

Department of Homeland Security **Office of Inspector General**

The Alaska Department of Transportation and Public
Facilities, Central Region, Did Not Properly Account for
and Expend \$1.5 Million in FEMA Public
Assistance Grant Funds



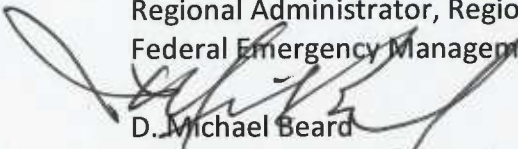


OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

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

APR 30 2013

MEMORANDUM FOR: Kenneth Murphy
Regional Administrator, Region X
Federal Emergency Management Agency

FROM: 
D. Michael Beard
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *The Alaska Department of Transportation and Public Facilities, Central Region, Did Not Properly Account for and Expend \$1.5 Million in FEMA Public Assistance Grant Funds*
FEMA Disaster Number 1663-DR-AK
Audit Report Number DS-13-09

We audited Federal Emergency Management Agency (FEMA) Public Assistance (PA) grant funds awarded to the Alaska Department of Transportation and Public Facilities, Central Region, Anchorage, Alaska (Central Region), PA Identification Number 000-U0291-00. Our audit objective was to determine whether the Central Region accounted for and expended FEMA PA grant funds according to Federal regulations and FEMA guidelines.

The Alaska Division of Homeland Security and Emergency Management (ADHSEM), a FEMA grantee, awarded the Central Region \$1,979,312 for costs resulting from damages from severe storms, flooding, landslides, and mudslides during the period from August 15 through 25, 2006. The award provided 75 percent FEMA funding for six large projects and two small projects.¹ Our audit covered the period from August 15, 2006, to January 23, 2013. We audited all six large projects, with a total awarded cost of \$1,927,140.²

We conducted this performance audit between July 2011 and January 2013, pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence

¹ Federal regulations in effect at the time of the disaster set the large project threshold at \$59,700.

² As of our audit cutoff date of October 4, 2012, the final claims on all projects had not been approved by FEMA. Consequently, our audit was based on the *FEMA Project Listing and Completion and Certification Report*, submitted by ADHSEM, which indicated the amount of \$1,927,140 (see Exhibit, Schedule of Projects Audited).



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

obtained provides a reasonable basis for our findings and conclusions based upon our audit objective. We conducted this audit applying the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.

We interviewed FEMA, ADHSEM, and Central Region officials; reviewed judgmentally selected project costs (generally based on dollar value); and performed other procedures considered necessary to accomplish our objective. We did not assess the adequacy of the Central Region's internal controls applicable to grant activities because it was not necessary to accomplish our audit objective. We did, however, gain an understanding of the Central Region's method of accounting for disaster-related costs and its procurement policies and procedures.

RESULTS OF AUDIT

Of the \$1,927,140 in PA grant funding we audited, the Central Region did not account for and expend \$1,456,170 (76 percent) according to Federal regulations and FEMA guidelines (see table 1).

Finding	Subject	Questioned Costs
A	Improper Procurement	\$1,346,508
B	Misstated Force Account Labor and Equipment Costs	67,987
C	Excessive Fringe Benefits Costs Based on Noncompliant Accounting Methodology	33,223
D	Ineligible Project Costs Beyond the FEMA-Approved Scope of Work	8,452
Total		\$1,456,170



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Finding A: Improper Procurement

Central Region officials did not comply with Federal and State of Alaska (State) procurement requirements in the solicitation and award of a contract (and piggyback contract) totaling \$1,346,508 for road repairs related to Projects 92, 96, and 97 (see table 2).³ As a result, full and open competition did not occur and FEMA had no assurance that the Central Region paid a reasonable price.

Table 2. Key Procurement Violations Contract Number 07-25-1-018 Projects 92, 96, and 97				
FEMA Project / Road Repair	Competitively Procured with Full and Open Competition?	Maintained Sufficient Procurement Records?	Included Mandatory Contract Provisions?	Questioned Contract Costs
Project 92: Buffalo Mine Road (Original Contract)	No	No	No	\$ 660,434
Project 96: Willow Fishhook Road (Original Contract)	No	No	No	450,754
Project 97: Grubstake Gulch Road (Piggyback Contract)	No	No	No	235,320
Total				\$1,346,508

Federal procurement regulations stipulate that—

- Procurement transactions will be conducted in a manner providing full and open competition. Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and circumstances exist, such as a public exigency

