

**FEMA's Procurement and  
Cost Reimbursement  
Review Process Needs  
Improvement**





## OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

March 4, 2021

MEMORANDUM FOR: Robert J. Fenton Jr.  
Acting Administrator  
Federal Emergency Management Agency

FROM: Joseph V. Cuffari, Ph.D. **JOSEPH V**  
Inspector General **CUFFARI** Digitally signed by  
JOSEPH V CUFFARI  
Date: 2021.03.04  
12:29:31 -05'00'

SUBJECT: *FEMA's Procurement and Cost Reimbursement Review  
Process Needs Improvement*

Attached for your action is our final report, *FEMA's Procurement and Cost Reimbursement Review Process Needs Improvement*. The report identifies action the Federal Emergency Management Agency (FEMA) can take to enhance overall effectiveness. We incorporated the formal comments provided by your office.

The report contains three recommendations aimed at improving internal control and oversight. Your office concurred with all three recommendations. Based on the information provided in your response to the draft report, we consider the three recommendations resolved and open. 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 the corrective actions. 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 Thomas Kait, Acting Assistant Inspector General for Audits, at (202) 981-6000.

Attachment

cc: Assistant Administrator of the Recovery Directorate, FEMA



# DHS OIG HIGHLIGHTS

## *FEMA's Procurement and Cost Reimbursement Review Process Needs Improvement*

**March 4, 2021**

### **Why We Did This Audit**

Due to congressional concerns raised immediately following Hurricane Irma, we initiated a review of debris removal procurements in Monroe County, Florida. The objective was to determine the extent to which FEMA ensured procurements for Monroe County debris removal operations following Hurricane Irma met Federal procurement requirements and FEMA guidelines.

### **What We Recommended**

We made three recommendations that, when implemented, should improve the quality of FEMA's procurement and project review processes.

#### **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**

The Federal Emergency Management Agency (FEMA) did not ensure that, following Hurricane Irma, procurements and costs for debris removal operations in Monroe County, Florida, met Federal requirements and FEMA guidelines. Specifically, FEMA did not adequately review local entities' procurements for debris removal projects and reimbursed local entities for questionable costs. These deficiencies were due to weaknesses in FEMA training and its quality assurance process. As a result, FEMA approved reimbursement to local entities for nearly \$25.6 million (more than \$23 million in Federal share) for debris removal projects, including contracts that may not have met Federal procurement requirements and more than \$2 million in questionable costs. Without improvements to FEMA's training and project review processes, FEMA risks continuing to expose millions of dollars in disaster relief funds to fraud, waste, and abuse.

### **FEMA Response**

FEMA concurred with all three recommendations. Appendix A contains FEMA's response in its entirety. All recommendations will remain resolved and open pending evidence showing the corrective actions are complete.



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### Background

On September 10, 2017, Hurricane Irma, made landfall in Monroe County, Florida, as a Category 4 hurricane. The President signed the disaster declaration (DR-4337- FL) on the same day, covering all 67 Florida counties.<sup>1</sup> The declaration enabled the Federal Emergency Management Agency (FEMA) to activate its Public Assistance (PA) program, which reimburses states (recipients) and local entities (subrecipients), such as county, community, or eligible nonprofit organizations, for eligible incident-related damages, including debris removal.<sup>2</sup> Hurricane Irma caused catastrophic flooding and widespread destruction along much of the Florida coast. In some locations, storm-related rainfall exceeded 15 inches, with top wind speeds exceeding 120 miles per hour, resulting in significant water damage to residential and commercial structures.<sup>3</sup>

When a disaster or emergency generates large amounts of debris, eligible state and local entities may request PA grant funding from FEMA to offset expenses incurred for debris removal operations.<sup>4</sup> Debris removal activities eligible for reimbursement are those that:

- eliminate immediate threats to lives, public health, and safety;
- eliminate immediate threats of significant damage to developed public or private property;
- ensure economic recovery of the affected community to benefit the community at large; or
- mitigate risk to life and property by removing substantially damaged and associated structures.<sup>5</sup>

Debris removal costs can be significant, averaging about one-third of total damage costs per hurricane.<sup>6</sup> Types of debris include vegetative debris,

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<sup>1</sup> See Florida; Major Disaster and Related Determinations, 82 Fed. Reg. 44,192 (Sept. 21, 2017).

<sup>2</sup> 42 U.S.C. §§ 5170, 5170a, 5170b.

