEMA Region IV direct the State of Florida to recover any overpayments incurred as a result of the insurance allocation.

**Recommendation 3:** We recommend that the Regional Administrator, FEMA Region IV provide additional technical assistance and monitoring of the County's projects, to provide FEMA with reasonable assurance that the County will properly account for the applicable insurance proceeds.

### **Finding 2 – The County Received Reimbursement for Ineligible Force Account Labor Costs**

The County charged \$265,928 to PW 22 (*Force Account Labor First 30 Days*) for ineligible stand-by time and other ineligible expenses. FEMA policy states that grant subrecipients may only request reimbursement for stand-by time incurred within 14 days from the start of the incident period. The Presidential Disaster Declaration for Hurricane Irma began on September 4, 2017. The County was therefore allowed to request reimbursement for stand-by time incurred through September 18, 2017. However, we noted that the County was reimbursed for three separate RFRs that included stand-by hours between September 18 and October 3, 2017, including ineligible overtime hours for activities not related to the disaster.

We tested 199 administrative and firefighter employee timesheets and activity logs covering the period from September 4 to October 3, 2017. (This included 100 percent of the firefighters' time charged to the project after the first 14 days.) We identified 147 instances in which the County charged the project for ineligible hours. Specifically, we identified:

- 114 instances in which the County charged the project for overtime incurred after the allowable 14-day period. These charges included all overtime hours that firefighters and other emergency personnel incurred during 24-hour shifts. However, based on the activity logs, the personnel also performed non-disaster-related activities during these hours, such as performing truck checks, standing by for Emergency Medical Services and fire calls, and assisting with kitchen detail. We identified \$217,368 in ineligible costs related to this issue.

- 29 instances in which the County was unable to provide timesheets or other records to support the hours claimed. We identified \$48,030 in costs that were unsupported and therefore ineligible.
- Four instances in which the County based its RFR on older versions of timesheets that were later revised. Three of the four timesheets included stand-by time identified as ineligible in the first bullet above. We identified an additional \$363 in ineligible costs for claimed hours not supported by the revised timesheets.
- One instance in which the County charged PW 22 for hours incurred to obtain food from a restaurant and bring it to the Emergency Operations Center. We identified \$93 in ineligible costs related to this issue.
- Two instances in which the County incorrectly charged PW 22 for hours incurred on non-disaster-related activities. We identified \$74 in ineligible costs related to this issue.

In total, the County charged PW 22 for \$265,928 in ineligible costs as a result of the above issues.

According to the FEMA PA Program and Policy Guide FP 104-009-2/April 2017:

Section IV (B). *Minimum Work Eligibility Criteria:*

*At a minimum, work must meet each of the following three general criteria to be eligible:*

- *Be required as a result of the declared incident;*
  - *The Applicant is responsible for showing that work is required due to an immediate threat resulting from the declared incident (for Emergency Work); or to address damage caused by the declared incident.*
- *Be located within the designated area, with the exception of sheltering and evacuation activities; and*
- *Be the legal responsibility of an eligible Applicant.*

Section V (A) (2). *Stand-by Time:*

*To be eligible, stand-by time must be reasonable, necessary, and consistent with the Applicant's practice in non-federally declared incidents...FEMA will determine whether any stand-by time claimed is reasonable and necessary based on whether there is a contractual obligation to pay for stand-by time based on a labor agreement [and/or] the stand-by time occurred when it was necessary to have resources available to save lives and protect health and safety...for instance, the Applicant may be required to pay firefighter costs from portal-to-portal, which may result in paying for 24-hour shifts with periods of rest. FEMA will reimburse costs based on such requirements. However, FEMA limits its reimbursement to that which is reasonable and necessary, not to exceed 14 calendar days from the start of the incident period.*

County Resolution 146-2013 authorized overtime hours that firefighters and other emergency personnel incurred from September 6 to September 25, 2017, or the period during which County personnel were on administrative leave. County officials believed that all hours that emergency personnel incurred during this period, including stand-by hours, were eligible for recovery. Although County personnel were aware of FEMA’s 14-day limitation for stand-by costs, they believed that County Resolution 146-2013 superseded FEMA’s policy. Lack of technical assistance and monitoring from FEMA and the State enabled the County to claim and be reimbursed for these costs.