³ The Central Region is a State agency and, according to Federal regulations, officials must therefore comply with the same policies and procedures used for procurements from its non-Federal funds (44 CFR 13.36(a)). This, however, did not exempt Central Region officials from compliance with particular Federal criteria, because Alaska Statutes stipulate that Federal criteria apply when the procurement involves the expenditure of Federal funds or Federal assistance and there is a conflict between Alaska law and Federal law (AS 36.30.890). We have nonetheless considered Alaska Statutes in documenting Central Region officials' noncompliance with procurement requirements, because the contracting process was employed and executed (September 6, 2006) before the Federal disaster declaration (October 16, 2006). Therefore, to ensure reasonableness—although Alaska Statutes specify that Federal criteria apply if there is a conflict—we focused on both Central Region officials' compliance with Federal requirements and Alaska Statutes.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

or emergency for the requirement that will not permit a delay resulting from competitive solicitation. (44 CFR 13.36(c)(1) and (d)(4)(i)(B))⁴

- Procurement must adhere to full and open competition, including sealed bids/formal advertising. (44 CFR 13.36(d)(2))
- Invitations for bids will be publicly advertised, solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids. (44 CFR 13.36(d)(2)(ii)(A))
- All bids will be publicly opened at the time and place prescribed in the invitation to bid. (44 CFR 13.36(d)(2)(ii)(C))
- Records will be maintained to sufficiently detail the significant history of the procurement, including the rationale for the method of procurement, contractor selection or rejection, and basis for the contract price. (44 CFR 13.36(b)(9))
- A grantee's and subgrantee's contracts must contain provisions from paragraph (i) of 44 CFR 13.36.
- Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the simplified acquisition threshold fixed at 41 U.S.C. 403(11) (currently set at \$100,000). (44 CFR 13.36(d)(1))
- All necessary affirmative steps will be taken to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible. (44 CFR 13.36(e)(1))

FEMA's *Public Assistance Guide* (FEMA 322, October 1999, p. 39) specifies that—

- Contracts must be of reasonable cost; generally must be competitively bid; and must comply with Federal, State, and local procurement standards.
- Noncompetitive proposals should be used only when the award of a contract is not feasible under small purchase procedures, sealed bids, or competitive

⁴ The requirements at 44 CFR Part 13, and FEMA guidelines, implicitly restrict "piggyback contracting." In June 2007, FEMA made this aspect more explicit, stating in the *Public Assistance Guide* (FEMA 322, p. 52) that, "'Piggyback contracting' is a concept of expanding a previously awarded contract. Piggyback contracting does not meet the requirements of 44 CFR Part 13 because it is non-competitive and may have an inappropriate price structure. This type of contract is not eligible."



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

proposals, and one of the following circumstances applies: (1) the item is available only from a single source, (2) there is an emergency requirement that will not permit a delay, (3) FEMA authorizes noncompetitive proposals, or (4) solicitation from a number of sources has been attempted and competition is determined to be inadequate.

State of Alaska procurement statutes (AS) and policy stipulate that—

- Contracts shall be awarded by competitive sealed bidding. (AS 36.30.100(a))
- The procurement officer shall give adequate public notice of the invitation to bid at least 21 days before the date for the opening of the bids. (AS 36.30.130(a))
- All bid openings are open to the public. The amount of each bid and other relevant information that is specified by regulation of the Commissioner, together with the name of each bidder, shall be recorded. (AS 36.30.140(a))
- A construction contract under \$100,000 may be awarded without competitive sealed bidding or competitive sealed proposals, in accordance with regulations adopted by the Commissioner. (AS 36.30.305(a))
- “Emergency Procurements” policy stipulates that: (1) a written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the procurement file, and shall set out the basis of the emergency and why it is impractical or contrary to the public interest to circulate a competitive sealed bid or competitive sealed proposal; and (2) only those supplies, services, or professional services required to relieve the emergency situation shall be procured under emergency procurement procedures, limited to the minimum level necessary to correct the emergency situation. Additionally, contracts for construction exceeding \$100,000 may not be made using Limited Competition Procurement procedures. (State of Alaska Policy and Procedure Number 10.01.040.A.2.b and A.2.d and A.4.e)

Central Region officials did not comply with these procurement requirements because they did not—