<sup>3</sup> Rebecca Harrington and Skye Gould, How much rain fell and how high the wind gusted on the US mainland during Hurricane Irma's destruction, Business Insider (Sept. 10, 2017), <http://www.businessinsider.com/hurricane-irma-rainfall-totals-peak-winds-us-mainland-2017-9>.

<sup>4</sup> *Public Assistance Program and Policy Guide* (FP-104-009-2), January 2018, pages 4-5. Recipients may be states, territories, or tribal entities. Subrecipients include local governments and entities that receive sub-awards from recipients.

<sup>5</sup> *Public Assistance Program and Policy Guide* (FP-104-009-2), January 2018, pages 20-22.

<sup>6</sup> This average percentage is based on our analysis of the declared disasters in the following states, using FEMA PA Summary (S.5) Reports: Hurricane Charley, Florida DR-1539; Hurricane Frances, Florida DR-1545; Hurricane Ivan, Florida DR-1551; Hurricane Wilma,



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construction and demolition debris, sand, mud, silt, gravel, rocks, boulders, and vehicle and vessel wreckage.

Figure 1 shows roadside debris 3 months after Hurricane Irma made landfall.



**Figure 1. Roadside Debris in Monroe County**

*Source:* Department of Homeland Security Office of Inspector General (OIG)

### **Hurricane Irma’s Impact on Monroe County, Florida**

Monroe County, the largest county in Florida by total area, has a population of approximately 74,000.<sup>7</sup> Most people live in cities and municipalities along the island chain known as the Florida Keys. The city of Key West, the southern terminus of the Florida Keys, is the county seat.

Hurricane Irma made landfall in Monroe County causing extensive damage and depositing debris throughout the county. This debris impaired access to U.S. Highway 1, the only vehicular path into and out of the Florida Keys.

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Florida DR-1609; Hurricane Ike, Louisiana DR-1792; Hurricane Irene, North Carolina DR-4019; and Hurricane Sandy, New Jersey DR-4086.

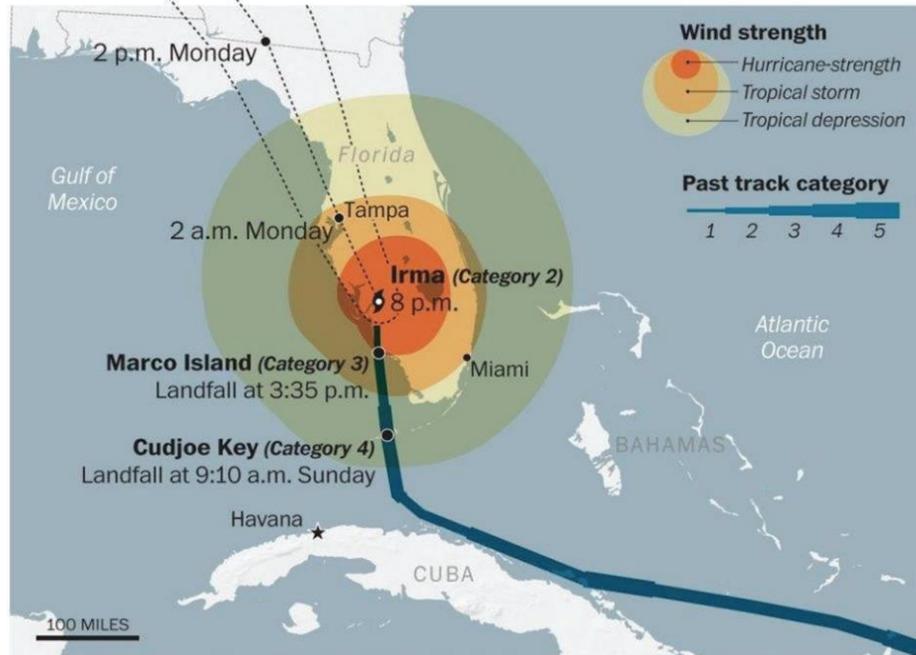
<sup>7</sup> U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population for Counties in Florida: April 1, 2010 to July 1, 2019 (CO-EST2019-ANNRES-12), March 2020, <https://www.census.gov/data/tables/time-series/demo/popest/2010s-counties-total.html>.



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Figure 2 shows Hurricane Irma's path after it made landfall in Monroe County, Florida.