**Conclusion**

FEMA reimbursed the County for \$265,928 in ineligible costs, as follows:

**Table 2: Unallowable Costs from Finding 2**

| Issue #      | Overtime Hours |                  |                    | Overtime Amount   |                   |                    |
|--------------|----------------|------------------|--------------------|-------------------|-------------------|--------------------|
|              | <i>Charged</i> | <i>Allowable</i> | <i>Unallowable</i> | <i>Charged</i>    | <i>Allowable</i>  | <i>Unallowable</i> |
| 1/2          | 10,763         | 4,061            | 6,702              | \$ 437,342        | \$ 171,944        | \$ 265,398         |
| 3            | 156            | 154              | 2                  | 7,192             | 7,099             | 93                 |
| 4            | 12             | 9                | 3                  | 599               | 525               | 74                 |
| 5            | 216            | 204              | 12                 | 6,539             | 6,176             | 363                |
| <b>Total</b> | <b>11,147</b>  | <b>4,428</b>     | <b>6,719</b>       | <b>\$ 451,672</b> | <b>\$ 185,744</b> | <b>\$ 265,928</b>  |

Source: Cotton & Company, LLP analysis of claimed force account cost.

**Recommendations**

**Recommendation 4:** We recommend that the Regional Administrator, FEMA Region IV direct the State of Florida to recover the \$265,928 in ineligible costs from the County.

**Recommendation 5:** We recommend that the Regional Administrator, FEMA Region IV direct the State of Florida to provide County officials additional training on specific requirements of the PA program and monitor the County’s project cost claims to provide FEMA with reasonable assurance that the County properly requests reimbursement for force account labor costs.

**Finding 3 – The County Claimed Unreasonable Force Account Labor Costs**

The County overstated its force account labor costs claimed on PW 22 because it did not calculate labor rates in accordance with personnel records and/or firefighter collective bargaining agreements.

Upon hiring an employee, the County completes a Personnel Action Form that includes the employee’s pay grade, salary, and hourly rate. We noted three

instances in which the claimed hourly rate for an employee did not agree with the employee's Personnel Action Form.

Additionally, we tested pay for 18 firefighters and identified seven instances in which the County did not comply with the firefighters' agreements when calculating force account labor costs. The firefighters' agreements include provisions for increases and incentive pay (Article 8: Salaries and Supplements). Once a firefighter has earned an increase, it becomes part of the firefighter's base salary. However, the firefighter only earns incentive pay if he or she maintains applicable certifications. Incentives are calculated as a percentage of base pay.

The seven instances in which the County did not comply with the firefighters' agreements are as follows:

- Under the agreements, the County may not apply the Paramedic Differential to battalion chiefs, captains, and lieutenants. However, the County included the Paramedic Differential increase in its base salary calculation for one sampled fire rescue lieutenant and one sampled fire rescue captain. The County then incorrectly used this new salary as the base when calculating increases for officer promotion and incentive pay costs, such as preceptor and pump operator.
- The agreements stipulate that incentives for preceptors, flight-qualified personnel, airport firefighters, and pump operators are calculated based on a percentage of base salary. We identified five instances in which the County improperly included incentives in its base salary calculations, thus overstating the resulting force account labor rates.

We determined that the incorrect pay calculations caused the County to overstate its claimed force account labor costs by \$34,378.

According to 2 CFR 200.404:

*A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost...*

*(e) whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.*

According to FEMA PA Program and Policy Guide FP 104-009-2/April 2017, Section V. *Cost Eligibility*:

*To be eligible, cost must be...adequately documented [and] ...consistent with the Applicant's internal policies, regulations, and procedures that*

*apply uniformly to both Federal awards and other activities of the Applicant.*

The County did not have adequate controls in place to ensure that it calculated salaries in accordance with the collective bargaining agreements and other personnel records. The County manually calculated firefighter salaries each year and was unable to provide documentation supporting that it had verified the accuracy of the calculations.

### **Conclusion**

The County overstated its RFRs for PW 22 by \$34,378 in force account labor costs that were unreasonable and therefore ineligible for grant funding. Of this amount, we noted that \$4,141 related to stand-by costs that were included under Issue #1 in Finding 2. As a result, the net ineligible costs total \$30,237.

### **Recommendations**

**Recommendation 6:** We recommend that the Regional Administrator, FEMA Region IV direct the State of Florida to recover the \$30,237 in unreasonable force account labor costs from the County.

**Recommendation 7:** We recommend that the Regional Administrator, FEMA Region IV require the County to review its hourly rate calculations for all force account labor costs claimed on FEMA projects to ensure that the County calculated the force account labor rates accurately and in accordance with applicable personnel agreements.

**Recommendation 8:** We recommend that the Regional Administrator, FEMA Region IV provide additional training related to the specific requirements of the PA program and monitoring of the County's project cost accumulation to provide FEMA with reasonable assurance that the County properly requests reimbursement for force account labor.