- Use a (full and open) competitive sealed bid process. Central Region officials told us that on August 29, 2006, they invited, by fax, five specific contractors to bid for the Central Region’s road repair work (estimated to cost \$1.5 million for



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Projects 92 and 96).⁵ Further, they did not maintain sufficient documentation to support that they solicited bids from all five contractors: records do not detail what particular documents were faxed to the five contractors or whether the appropriate contractor official(s) received the documentation.⁶

- Document the reason why they selected these specific five contractors.
- Provide at least 21 days of public notice. Instead, Central Region officials provided the contractors only 3 days to respond (via a September 1, 2006, deadline), without adequately explaining the urgency of the decision.
- Limit noncompetitive construction procurement to: (1) \$100,000 or below, as Central Region officials invited quotes for “small procurement” despite estimating the contract costs at \$1.5 million; and (2) only emergency-oriented work.

In addition, Central Region officials continued to use unauthorized procurement methodologies in a second contracting opportunity (Project 97). Specifically, after additional damages were discovered at another location, they used a change order to *piggyback* a new contract for \$235,320, rather than competitively bid the additional work. The Central Region officials’ actions on this additional noncompetitive procurement are even more egregious because they authorized billing rates that were significantly higher than the rates on the original contract.⁷

In conclusion, Central Region officials did not perform their procurement transactions in a manner providing full and open competition and in compliance with other governing contracting requirements. Moreover, they could not reasonably justify why full and open competition did not occur, nor could they provide sufficient records documenting what actually did occur. Although Federal regulations and State statutes allow for flexible—in this case, noncompetitive—contracting under exigent circumstances, exigency was not a factor: the work was permanent in nature, not emergency-oriented.

⁵ A formal policy does not exist to support the fax method employed by Central Region officials; this procurement methodology was employed on an *ad hoc* basis.

⁶ For example, Central Region records (1) include receipt of only one contractor’s completed bid response (by fax, on September 1, 2006); (2) do not contain a second contractor’s detailed bid schedule referenced in their faxed response to the Central Region; and (3) do not contain documentation supporting the invitation to bid from the (reported) remaining three contractors.

⁷ For example, two common materials on the scope of work for the initial contract and change order were cubic yards of pit run and rip rap. The initial contract’s cubic yard prices were \$28 for the pit run and \$120 for the rip rap. However, the respective piggybacked change order prices increased 42.86 percent to \$40 and 66.67 percent to \$200 (whereby the respective cost increases were \$10,200 and \$24,000 from the initial contract).



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Therefore, we question the total (FEMA-reimbursed) contract costs of \$1,346,508 for Projects 92, 96, and 97 based on the Central Region's noncompliance with applicable Federal and State procurement requirements.

This is not the first time we reported that Central Region officials used improper procurement practices. We identified similar violations in our previous audit of the Central Region, where we recommended that FEMA disallow \$2,032,157 for improper procurement practices.⁸ However, this does not appear to be a systemic Department of Transportation and Public Facilities-wide problem beyond the Central Region. Our audits of the Department of Transportation and Public Facilities' Northern Region (for disasters from November 2002 and October 2006), for example, determined that those officials complied with applicable procurement requirements (including full and open competition).⁹

Central Region officials concurred with our finding, yet stated that (1) they operated under the assumption that they had the flexibility and independence to execute procurement in the ways in which they believed were most effective and (2) they did not know that piggyback contracts were ineligible and contrary to competitive procurement requirements. ADHSEM officials concurred with our finding, and stated that they believe that Central Region officials did not purposely violate procurement requirements. FEMA officials deferred comment until issuance of our final report, yet noted that the PA Program allows them to determine *reasonable* contract costs and reimburse for eligible work, irrespective of compliance with procurement requirements.

We caution FEMA officials from routinely relying upon *reasonableness* in determining the eligibility of costs incurred through the use of improper procurement practices, particularly when the procurement is not used to mitigate safety and security risks to lives and property. Federal criteria stipulate that in determining cost reasonableness, consideration should be given to requirements imposed, such as laws and regulations that are conditions of the Federal award.¹⁰ As we have previously reported, contracting practices that do not comply with Federal procurement regulations result in high-risk contracts that potentially cost taxpayers millions of dollars in excessive costs and often do not provide full and open competition.¹¹ Fundamentally, full and open competition increases the opportunity for obtaining reasonable pricing from the most qualified contractors and allows the opportunity for minority firms, women's business enterprises, and labor surplus area firms to participate in federally funded work.