**Figure 2. Hurricane Irma's Path on September 10, 2017**



Source: National Oceanic and Atmospheric Administration

### Federal Reimbursement of Debris Removal Costs

In accordance with Federal guidelines, FEMA will generally reimburse state and local entities 75 percent of eligible debris removal costs from Federal funding.<sup>8</sup> The remaining 25 percent is the non-Federal cost share, which is the responsibility of states and local entities. Originally, the Hurricane Irma disaster declaration was approved at the 75/25 percent rates.<sup>9</sup> However, on August 23, 2019, the President determined that damages resulting from Hurricane Irma warranted a special cost sharing arrangement and authorized Federal funds for all eligible PA work categories, including debris removal, at 90 percent of total eligible costs.<sup>10</sup>

Debris removal is often carried out by contractors acting on behalf of local entities. For cases in which these entities request Federal reimbursement,

<sup>8</sup> *Public Assistance Program and Policy Guide* (FP-104-009-2), January 2018, page 4.

<sup>9</sup> See Florida; Major Disaster and Related Determinations, 82 Fed. Reg. 44,192 (Sept. 21, 2017).

<sup>10</sup> See Florida; Amendment No. 18 to Notice of a Major Disaster Declaration, 84 Fed. Reg. 49,321 (Sept. 19, 2019).



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Federal guidelines require entities to comply with Federal procurement laws and regulations found in the Code of Federal Regulations (C.F.R.) at 2 C.F.R. Part 200. FEMA also requires entities seeking reimbursement to follow Federal cost principles (2 C.F.R. § 200.403) and provide adequate documentation supporting the accumulation of costs (2 C.F.R. § 200.400 (d)). FEMA's *Public Assistance Program and Policy Guide* reinforces the Federal requirements for source documentation, such as records of debris removal, storage and disposal operations, procurement, and other eligible associated costs, to support debris removal costs.<sup>11</sup>

### **Local Entities' Role in Procurement for Debris Removal**

Local entities that need contractor support to remove disaster debris must procure such support through a contract. Local entities can opt to solicit contractors for debris removal prior to or immediately following an incident. In both instances, when soliciting and procuring contractors, local entities must meet Federal procurement standards, as well as any additional state requirements, to receive PA funding for contract costs for eligible work resulting from a declared disaster. Local entities are required to pay contractors for services rendered from their own funds and then must submit to FEMA requests for reimbursement,<sup>12</sup> along with the required supporting documentation for the procurement and relevant costs, in FEMA's Grants Portal system.

### **FEMA's Procurement Review**

Once a local entity submits a request for reimbursement in Grants Portal, FEMA uses the submitted documentation as the basis for project worksheets (also known as projects). FEMA uses projects to track and review reimbursement claims, assess cost reasonableness, determine eligibility, and ultimately authorize reimbursement. According to Title 44 of the Code of Federal Regulations, FEMA has the authority to make eligibility determinations for FEMA PA Program grant funding.<sup>13</sup> Also, a FEMA official stated that FEMA reviews all procurements to ensure each project meets Federal guidelines as a function of the eligibility review process. For more information on project review roles, see Appendix B. Collectively, the individuals involved in project review ensure FEMA receives the documentation necessary to support requests for reimbursement and guide the local entity through the process.

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<sup>11</sup> *Public Assistance Program and Policy Guide* (FP-104-009-2), January 2018, Chapter 2 and Chapter 3.

<sup>12</sup> See 42 U.S.C. § 5156.

<sup>13</sup> See 44 C.F.R. § 206.201(k)(1) ("We must approve a scope of eligible work and itemized estimate before funding a project.").



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### **Florida's Role in Procurement Review**

The state's role in managing PA grants includes educating local entities about the PA program and reviewing local entities' requests for reimbursement. To fulfill its role, Florida conducts two reviews. First, before FEMA obligates any Federal funds, Florida reviews local entities' projects in FEMA's Grants Portal system. Second, after FEMA obligates, but before disbursing Federal funds, Florida reviews local entities' projects in its grants management system, Florida PA. In both instances, Florida reviews source documentation for local entities' projects and validates costs to ensure compliance with Federal eligibility and State of Florida requirements.

Based on its first review, Florida may add comments to the Grants Portal for FEMA's review and consideration. Once FEMA obligates funds, and Florida is satisfied with the documentation provided by the local entity, FEMA disburses Federal funding. In some cases, Florida will withhold Federal funding if it determines documentation does not support the reimbursement request or if costs do not comply with Federal eligibility and State requirements.