### **Finding 4 – The County Claimed Unsupported and Ineligible Force Account Equipment Costs**

The County charged \$522,055 to PW 164 (*Vehicles and equipment usage*) for equipment used for multiple tasks, such as clearing emergency access, placing barricades, fighting floods, performing emergency pumping, conducting search and rescue activities, fighting fires, bracing facilities, sheltering, and performing evacuations during the emergency response. FEMA has reimbursed the County for \$370,678 of the claimed costs. We tested the claimed costs and identified unsupported and ineligible costs of \$84,681, as follows:

- We reviewed employee time-and-activity logs, which record the equipment used and the purpose of the usage. The County uses the time-and-activity

logs in calculating equipment usage costs to charge to the project. We compared the activity logs to the schedule of equipment claimed on the RFRs and noted:

- 33 instances in which the hours claimed exceeded the hours recorded on the employee's time-and-activity records, or in which the County was unable to provide activity logs. The County claimed \$5,362 in unsupported costs related to this issue.
- 177 instances in which the County charged Project 164 for equipment hours incurred for stand-by activities that were not directly related to the disaster, such as shift change meetings, daily equipment inventory processing, and inspections. FEMA policy states that equipment costs for stand-by time are not eligible for reimbursement. The County claimed \$63,428 in ineligible costs related to this issue.
- 27 instances in which the County submitted RFRs that included charges for an employee's use of two or more vehicles with similar descriptions during the same shift (e.g., a Chevrolet Silverado 2500 HD and a Chevrolet 2500 HD), or charges from two team members for the use of the same vehicle when the team only used one vehicle. In these instances, the County requested higher reimbursement rates and/or more hours than the employee time-and-activity logs supported. The County claimed \$11,257 in ineligible duplicative costs related to this issue.
- The County did not develop its own equipment rates and was thus required to use the applicable FEMA rates for each piece of equipment. However, we noted that the County incorrectly used the FEMA hourly rate for 100-kilowatt generators, or \$35, in calculating equipment costs for 128 hours' use of F-350 dump trucks. In addition, the County incorrectly used the FEMA hourly rate for 16-kilowatt generators, or \$7, in calculating equipment costs for 22 hours' use of Echo chainsaws. The County claimed a total of \$4,634 for equipment usage at the incorrect rates. We noted that the FEMA Schedule of Equipment contains multiple rates for dump trucks and chainsaws. Because the County did not respond to our request for information, we were unable to identify the appropriate rate for the equipment used.

According to the Federally-Funded Subaward and Grant Agreement:

*Section (10) c. Records. As required by Florida Department of State's record retention requirements (chapter 119, Florida Statutes) and by 2 C.F.R §200.333, the Sub-Recipient shall retain sufficient records to show its compliance with the terms of this Agreement, as well as the compliance of all subcontractors or consultants paid for from funds under this*

*Agreement, for a period of five (5) years from the date of submission of the final expenditure report.*

*Attachment G – Project Documentation. The Sub-Recipient must maintain all source documentation supporting the project costs. To facilitate closeout and audits, the Applicant should file all documentation pertaining to each project with corresponding PW as the permanent record of the project. In order to validate Large Project Requests for Reimbursement (RFRs), all supporting documents should be uploaded to the FloridaPA.org website.*

According to FEMA PA Program and Policy Guide FP 104-009-2/April 2017, Section V. Cost Eligibility, B. *Applicant (Force Account) Equipment and Purchased Equipment:*

*FEMA only applies equipment rates to the time the Applicant is actually operating equipment. Although costs associated with mobilizing equipment to a project site are eligible, costs for standby time (time spend on hold or in reserve) are not eligible unless the equipment operator uses the equipment intermittently for more than half of the working hours for a given day.*

*...FEMA publishes equipment rates applicable on a national basis. FEMA's rate schedule includes any item powered by fuel or attached to any item powered by fuel. FEMA develops equipment rates based on all costs associated with ownership and operation of equipment, with the exception of operator labor.*

According to 44 CFR 206.228(a) (1) (III) – Allowable Cost – No established rates:

*The FEMA Schedule of Equipment Rates will be the basis for reimbursement in all cases where an applicant does not have established equipment rates.*

According to 2 CFR 200.404:

*A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost...*

*(a) whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.*

The County relied on its contractor, Adjusters International, to complete the PWs and RFRs because the County did not have the manpower available to perform this work. The County stated that it will conduct a full and complete audit of the PWs during the close-out process to ensure that all reimbursements are supported and eligible. However, we noted that in the

interim, the County does not have procedures in place to ensure that it only includes allowable, supported costs for force equipment in its RFRs.