⁸ DHS OIG Audit Report DS-12-12 (July 2012).

⁹ DHS OIG Audit Reports DS-12-09 (April 2012) and DS-12-10 (May 2012).

¹⁰ 2 CFR Part 225 (Appendix A)(C)(2)(b) and (c) and (e).

¹¹ OIG-12-74 (April 2012), http://www.oig.dhs.gov/assets/mgmt/2012/oig_12-74_apr12.pdf.



OFFICE OF INSPECTOR GENERAL

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Further, full and open competition helps discourage and prevent favoritism, collusion, fraud, waste, and abuse.

Finding B: Misstated Force Account Labor and Equipment Costs

Central Region officials claimed a total of \$67,987 in ineligible costs as a result of improper determinations and calculations for various force account labor and equipment expenditures for Projects 94 and 95.

Federal regulations require Central Region officials to—

- Consider a cost 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. (2 CFR 225 Appendix A, C.2)
- Have fiscal control and accounting procedures of the State and its subgrantees sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes, and maintain records which adequately identify the source and application of funds provided for financially assisted activities. (44 CFR 13.20(a)(2) and (b)(2))
- Base reimbursements where local guidelines are used to establish equipment rates on those rates or FEMA's Schedule of Equipment Rates, whichever is lower. (44 CFR 206.228(a)(1)(ii))

Central Region officials did not comply with these regulations because they improperly billed—

- \$66,871 in total ineligible (excessive) force account costs for Project 94 because Central Region officials claimed:
 - \$54,612 rather than \$195 by charging an erroneous rate of \$369 per mile— instead of the applicable eligible force account equipment rate of \$1.32 per mile—in calculating the mileage for a pickup truck driven 148 miles. (We question the total amount of \$54,612 as ineligible as a result of the excessive per mile rate used, as well as because the total mileage claimed was not documented as disaster-related repairs.)
 - \$11,002 rather than the actual total of \$890 for force account labor overtime paid when they claimed rates averaging \$672 per hour for employees who



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were actually paid an average rate of \$27 per hour. We found no bases for these excessive overtime hourly rate charges after performing comprehensive research to determine eligibility. For example, we sought to identify whether such charges could be attributed to hazard pay, union rates/bonuses for extreme weather conditions, and so on. Such factors were not applicable. (We question the net overcharge of \$10,112 as ineligible because the Central Region only incurred and paid \$890 in force account labor overtime costs.)

- \$2,147 in charges for equipment where accounting records identify more equipment hour charges than the hours claimed for the equipment operators.
- \$1,116 in total ineligible force account costs for Project 95 because Central Region officials claimed:
 - \$444 for a pickup truck without evidence that it was used for disaster-related work.
 - \$354 for an employee’s time without evidence the employee performed disaster-related work.
 - \$318 for a draftsman’s services performed after project completion.

Therefore, we question a total of \$67,987 for Projects 94 and 95 as a result of ineligible, excessive force account costs claimed.

Central Region officials concurred with our findings, yet could not provide a response as to why they charged FEMA these amounts. They told us that, per our audit, they plan to revise their documentation to remove these (ineligible and improperly) claimed costs. ADHSEM officials concurred with this audit finding. FEMA officials indicated that they will withhold comment until they review the Central Region’s revised documentation to reassess the eligibility of the costs claimed.

Finding C: Excessive Fringe Benefits Costs Based on Noncompliant Accounting Methodology

Central Region officials improperly claimed \$33,223 in ineligible regular and overtime force account labor fringe benefits costs, on total force account labor costs of \$145,483, for Projects 92 through 97. This occurred because the Central Region’s Headquarters’ administrative staff (Headquarters) (located apart from the subgrantee, in Juneau, Alaska) instructed Central Region officials to use a fringe benefits accounting



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

methodology that does not comply with Federal regulations, FEMA guidelines, and Alaska State Statutes.