### **Related Audit**

In our August 2020 report, *Pre-Disaster Debris Removal Contracts in Florida* ([OIG-20-44](#)), we identified shortcomings in FEMA's review of debris removal projects across Florida. Specifically, we determined FEMA did not require proper documentation to support debris removal costs. This process lapse resulted in FEMA reimbursing \$14.1 million (\$11.8 million in Federal cost share) for inadequately documented debris removal, and approving \$20,989 in potentially ineligible costs.

## **Results of Audit**

### **FEMA Did Not Ensure Debris Removal Procurements in Monroe County Met Federal Guidelines**

Contrary to 44 C.F.R. and PA guidance, FEMA did not ensure procurements for debris removal operations projects in Monroe County following Hurricane Irma met Federal procurement requirements and FEMA guidelines. Specifically, FEMA did not adequately review local entities' procurements for four debris removal projects we reviewed. In addition, for these four projects, FEMA reimbursed local entities for nearly \$25.6 million (more than \$23 million in Federal share) for debris removal projects, including contracts that may not have met Federal procurement requirements, as well as more than \$2 million in questionable costs. We attribute FEMA's inadequate reviews and



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reimbursement of questionable costs to weaknesses in FEMA's training of project review staff and its quality assurance process.

**FEMA Did Not Adequately Review Local Entities' Debris Removal Procurements**

According to the *PA Operations Manual Stage 4* and *Program Delivery Manager Position Assist Stage 4*,<sup>14</sup> Program Delivery Managers (PDMG) are required to ensure local entities seeking reimbursement upload the information necessary to support their claimed costs. FEMA defines this information as Essential Elements of Information (EEI), which is critical to FEMA's process for developing a project and validating claimed costs. Once PDMGs ensure the required documents to support a project are in Grants Manager, they transmit the project to the Consolidated Resource Center (CRC)<sup>15</sup> for review and processing. At the CRC, Document Validation (DV) Specialists use EEI to formulate the project scope of work (SOW) and validate claimed costs. Once the DV Specialists complete this task, Quality Assurance (QA) Specialists perform a second tier of project validation, such as reviewing costs claimed for eligibility and ensuring projects meet all Federal requirements. Additionally, the DV position assist guidance requires DV Specialists to document the project cost validation approach they used and notate the EEI documentation reviewed during validation in the project's scope of work.

We reviewed five procurements associated with four debris removal projects totaling more than \$25 million<sup>16</sup> and determined that documents, such as invitations to bid, bid rankings, and signed contracts, required to support the procurements were missing from FEMA's records. These procurements represented about 76 percent of all FEMA obligations for debris removal activities in Monroe County, as of August 30, 2019. Without these documents, FEMA officials could not have verified the procurements met Federal requirements. Specifically, we found:

- PDMGs routed debris removal projects to the CRC without all required information (EEI documents).

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<sup>14</sup> Position assists are internal FEMA documents designed to provide guidance and explain, by Joint Field Office and Consolidated Resource Center position, when and how staff should work on the PA grant delivery process.

<sup>15</sup> The CRC is staffed with subject matter experts (DV Specialists and QA Specialists) and specialized resources that support project development across disaster operations.

<sup>16</sup> The five procurements were associated with four debris removal projects from two local entities. See Appendix D for details about the four projects we reviewed, as of August 30, 2019.



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- Once at the CRC, DV Specialists began to review the debris removal projects for eligibility and cost reimbursement. However, the DV Specialists did not identify and obtain information missing from the projects or initiate a Determination Memo if there were eligibility concerns. FEMA uses the Determination Memo to notify local entities of eligibility issues with their projects. For example, in one project, the DV Specialist did not validate costs claimed, document the project validation approach used, or notate source documents reviewed during validation in any of the projects' scopes of work, as required.
- Lastly, for the debris removal projects we reviewed, QA Specialists did not follow FEMA guidance to complete a Quality Assurance Checklist in Grants Manager and did not return the projects to the DV Specialists review queue if the project did not comply with Federal requirements or FEMA guidance. QA Specialists are supposed to use the Quality Assurance Checklist to verify PDMGs ensured the project included all EEI documents to support the scope of work,<sup>17</sup> and DV Specialists reviewed the project's scope of work and determined it was accurate and validated project costs. If a QA Specialist determines the tasks have not been performed, the specialist is required to send the project back to the DV Specialist.

We similarly reported in *Pre-Disaster Debris Removal Contracts in Florida* ([OIG-20-44](#)), August 2020 that FEMA officials did not always require proper documentation when reviewing procurements for five debris removal projects submitted for reimbursement by three entities in other Florida counties.