**Conclusion**

The County claimed unsupported costs of \$9,996 and ineligible equipment costs of \$74,685, as shown in Table 3:

**Table 3: Unsupported and Ineligible Equipment**

| Issue #                             | Equipment Hours |            |              | Equipment Amount |                 |                 |
|-------------------------------------|-----------------|------------|--------------|------------------|-----------------|-----------------|
|                                     | Charged         | Eligible   | Ineligible   | Charged          | Eligible        | Ineligible      |
| Unsupported - Lack of Documentation | 127             | 9          | 118          | \$ 5,980         | \$ 618          | \$ 5,362        |
| Unsupported - Incorrect Rates       | 150             | -          | 150          | 4,634            | -               | 4,634           |
| Ineligible - Standby                | 1,359           | 452        | 907          | 95,017           | 31,589          | 63,428          |
| Ineligible - Duplicates             | 244             | -          | 244          | 11,257           | -               | 11,257          |
| <b>Total</b>                        | <b>1,880</b>    | <b>461</b> | <b>1,419</b> | <b>\$116,888</b> | <b>\$32,207</b> | <b>\$84,681</b> |

Source: Cotton & Company LLP analysis of claimed equipment costs.

**Recommendations**

**Recommendation 9:** We recommend that the Regional Administrator, FEMA Region IV direct the State of Florida to recover the \$84,681 in unsupported and ineligible force account equipment costs from the County.

**Recommendation 10:** We recommend that the Regional Administrator, FEMA Region IV direct the State of Florida to require the County to review and validate all force account equipment costs claimed for FEMA reimbursement.

**Recommendation 11:** We recommend that the Regional Administrator, FEMA Region IV direct the State of Florida to monitor the County’s procedures and ensure that the County establishes and maintains adequate internal controls over the preparation of RFRs and retention of supporting documentation.

**Finding 5 – The County Overpaid a Debris Monitoring Contractor**

The County charged \$978,045 to PW 2061 (*Debris removal*) for services provided by the County’s contractor responsible for monitoring debris removal activities. We compared a sample of invoiced labor hours to the employees’ daily activity logs and noted that the contractor billed the County for time spent on lunches and breaks for 4 of the 12 employees tested, for a total of \$78 in unallowable costs. The County’s contract with the contractor was on a time-and-materials basis and only allowed payment for actual direct labor hours applied to the scope of work. The contractor therefore may not invoice the County for hours unrelated to the project, such as lunches and breaks. In response to our inquiries, the contractor reviewed its billings and determined that it had invoiced the County an additional \$2,325 for lunches and breaks. The County received FEMA funding for a total of \$2,403 in ineligible costs.

According to 2 CFR 200.400(d):

*... the accounting practices of the non-Federal entity must be consistent with (these) cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.*

2 CFR 200.403, *Factors affecting allowability of costs*, states in part:

*Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:*

*(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles...*

The County did not obtain activity logs and reconcile the logs to the contractor invoices as part of its invoice payment process. Further, the State of Florida's FEMA PA grant program applicant briefing slides did not address the need to obtain supporting activity logs, and the State did not identify this as an issue when it reviewed and approved the County's RFRs.

### **Conclusion**

FEMA awarded funding, and the State reimbursed the County, for \$2,403 in ineligible costs under PW 2061.

### **Recommendations**

**Recommendation 12:** We recommend that the Regional Administrator, FEMA Region IV direct the State of Florida to recover the \$2,403 in ineligible costs from the County.

**Recommendation 13:** We recommend that the Regional Administrator, FEMA Region IV direct the State of Florida to provide training to the County on monitoring and validating contractor invoices to ensure that the invoices comply with contract requirements.

### **Finding 6 – The County Did Not Maintain Documentation to Support Claimed Security Costs**

The County did not maintain documentation to support the reasonableness and allowability of costs that it incurred for security services at its evacuation shelters during Hurricane Irma. The County obtained security services from off-duty County sheriff's deputies. We requested documentation such as time records or duty logs to support the hours invoiced for security services. However, the County was unable to provide documentation to support \$1,080 in costs incurred for two deputies. The County submitted these costs as part

of its RFR for PW 1512 (*Emergency sheltering and evacuation*). However, at the time of our audit, the County had not yet been reimbursed for these costs.

According to 2 CFR 200.400(d):

*... the accounting practices of the non-Federal entity must be consistent with these cost principles and support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to the Federal award.*

According to 2 CFR 200.403(g):

*Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards...be adequately documented.*

County personnel stated that the Sheriff's Department reconciles the hours that the deputies invoice to its records before sending the invoices to the County. However, the Sheriff's Department was unable to provide the off-duty detail roster that it typically uses to perform this verification.

### **Conclusion**

The County charged \$1,080 to PW 1512 for security costs that were unsupported and are therefore ineligible for grant funding.

### **Recommendations**

**Recommendation 14:** We recommend that the Regional Administrator, FEMA Region IV direct the State of Florida to require the County to either provide adequate support to validate the hours invoiced or remove the \$1,080 in unsupported costs from its RFR.

**Recommendation 15:** We recommend that the Regional Administrator, FEMA Region IV direct the State of Florida to monitor the County's procedures and ensure the County establishes and maintains internal controls over the retention of supporting documentation.