Project	Claimed Fringe Benefits (Regular + Overtime)	Eligible Fringe Benefits (Regular + Overtime)	Ineligible Fringe Benefits, Questioned Costs
92	\$21,230	\$ 14,489	\$ 6,741
93	19,071	9,569	9,502
94	8,373	5,229	3,144
95	10,016	5,950	4,066
96	16,575	7,556	9,019
97	2,090	1,339	751
Totals:	\$77,355	\$44,132	\$33,223

Federal regulations, FEMA guidelines, and Alaska State Statutes stipulate that—

- Benefits costs shall be allocated to Federal awards in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards. (2 CFR 225 Appendix B – 8.d (5))
- The employee’s fringe benefit hours or pay divided by the employee’s gross wage hours or pay is used to calculate fringe benefits rates (whereby the net available method would result in higher rates). (FEMA Applicant Benefits Calculation Worksheet, Form 90-128, Instructional Guide, Fringe Benefit Rate Instructions)
- Each employer shall contribute to the system every payroll period an amount calculated by applying a rate of 22 percent of the greater of the total of all base salaries. (Alaska State Statute 39.35.255)

Central Region officials told us that they did not comply with these criteria because their Headquarters officials instructed them to calculate the fringe benefit rate using the employees’ productive wage base, rather than gross pay.¹² Consequently, because

¹² *Gross (or base) pay*, which FEMA generally requires to calculate fringe benefits rates, is the actual wages paid, calculated using the base hourly rate. This rate includes only the salary received by the employee. A *productive wage*, however, is the amount of salary paid for the actual hours worked. The salary provided to the employee when not engaged in the employer’s service (e.g., holidays, vacation, sick leave, bereavement leave, informal time off, jury duty, military leave) is subtracted from the gross pay received for the period. For example, although Alaska State Statute, as aforementioned, requires the



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Central Region officials used an improper fringe benefit methodology, they overstated the fringe benefit rates for both regular time and overtime by \$33,223.

We therefore question a total of \$33,223 in ineligible fringe benefits costs—for Projects 92 (\$6,741), 93 (\$9,502), 94 (\$3,144), 95 (\$4,066), 96 (\$9,019), and 97 (\$751)—because the Central Region claimed fringe benefits costs based on a methodology that does not comply with applicable Federal and State requirements.

Central Region officials responded that because they followed the guidance provided by their Headquarters, they will defer to their Headquarters' officials to comment on this finding. Headquarters officials stated that they applied this particular methodology for internal accounting purposes, and did not elaborate further. ADHSEM officials indicated that they will remain neutral on this finding because of their (self-described) limited understanding of the issue. FEMA officials conveyed that they cannot make a determination at this time.

This issue may be systemic in nature. Given that Headquarters officials instructed the Central Region to use an improper methodology to compute its fringe benefit rates, other Department of Transportation and Public Facilities regional offices and Alaska subgrantees may have likewise based their fringe benefit calculations on this improper methodology (and therefore improperly charged or claimed ineligible costs). As a result, FEMA officials told us that they may further review this matter.

Finding D: Ineligible Project Costs Beyond the FEMA-Approved Scope of Work

Central Region officials did not adhere to FEMA's authorized scope of work and Federal criteria for Project 95 when they claimed \$8,452 in improvements related to the addition of new culverts and the replacement and upgrading of non-disaster-damaged culverts.

Federal regulations and FEMA guidelines stipulate that—

- Claimed costs must be required as a result of the disaster. (44 CFR 206.223)
- Improvements can be performed while still restoring the predisaster function of a damaged facility by obtaining the grantee's approval. The Federal funding for such improved projects shall be limited to the Federal share of the approved estimate of eligible costs. (44 CFR 206.203(d)(1))

State's retirement contribution to be applied at a rate of 22 percent of the total of all base salaries, the Department's productive wage methodology resulted in the application of an inflated rate of 26.34 percent that was charged to FEMA.



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- Mitigation measures must be related to eligible disaster-related damages. (FEMA Hazard Mitigation Policy 9526.1, Section 7.a)

FEMA officials explained to ADHSEM and Central Region officials that because the additional culvert work exceeded the approved scope of work, FEMA reclassified Project 95 to an *improved project*, and repair costs must therefore be limited to the FEMA-estimated cost for restoring the facility to its predisaster condition without the improvements.¹³ We therefore question the reimbursed claimed costs of \$8,452 (\$3,139 for materials and \$5,313 for rental equipment) for Project 95 as ineligible because FEMA criteria restricts eligible reimbursements to disaster related damages. Costs associated with improvements are the Central Region's financial responsibility.

Central Region and ADHSEM officials concurred with this finding, stating that the Central Region's engineers unilaterally decided to upgrade the culverts. FEMA officials noted that they will provide their final determination on this matter at project closeout.