### **FEMA Reimbursed Local Entities for Questionable Debris Removal Costs**

According to 2 C.F.R. Part 200 and PA guidance, state and local entities seeking reimbursement for debris removal costs are required to provide source documentation, such as debris removal invoices, schedules, and timesheets to support debris removal project costs.<sup>18</sup>

For the four debris removal projects we reviewed, representing around 75 percent of all approved debris costs in Monroe County, FEMA officials approved and obligated funds for reimbursement that included more than \$2 million in questionable costs. Appendix D provides a breakdown of the questionable costs by project. Some costs were questionable because they were not

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<sup>17</sup> See *Public Assistance Operations Manual Stage 4 and Quality Assurance (QA) Specialist Position Assist Stage 4 Implementation*, September 2017.

<sup>18</sup> See *Public Assistance Program and Policy Guide* (FP-104-009-2), January 2018, Chapter 3: *Public Assistance Program Administration*.



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supported by required documentation and others because the work was performed outside a project's eligible dates. Specifically:

- Project 1 included approximately \$1.9 million for Entity B's debris removal operations, from debris collection to disposal. Although the project included invoices, FEMA officials did not ensure that Entity B provided timesheets and debris load tickets,<sup>19</sup> which were required to support the costs on the invoices. Additionally, some invoices covered work performed outside the project's eligible dates.
- Projects 2, 3, and 4 included about \$351,000 for Entity A's debris removal costs that were not supported by invoices and additional documents, such as timesheets and load tickets. The \$351,000 in questionable costs for these projects also included nearly \$114,000 in costs for work performed outside the projects' eligible dates.

### **FEMA's Training and Quality Assurance Weaknesses Impeded FEMA from Ensuring Debris Procurements and Costs Met Federal Requirements**

We attribute FEMA's inadequate procurement review of local entities' debris removal contracts, as well as its reimbursement of questionable costs, to weaknesses in training for project review staff and its quality assurance project review process.

First, FEMA did not ensure project review staff were sufficiently trained and did not determine minimum required training. It also did not track training of its employees and contractors working under Technical Assistance Contracts (TAC). Specifically, during FEMA's response efforts for Hurricane Irma in Florida, FEMA officials did not ensure 16 employees and contractors it assigned to review procurements and debris removal costs received the training needed to carry out their duties.<sup>20</sup> For example, we spoke with three DV Specialists who said they had no formal training and instead received most of their training while on the job. Additionally, one DV Specialist said the project development issues they experienced exceeded the on-the-job training and guidance received. For the eight TAC contractors, we reviewed two contracts requiring the contractor organization to train its personnel before FEMA deployed them to their respective positions. However, two of the three TACs

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<sup>19</sup> The load ticket provides the most comprehensive information and a paper trail for FEMA PA Program reimbursement.

<sup>20</sup> During this time period, FEMA used reservists, Cadre of On-Call Response/Recovery staff, permanent full-time employees, and contractors under TACs to perform the duties of PDMGs, DV Specialists, and QA Specialists. Appendix C contains details about the number of positions used and the roles they fulfilled.



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who were QA Specialists said they did not feel sufficiently trained to review procurements.

In addition, FEMA officials did not maintain a list of the minimum training (baseline) required for each individual filling a project procurement and cost review role. Although we requested a list of the minimum training required for each position, FEMA officials at the Office of Response and Recovery and the Human Resource Office could not provide us with such a list.

FEMA gave us incomplete training records for the eight FEMA employees assigned to the review queues for the four projects we reviewed. FEMA also did not provide any records for one of those eight employees. FEMA officials said they do not track TAC training.

Second, FEMA did not have a control mechanism to ensure FEMA staff fulfilled their respective reviewer responsibilities.<sup>21</sup> Although the four projects we reviewed went through the various review queues, FEMA project reviewers did not alert CRC management of missing or inaccurate information within the projects by issuing Determination Memos or completing a Quality Assurance Checklist. They also did not return projects to the prior review queue if they were missing essential documentation, in accordance with FEMA guidance. Instead, project reviewers moved the projects along until the funds were obligated to reimburse the local entities. When we discussed our concerns with FEMA Recovery Directorate and Program Delivery officials, they told us they did not intend to allow these deficiencies or let them to go uncorrected.

### **FEMA Improperly Reimbursed Debris Procurements and Approved Questionable Costs**

As a result of the weaknesses we identified, FEMA obligated nearly \$25.6 million (more than \$23 million in Federal share) to reimburse local entities in Monroe County for debris removal projects that included contracts that may not have met Federal procurement requirements. FEMA also approved more than \$2 million in questionable costs. Without improvements to FEMA's training and project review process, FEMA risks continuing to expose millions of dollars in disaster relief funds to fraud, waste, and abuse.