### **Finding 7 – The County's Contracts Do Not Contain All Required Federal Provisions**

The County did not include all required Federal provisions in its contracts. According to 2 CFR 200.318(j) (2), the County's time-and-materials contracts must include an established ceiling that the contractor exceeds at its own risk. However, the County did not include ceiling amounts in two of the contracts included in our sample testing. In addition, according to 2 CFR 200, Appendix II, Part E, the County's contracts must include a provision for compliance with Sections 102 and 107 of the *Contract Work Hours and Safety Standards Act*, 40

U.S. Code (U.S.C.) 327-330, as supplemented by U.S. Department of Labor (DOL) regulations (29 CFR Part 5). However, the County did not include this provision in one of the contracts we tested. Table 4 below provides additional information regarding the exceptions identified.

**Table 4: Contracts Not Containing Required Federal Provisions**

| <i>Services and/or Supplies Rendered</i> | <i>Project Amount</i> | <i>PW#</i> | <i>Notes</i> |
|--|-----------------------|------------|--------------|
| Debris Removal                           | \$3,667,041           | 2061       | 1            |
| Debris Monitoring                        | 978,045               | 2061       | 1            |
| Beach Cleanup                            | 61,263                | 4644       | 2            |
| <b>Total</b>                             | <b>\$4,704,349</b>    |            |              |

Source: Cotton & Company LLP analysis of the impact of Finding 7.

Notes:

1. The County’s debris removal contract contained both time and materials and unit cost pricing. The debris monitoring contract was a time-and-materials contract. Neither of the contracts contained ceiling amounts, as required by 2 CFR 200.318(j) (2).
2. The County’s beach cleanup contract did not contain the provision for compliance with Sections 102 and 107 of the *Contract Work Hours and Safety Standards Act* (40 U.S.C 327-330), as supplemented by DOL regulations (29 CFR Part 5). We noted that the total costs that the contractor invoiced the County exceeded \$100,000. The County is therefore required to include this provision in the contract.

According to 2 CFR 200.318 (J) (2), *General Procurement Standards*:

*Since this formula generates an open-ended contract price, a time-and-materials contract provides no positive profit incentive to the contractor for cost control or labor efficiency. Therefore, each contract must set a ceiling price that the contractor exceeds at its own risk. Further, the non-Federal entity awarding such a contract must assert a high degree of oversight in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.*

According to 2 CFR 200, Appendix II, Part E, *Contract Work Hours and Safety Standards Act*:

*All contracts awarded by the non-Federal entity in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5).*

The County's policies reference the FEMA procurement and contracting requirements. However, the County did not have controls to ensure that it incorporated the required provisions into the contract documents.

### **Conclusion**

If the County does not include a ceiling amount in its time-and-materials contracts, its contractors will not have incentive to control costs and therefore may not perform the contract requirements in a cost-effective manner, thus placing the \$4,645,086 incurred and claimed for the debris removal and monitoring contracts at risk. In addition, if the County does not include all of the required provisions in its contracts, its contractors may not be aware of the need to comply with Federal employment requirements.

### **Recommendations**

**Recommendation 16:** We recommend that the Regional Administrator, FEMA Region IV direct the State of Florida to require the County to provide additional technical assistance and monitoring of the County's contracts to ensure that the County only awards time-and-materials contracts when necessary and that all contracts comply with Federal Uniform Guidance (2 CFR 200) requirements.

### **Finding 8 – FDEM's Subrecipient Monitoring Process Needs Improvement**

FDEM's subrecipient monitoring process needs improvement. Specifically, FDEM had not evaluated the risk of subrecipients' noncompliance with Federal requirements, obtained subrecipient audit reports, or developed plans for monitoring subrecipients. The State of Florida's fiscal year (FY) 2018 Single Audit reported significant noncompliance with respect to FDEM's subrecipient monitoring. Instead of evaluating risk, FDEM relied on 100 percent validation of subrecipients' costs prior to reimbursement and monitoring of subrecipients' quarterly reports to minimize the risk of noncompliance. However, we identified a number of costs that were not supported as allowable and allocable although the FDEM had reimbursed these costs to the subrecipient. Therefore, FDEM's cost-validation process is not consistently effective.

FDEM representatives provided information regarding the status of actions that FDEM has taken to implement a subrecipient monitoring program. FDEM has established a Compliance Unit that will oversee subrecipient risk assessments, monitoring, and obtaining and reviewing Single Audit reports. It has developed a standard operating procedure for the subrecipient compliance program that is awaiting final management approval. For the 2017/2018 fiscal year, FDEM pulled reports from its Florida PA system of record to identify the population of audits and is in the process of reviewing those reports. For current and future years, FDEM has purchased an audit tracking module as part of the grants management software.