RECOMMENDATIONS

We recommend that the Regional Administrator, FEMA Region X:

Recommendation #1: Disallow \$1,346,508 (\$1,009,881 Federal share) of costs related to improper procurement, unless FEMA makes an affirmative decision that all or part of the contract costs are fair and reasonable and waives the Federal [44 CFR 13.6 (c)] and State procurement requirements (finding A).

Recommendation #2: Disallow \$67,987 (\$50,990 Federal share) of costs related to ineligible force account (equipment and labor) costs (finding B).

Recommendation #3: Review claimed costs, outside of the scope of this audit, associated with those Central Region officials involved in charging FEMA for the excessive, ineligible force account charges (identified in finding B), in order to identify any additional instances of improperly claimed costs (finding B).

Recommendation #4: Disallow a total of \$33,223 (\$24,917 Federal share) in ineligible fringe benefits costs—for Projects 92 (\$6,741), 93 (\$9,502), 94 (\$3,144), 95 (\$4,066), 96 (\$9,019), and 97 (\$751)—derived from a methodology that is not in compliance with Federal and State criteria (finding C).

¹³ This response was presented in FEMA's letter to ADHSEM, dated March 18, 2010, which conveyed the Agency's denial of the Central Region's request for a scope of work change.



OFFICE OF INSPECTOR GENERAL

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Recommendation #5: Identify and review all applicable fringe benefits claimed costs related to the Central Region, other Department of Transportation and Public Facilities regional offices (i.e., Northern and Southeast Regions), and Alaska subgrantees that based their fringe benefit calculations on this improper methodology (finding C).

Recommendation #6: Disallow \$8,452 (\$6,339 Federal share) of ineligible costs related to work beyond FEMA's approved scope of work (finding D).

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

We discussed the results of our audit with Central Region officials during our audit, and included their comments in this report, as appropriate. We provided written summaries of our findings and recommendations in advance to FEMA, ADHSEM, and Central Region officials on November 21, 2011, and discussed them at exit conferences held jointly with FEMA, ADHSEM, and the Central Region on November 28, 2011, and (solely) with FEMA on November 29, 2011. We also provided these officials with a period of 30 days and granted several time extensions to provide a written response. These responses were incorporated into this report, where appropriate. We received final requested audit documentation from FEMA in January 2013.

Within 90 days of the date of this memorandum, please provide our office with a written response that includes your (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for each recommendation. Also, please include responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendations. The recommendations will be considered open and unresolved until your response is received and evaluated.

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

Major contributors to this report are Humberto Melara, Western Regional Office Director; Devin Polster, Supervisory Analyst; Jack Lankford, Supervisory Auditor; and Curtis Johnson, Senior Auditor.

Please call me with any questions, or your staff may contact me at (202) 254-4100 or Humberto Melara at (510) 637-1463.



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EXHIBIT

**Schedule of Projects Audited and Questioned Costs
August 2006 to January 2013
Department of Transportation and Public Facilities, Central Region, Alaska
FEMA Disaster Number 1663-DR-AK**

Schedule of Projects Audited and Questioned Costs								
Project ¹⁴	FEMA Category of Work	Project Award Amount	Project Charges	Questioned Costs				Total
				Improper Procurement (Finding A)	Ineligible Force Account Labor and Equipment (Finding B)	Ineligible Force Account Labor Fringe Benefits Costs (Finding C)	Ineligible Project Costs Outside of Scope of Work (Finding D)	
92	C	\$ 714,228	\$ 714,228	\$ 660,434		\$ 6,741		\$ 667,175
93	C	89,068	89,068			9,502		9,502
94	C	183,347	183,347		\$66,871	3,144		70,015
95	C	103,729	103,729		1,116	4,066	\$8,452	13,634
96	C	595,557	595,557	450,754		9,019		459,773
97	C	241,211	241,211	235,320		751		236,071
Totals		\$1,927,140	\$1,927,140	\$1,346,508	\$67,987	\$33,223	\$8,452	\$1,456,170

¹⁴ A *Project Listing and Completion and Certification Report (P4)* has been filed for these projects by ADHSEM, though—at the time of our audit cutoff date—had not yet been approved by FEMA.



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APPENDIX

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Grantee (Alaska Division of Homeland Security and Emergency Management)

Director
Deputy Director
Disaster Assistance Branch Chief

State (Alaska)

Alaska State Auditor, Division of Legislative Audit

**Subgrantee (Alaska Department of Transportation and Public Facilities,
Central Region, Anchorage, Alaska)**

Regional Director
Project Engineer



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