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<sup>21</sup> See *Program Delivery Manager Position Assist Stage 4, Document Validation Specialist (DVS) Position Assist Stage 4 Implementation September 2017*, and *Public Assistance Operations Manual Stage 4*.



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## **Recommendations**

We recommend FEMA's Assistant Administrator of the Recovery Directorate:

**Recommendation 1:** Identify minimum training (baseline) requirements and follow through by providing, tracking, and documenting this training for project reviewers, including Program Delivery Managers, Document Validation Specialists, and Quality Assurance Specialists, before they perform their duties.

**Recommendation 2:** Strengthen the project review process by evaluating FEMA's internal controls and making improvements that, at a minimum, ensure:

- (a) projects return to the prior review queue if the projects do not comply with Federal procurement requirements or FEMA guidelines, including when insufficient documentation is provided;
- (b) roles and responsibilities for procurement reviews and quality assurance are clearly defined;
- (c) project review policies are followed, such as the use of Determination Memos and Quality Assurance Checklists, as appropriate; and
- (d) controls are tracked and an auditable file is created in FEMA systems.

**Recommendation 3:** Ensure the Regional Administrator, Federal Emergency Management Agency Region IV, review debris removal procurements and projects and either disallow or acquire support documentation for \$25,594,524 (\$23,282,276 Federal share) in questionable debris costs.

## **Management Comments and OIG Analysis**

The FEMA Region IV Administrator provided written comments on a draft of this report, which are included in Appendix A. FEMA concurred with all three recommendations and is taking actions to address them. We also received technical comments on the draft report and revised the report as appropriate. We consider all recommendations resolved and open. A summary of FEMA's responses and our analysis follows.

**FEMA's Response to Recommendation 1:** FEMA officials concurred with recommendation 1 and developed a multi-step approach to identify training requirements and clarify roles and responsibilities for project reviewers by developing a new or updated checklist, tools, and/or job aids that facilitate and document changes in the procurement review process. FEMA officials also



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plan to deliver training to all four FEMA CRCs. Estimated Completion Date (ECD): June 30, 2022.

**OIG Analysis:** FEMA's proposed actions are responsive to this recommendation. This recommendation is resolved and will remain open until FEMA provides evidence that all steps presented in its Corrective Action Plan have been implemented.

**FEMA's Response to Recommendation 2:** FEMA officials concurred with recommendation 2 and provided a multi-step approach in which the PA program division will establish criteria for escalating procurement reviews on project- and contract-risk bases. FEMA officials also said they will clarify the roles and responsibilities for project reviewers by developing a new or updated checklist, tools, and/or job aids that facilitate and document changes in the procurement review process. ECD: June 30, 2022

**OIG Analysis:** FEMA's proposed actions are responsive to this recommendation. This recommendation is resolved and will remain open until FEMA provides evidence that the steps presented in its corrective action plan have been implemented and that it is tracking controls to ensure project review policies are followed.

**Recommendation 3:** FEMA officials concurred with recommendation 3 and stated they will review debris removal procurements and projects and either disallow or acquire additional documentation to support questionable debris costs. FEMA will work with OIG, the State of Florida, and the applicable subrecipients to ensure all required documentation is reviewed prior to resolving this recommendation. ECD: January 31, 2022

**OIG Analysis:** FEMA's proposed actions are responsive to this recommendation. This recommendation is resolved and will remain open until FEMA provides documented evidence and support of its review and determination for \$25,594,524 (\$23,282,276 Federal share) in questionable debris costs as well as evidence that FEMA disallowed and deobligated funds, as needed.



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### Objective, Scope, and Methodology

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

Our objective was to determine the extent to which FEMA ensured procurements in Monroe County, Florida debris removal operations following Hurricane Irma met Federal procurement requirements and FEMA guidelines.