According to 2 CFR 200.331, *Requirements for pass-through entities*:

*All pass-through entities must:*

*... (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:*

*(1) The subrecipient's prior experience with the same or similar subawards;*

*(2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F - Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;*

*(3) Whether the subrecipient has new personnel or new or substantially changed systems; and*

*(4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).*

*(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:*

*(1) Reviewing financial and performance reports required by the pass-through entity.*

*(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.*

*(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.*

*... (f) Verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.*

*(g) Consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.*

FDEM did not assess the risk of noncompliance, nor did it review subrecipients' Single Audit reports and follow up on the audit findings. FDEM's policies and procedures did not adequately address Federal Uniform Guidance requirements for evaluating and monitoring subrecipients. FDEM had alternative procedures for monitoring subrecipients that it considered sufficient to minimize the risk of noncompliance, including validating all costs

reported by subrecipients prior to reimbursement and reviewing quarterly reports submitted to FDEM.

FEMA approved FDEM's 2017 PA Administrative Plan, which detailed FDEM's administrative processes for managing FEMA's PA program funding. However, the plan did not include steps to meet the requirements of 2 CFR 200.331.

### **Conclusion**

Without reviewing subrecipient audit reports, evaluating the risk of noncompliance, and developing monitoring plans, the grantee increases the risk of undetected significant deficiencies and grant noncompliance. The FY 2018 Single Audit report stated that in FY 2018, FDEM was responsible for 1,068 active large projects related to 19 declared disasters with obligations totaling \$896,642,516.

### **Recommendations**

**Recommendation 17:** We recommend that the Regional Administrator, FEMA Region IV assess the status and adequacy of FDEM's corrective actions and confirm that its revised subrecipient monitoring program sufficiently addresses the requirements of 2 CFR 200.331.

**Recommendation 18:** We recommend that the Regional Administrator, FEMA Region IV amend the approved PA Administrative Plan to reflect the processes that FDEM has implemented to strengthen its subrecipient monitoring.

### **FEMA Comments and OIG Analysis**

FEMA provided its written response to this report on May 28, 2020. FEMA concurred with all 18 recommendations and provided a completion date of May 31, 2021 for all the recommendations. If implemented, FEMA's actions will satisfy the intent of each of the recommendations. We summarized FEMA's comments below and included a copy of its comments in their entirety in Appendix B.

Recommendation 1. FEMA will work with the State to ensure that appropriate reductions are made to any affected projects for the \$5 million insurance proceeds.

Recommendation 2. FEMA will notify the State of any overpayments that need to be recovered as a result of the insurance review.

Recommendation 3. FEMA will work with the State to provide guidance on FEMA processes related to insurance and duplication of benefits implications and requirements.

Recommendation 4. FEMA will work with the State to recover any ineligible costs identified in its review.

Recommendation 5. FEMA will communicate to the State the need to provide additional training to County officials.

Recommendation 6. FEMA will notify the State to recover any unreasonable costs identified in its review.

Recommendation 7. FEMA will work with the State to require the County to review its hourly rate calculations for all force account labor costs claimed.

Recommendation 8. FEMA will work with the State to ensure that it provides additional training on PA program requirements and monitoring of the County's project costs.

Recommendation 9. FEMA will notify the State to recover any unsupported and ineligible costs identified in its review.

Recommendation 10. FEMA will work with the State to ensure that the County reviews and validates all force account equipment costs claimed.

Recommendation 11. FEMA will communicate to the State the need to monitor the County's procedures and ensure the County establishes and maintains adequate internal control.

Recommendation 12. FEMA will notify the State to recover any ineligible costs identified in its review.

Recommendation 13. FEMA will communicate to the State the need to provide additional training to the County on monitoring and validating contractor invoices.

Recommendation 14. FEMA will work with the State to acquire adequate support for the invoiced hours or remove the \$1,080 in unsupported costs from its RFR.

Recommendation 15. FEMA will communicate to the State the need to monitor the County's procedures and ensure the County establishes and maintains internal controls over document retention.

Recommendation 16. FEMA will communicate to the State the need to provide additional technical assistance and monitoring of the County's contracts.

Recommendation 17. FEMA will assess the status and adequacy of the State's corrective actions with respect to establishing a subrecipient monitoring program.

Recommendation 18. FEMA will work with the State to amend the approved PA Administrative Plan to reflect processes the State has implemented to strengthen its subrecipient monitoring.

## **Appendix A**

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

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*.

Cotton & Company performed an early warning audit of FEMA Public Assistance (PA) subgrants awarded to Monroe County, Florida (the County) for damages resulting from Hurricane Irma. The overall objective of the audit was to determine whether FEMA ensured that Florida (the recipient) and the County (the subrecipient) established and implemented policies, procedures, and practices to account for and expend PA grant funds awarded for damages caused by Hurricane Irma in accordance with Federal regulations and FEMA guidance. We conducted the performance audit to identify areas of non-compliance with grant requirements where Federal disaster funding may be at risk and where the subrecipient may need additional technical assistance or monitoring to ensure compliance.