To accomplish our objective, we reviewed applicable Federal laws and regulations and FEMA policies and procedures. We compiled, reviewed, and analyzed four debris removal projects totaling \$25,594,524, obligated by FEMA for two subrecipients in Monroe County, Florida, to determine if FEMA's procurement review met Federal requirements and FEMA guidelines. See Appendix D for a breakdown of these projects, which represented approximately 76 percent of all debris projects obligated by FEMA as of August 30, 2019, in Monroe County. For each of the projects, we reviewed the supporting documentation in FEMA's Grants Manager, including requests for proposal, bids, contracts, bid tabulation sheets, invoices, time sheets, and load tickets. We reviewed FEMA's workflow history for each project worksheet to gain an understanding of the project review process. We also examined FEMA's training records for project reviewers. We interviewed FEMA and State of Florida officials at the Joint Field Office in Orlando, Florida; CRC in Winchester, Virginia; and the Assistant Administrator Recovery Directorate's office. Furthermore, to assess the reliability of computer-based data, we obtained an understanding of FEMA's controls over data in FEMA's Grants Manager, and conducted limited testing to trace data to source documents and identify missing or invalid data elements. We found the data to be sufficiently reliable for our review purposes.

We conducted this performance audit between September 2018 and June 2020 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 the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.

The Office of Audits major contributors to this report are Yesenia Starinsky, Director; Carlos Aviles, Audit Manager; James Townsend, Auditor-in-Charge; LaWanda Bebley, Program Analyst; Lauren Bullis, Auditor; Angelica Esquerdo,



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Auditor; Jason Jackson, Program Analyst; Kevin Dolloson, Communications Analyst; and Tia Jackson, Independent Referencer.



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**Appendix A**  
**FEMA Comments to the Draft Report**

U.S. Department of Homeland Security  
Washington, DC 20472



**FEMA**

January 14, 2021

MEMORANDUM FOR: Joseph V. Cuffari  
Inspector General for Audits  
Office of Inspector General

FROM: Gracia B. Szczech   
Regional Administrator  
FEMA Region IV

SUBJECT: Management Response to Draft Report: "FEMA's Procurement and  
Cost Reimbursement Review Process Needs Improvement"  
(Project No. 18-127-AUD-FEMA)

Thank you for the opportunity to review and comment on this draft report. The Federal Emergency Management Agency (FEMA) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

FEMA appreciates the OIG noting the benefits of additional training and strengthening the review process and the corresponding recommendations to improve the Public Assistance process. FEMA remains committed to enhance its staffing capabilities and its process to ensure that funding awarded from the Disaster Relief funds is awarded in compliance with Federal procurement requirements.

The draft report contained three recommendations with which FEMA concurs. Attached find a detailed response to each recommendation. FEMA previously submitted technical comments addressing several accuracies, contextual and other issues under a separate cover for OIG's consideration.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions. We look forward to working with you again in the future.

Attachment



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**Attachment: Management Response to Recommendations  
Contained in 18-127-AUD-FEMA**

OIG recommended that FEMA's Assistant Administrator of the Recovery Directorate:

**Recommendation 1:** Identify minimum training (baseline) requirements and follow through by providing, tracking, and documenting this training for project reviewers, including [Public Assistance Program] Program Delivery Managers, [Public Assistance Program] Document Validation Specialists, and [Public Assistance Program] Quality Assurance Specialists, before they perform their duties.

**Response:** Concur. FEMA's Public Assistance (PA) Division will complete the following corrective actions by the following estimated completion dates (ECD).

Interim Milestones:

- PA Program Division will strengthen the procurement review process at the FEMA PA Consolidated Resource Centers (CRCs) by (i) establishing criteria for escalating procurement reviews based on project and contract risk; and (ii) clarifying roles and responsibilities for procurement reviews and quality assurance and designing or adjusting processes to incorporate a clearly delineated procurement review. ECD: 12/31/2021.
- PA Program Division will develop new or updated checklists, tools, and/or job aids to facilitate and document the strengthened procurement review process. ECD: 4/30/2022.
- PA Program Division will leverage the new or updated checklists, tools and/or job aids, to develop training pertaining to the strengthened procurement review process. ECD: 5/31/2022.
- PA Program Division will ensure that the training pertaining to the strengthened procurement review process is delivered to all four FEMA CRCs. ECD: 6/30/2022.
- PA Program Division will update the job aids associated with the positions that have critical roles and responsibilities pertaining to the strengthened procurement review process to reflect that completion of the trainings pertaining to the strengthened procurement review process is required. ECD 6/30/2022.

ECD: 6/30/2022



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**Recommendation 2:** Strengthen the project review process by evaluating FEMA's internal controls and making improvements that at a minimum ensure

- (a) projects return to the prior review queue if the projects do not comply with Federal procurement requirements or FEMA guidelines, including when insufficient documentation is provided,
- (b) roles and responsibilities for procurement reviews and quality assurance are clearly defined,
- (c) project review policies are followed, such as the use of Determination Memos and Quality Assurance Checklists, as appropriate, and
- (d) controls are tracked, and an auditable file is created in FEMA systems.