Our audit scope included a review of FEMA and the State of Florida's policies, procedures, and practices for ensuring that subrecipients account for and expend PA grant funds in accordance with Federal regulations and FEMA guidance. We reviewed the subrecipient's policies, procedures, and business practices for accounting for and expending grant funds, as well as contracting for grant funds awarded or that may be awarded. Our audit scope also included determining whether the subrecipient's policies, procedures, and business practices enable the subrecipient to account for and expend FEMA grant funds according to Federal regulations and FEMA guidance. We conducted interviews with FEMA, State, and subrecipient officials. We reviewed documents that support the eligibility of the subrecipient, the projects, and claimed project costs.

We selected our sample of projects for testing from a universe of projects downloaded from FEMA's computerized information system (EMMIE). We verified that the payments and claimed costs were supported by source documents. We did not place any significant reliance on or test the data from EMMIE, but deemed it sufficient to meet our audit objective. We compared FEMA's obligated amounts to the State of Florida's payments and the subrecipient's claimed costs and verified that the payments and claimed costs were supported by source documents.

We conducted this performance audit between February and December 2019 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.

## Appendix B [Agency] Comments to the Draft Report



U.S. Department of Homeland Security  
3003 Chamblee-Tucker Rd  
Atlanta, GA 30341

**FEMA**

May 28, 2020

MEMORANDUM FOR: Joseph V. Cuffari  
Inspector General

FROM: Gracia B. Szczech   
Regional Administrator  
FEMA Region IV

SUBJECT: Management Response to Draft Report: *Early Warning Audit of FEMA Public Assistance Grants to Monroe County Florida*  
(Project No. 19-001-AUD-FEMA)

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

The Department is pleased to note that FEMA appreciates the OIG noting the potential for a duplication of benefits and the recommendations to enhance the County's knowledge of the Public Assistance program. FEMA remains committed to supporting our state and local partners in strengthening areas within the program.

The draft report contained eighteen recommendations with which the Department concurs pending additional review. Please see the attached for our detailed response to each of the recommendations.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Attachment

**Attachment: FEMA Management Response to Recommendations  
Contained in OIG-19-009-AUD-FEMA**

**OIG recommended that the Regional Administrator, FEMA Region IV:**

**Recommendation 1:** Work with the State of Florida to ensure that the County provides a listing of all projects receiving an equitable allocation of the \$5 million in insurance proceeds and ensure that the County uses the proceeds to reduce the amounts that FEMA funded and/or reimbursed to the County.

**Response:** Concur. FEMA will work with the State of Florida to ensure the appropriate reductions are made on any projects affected as a result of the \$5 million in insurance proceeds received by the County. Expected Completion Date (ECD): 05/31/2021.

**Recommendation 2:** Direct the State of Florida to recover any overpayments incurred as a result of the insurance allocation.

**Response:** Concur. FEMA will notify the State of Florida of any overpayments that need to be recovered as a result of the insurance review. ECD: 05/31/2021.

**Recommendation 3:** Provide additional technical assistance and monitoring of the County's projects, to provide FEMA with reasonable assurance that the County will properly account for the applicable insurance proceeds.

**Response:** Concur. FEMA will work with the State of Florida to provide guidance on the FEMA process as it relates to insurance and duplication of benefits implications and requirements. ECD: 05/31/2021.

**Recommendation 4:** Direct the State of Florida to recover the \$265,928 in ineligible costs from the County.

**Response:** Concur. FEMA will work with the State of Florida to recover any ineligible costs identified as a result of its review. FEMA will request a copy of the OIGs working papers to incorporate as part of the review of the findings. ECD: 05/31/2021.

**Recommendation 5:** Direct the State of Florida to provide County officials additional training on specific requirements of the PA program and monitor the County's project cost claims to provide FEMA with reasonable assurance that the County properly requests reimbursement for force account labor costs.

**Response:** Concur. FEMA will communicate to the State of Florida the need to provide additional training to County officials on specific requirements of the PA program and monitor the County's project cost claims. ECD: 05/31/2021.

**Recommendation 6:** Direct the State of Florida to recover the \$30,237 in unreasonable force account labor costs from the County.

**Response:** Concur. FEMA will notify the State of Florida to recover any unreasonable costs identified as a result of its review. FEMA will request a copy of the OIGs working papers to incorporate as part of the review of the findings. ECD: 05/31/2021.

**Recommendation 7:** Require the County to review its hourly rate calculations for all force account labor costs claimed on FEMA projects to ensure that the County calculated the force account labor rates accurately and in accordance with applicable personnel agreements.