**Response:** Concur. FEMA's PA Division will complete the following corrective actions by the following ECDs.

Interim Milestones:

- PA Program Division will strengthen the procurement review process at the FEMA PA Consolidated Resource Centers (CRCs) by (i) establishing criteria for escalating procurement reviews based on project and contract risk; and (ii) clarifying roles and responsibilities for procurement reviews and quality assurance and designing or adjusting processes to incorporate a clearly delineated procurement review. ECD: 12/31/2021.
- PA Program Division will develop new or updated checklists, tools, and/or job aids to facilitate and document the strengthened procurement review process. ECD: 4/30/2022.
- PA Program Division will ensure controls are tracked and create an auditable file in FEMA systems. ECD: 4/30/2022.
- PA Program Division will leverage the new or updated checklists, tools and/or job aids, to develop training pertaining to the strengthened procurement review process. ECD: 5/31/2022.
- PA Program Division will ensure that the training pertaining to the strengthened procurement review process is delivered to all four FEMA CRCs. ECD: 6/30/2022.

ECD: 06/30/2022.

**Recommendation 3:** Review debris removal procurements and projects and either disallow or acquire support documentation for \$25,594,524 (\$23,282,276 Federal share) in questionable debris costs.

**Response:** Concur. FEMA Region IV will review debris removal procurements and projects and either disallow or acquire additional documentation to support the questionable debris costs. FEMA Region IV will work with the OIG, the Recipient and



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Subrecipient to ensure all applicable documentation is reviewed prior to resolving this recommendation.

ECD: 1/31/2022



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### Appendix B

#### FEMA Project Review Roles

**Program Delivery Manager (PDMG):** PDMGs assist local entities in collecting EEI to support projects.<sup>22</sup>

**Document Validation (DV) Specialist:** DV Specialists ensure Essential Elements of Information (EEI) is in FEMA's official system of record. If EEI is incomplete, DV Specialists initiate Determination Memos. FEMA uses Determination Memos to inform local entities of any concerns regarding their requests for reimbursement as well as the appeals process. DV Specialists validate a project's cost reimbursement and document the validation approach used in a project's scope of work. Upon completing their reviews, DV Specialists move projects forward for additional review.<sup>23</sup>

**Quality Assurance (QA) Specialist:** *PA Operations Manual Stage 4* requires QA Specialists to complete quality assurance evaluations using the Quality Assurance Checklist in FEMA's official system of record.<sup>24</sup> This step is the second level of oversight for EEI and the first level of oversight for cost validation.

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<sup>22</sup> *Program Delivery Manager Position Assist Stage 4.*

<sup>23</sup> *Document Validation Specialist (DVS) Position Assist Stage 4 Implementation, September 2017.*

<sup>24</sup> *Public Assistance Operations Manual Stage 4.*



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**Appendix C**  
**FEMA Project Review Positions**

FEMA used reservists, Cadre of On-Call Response/Recovery staff, and contractors under TACs to perform the project review duties of PDMGs, DV Specialists, and QA Specialists for four projects within our scope, obligated as of August 30, 2019.

<b>FEMA Project Review Positions</b>				
<b>FEMA Staff Category</b>	<b>PDMG</b>	<b>DV Specialist</b>	<b>QA Specialist</b>	<b>Total</b>
Reservist	2	0	0	2
Cadre of On-Call Response/Recovery	3	2	1	6
Technical Assistant Contractor	2	3	3	8
<b>Total</b>	<b>7</b>	<b>5</b>	<b>4</b>	<b>16</b>

Source: DHS OIG analysis of FEMA data



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**Appendix D**  
**Debris Removal Projects OIG Reviewed, as of August 30, 2019**

<b>Project Number</b>	<b>EMMIE Project Worksheet Number</b>	<b>Entity</b>	<b>Questionable Cost</b>	<b>Total of Obligated Project Worksheets</b>
1	00230(0)	Entity B	\$ 1,891,871	\$ 1,891,871
2	04331(1)	Entity A	\$ 222,043	\$11,342,465
3	04464(1)	Entity A	\$ 120,111	\$ 7,677,635
4	02061(0)	Entity A	\$ 9,103	\$ 4,682,553
<b>Total</b>			<b>\$2,243,128</b>	<b>\$25,594,524</b>

Source: OIG analysis of FEMA's project worksheets in Grants Manager



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