**Response:** Concur. FEMA will work with the State of Florida to require the County to review its hourly rate calculations for all force account labor costs claimed on FEMA projects. ECD: 05/31/2021.

**Recommendation 8:** Provide additional training related to the specific requirements of the PA program and monitoring of the County's project cost accumulation to provide FEMA with reasonable assurance that the County properly requests reimbursement for force account labor.

**Response:** Concur. FEMA will work with the State of Florida to ensure they provide additional training related to the specific requirements of the PA program and monitoring of the County's project costs. ECD: 05/31/2021.

**Recommendation 9:** Direct the State of Florida to recover the \$84,681 in unsupported and ineligible force account equipment costs from the County.

**Response:** Concur. FEMA will notify the State of Florida to recover any unsupported and ineligible costs identified as a result of its review. FEMA will request a copy of the OIGs working papers to incorporate as part of the review of the findings. ECD: 05/31/2021.

**Recommendation 10:** Direct the State of Florida to require the County to review and validate all force account equipment costs claimed for FEMA reimbursement.

**Response:** Concur. FEMA will work with the State of Florida to ensure the County reviews and validates all force account equipment costs claimed for FEMA reimbursement. ECD: 05/31/2021.

**Recommendation 11:** Direct the State of Florida to monitor the County's procedures and ensure that the County establishes and maintains adequate internal control over the preparation of RFRs and retention of supporting documentation.

**Response:** Concur. FEMA will communicate to the State of Florida the need to monitor the County's procedures and ensure that the County establishes and maintains adequate internal controls over the preparation of RFRs and retention of supporting documentation. ECD: 05/31/2021.

**Recommendation 12:** Direct the State of Florida to recover the \$2,403 in ineligible costs from the County.

**Response:** Concur. FEMA will notify the State of Florida to recover any ineligible costs identified as a result of its review. FEMA will request a copy of the OIGs working papers to incorporate as part of the review of the findings. ECD: 05/31/2021.

**Recommendation 13:** Direct the State of Florida to provide training to the County on monitoring and validating contractor invoices to ensure that the invoices comply with contract requirements.

**Response:** Concur. FEMA will communicate to the State of Florida the need to provide training to the County on monitoring and validating contractor invoices to ensure that the invoices comply with contract requirements. ECD: 05/31/2021.

**Recommendation 14:** Direct the State of Florida to require the County to either provide adequate support to validate the hours invoiced or remove the \$1,080 in unsupported costs from its RFR.

**Response:** Concur. FEMA will work with the State of Florida to acquire adequate support to validate the hours invoices or remove the \$1,080 in unsupported costs from its RFR. ECD: 05/31/2021.

**Recommendation 15:** Direct the State of Florida to monitor the County's procedures and ensure the County establishes and maintains internal controls over the retention of supporting documentation.

**Response:** Concur. FEMA will communicate to the State of Florida the need to monitor the County's procedures and to ensure the County establishes and maintains internal controls over the retention of supporting documentation. ECD: 05/31/2021.

**Recommendation 16:** Direct the State of Florida to require the County to provide additional technical assistance and monitoring of the County's contracts to ensure that the County only awards time-and-materials contracts when necessary and that all contracts comply with Federal Uniform Guidance (2 CFR 200) requirements.

**Response:** Concur. FEMA will communicate to the State of Florida the need to provide additional technical assistance and monitoring of the County's contracts. ECD: 05/31/2021.

**Recommendation 17:** Assess the status and adequacy of FDEM's corrective actions and confirm that its revised subrecipient monitoring program sufficiently addresses the requirements of 2 CFR 200.331.

**Response:** Concur. FEMA will assess the status and adequacy of the State's corrective actions with respect to establishing a subrecipient monitoring program. ECD: 05/31/2021.

**Recommendation 18:** Amend the approved PA Administrative Plan to reflect the processes that FDEM has implemented to strengthen its subrecipient monitoring.

**Response:** Concur. FEMA will work with the State of Florida to amend their approved PA Administrative Plan to reflect the processes that the State has implemented to strengthen its subrecipient monitoring. ECD: 05/31/2021.

## Appendix C Summary of Potential Monetary Benefits

| Finding    | Type of Potential Monetary Benefit | Amount              | Federal Share     |
|------------|------------------------------------|---------------------|-------------------|
| 1          | Funds Put to Better Use            | \$ 5,000,000        |                   |
| 2, 3, 4, 5 | Questioned Costs - Ineligible      | 373,253             | \$ 373,253        |
| 4, 6       | Questioned Costs - Unsupported     | 11,076              | 11,076            |
|            | <b>Totals</b>                      | <b>\$ 5,384,329</b> | <b>\$ 384,329</b> |

Source: Cotton & Company LLP analysis of the County's claimed costs.

## **Appendix D Report Distribution**

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