

Department of Homeland Security Office of Inspector General

**FEMA Should Recover \$154,143 of Public Assistance
Grant Funds Awarded to Brevard County, Florida,
under Hurricane Wilma**



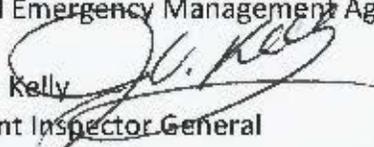


OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

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

NOV 20 2013

MEMORANDUM FOR: Major P. (Phil) May
Regional Administrator, Region IV
Federal Emergency Management Agency

FROM: John V. Kelly 
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *FEMA Should Recover \$154,143 of Public Assistance Grant Funds Awarded to Brevard County, Florida, under Hurricane Wilma*
FEMA Disaster Number 1609-DR-FL
Audit Report Number OIG-14-07-D

We audited Public Assistance funds awarded to Brevard County, Florida (County) (FIPS Code 009-99009-00). Our audit objective was to determine whether the County accounted for and expended Federal Emergency Management Agency (FEMA) grant funds according to Federal regulations and FEMA guidelines.

The County received a Public Assistance award totaling \$12.1 million from the Florida Division of Emergency Management (FDEM), a FEMA grantee, for damages resulting from Hurricane Wilma, which occurred in October 2005. The award provided 100 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to buildings and facilities. The award consisted of 9 large projects and 84 small projects.¹

We audited 2 large projects and 13 small projects with awards totaling \$1.3 million (see Exhibit, Schedule of Projects Audited and Questioned Costs) for debris removal and emergency protective measures. We limited our review of small projects to determine whether (1) the County completed the projects and (2) another funding source covered the project costs. The audit covered the period October 24, 2005, to May 22, 2013, during which the County claimed \$1.3 million of costs under the projects reviewed. At the time of our audit, the County had completed work on all large projects included in our scope and had submitted a final claim to FDEM for all project expenditures.

¹ Federal regulations in effect at the time of the disaster set the large project threshold at \$57,500.



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

We judgmentally selected and reviewed project costs (generally based on dollar value); interviewed County, FDEM, and FEMA personnel; reviewed the County's procurement policies and procedures; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary to accomplish our audit objective. We did not assess the adequacy of the County's internal controls applicable to its grant activities because it was not necessary to accomplish our audit objective. However, we gained an understanding of the County's method of accounting for disaster-related costs and its policies and procedures for administering activities provided for under the FEMA award.

RESULTS OF AUDIT

FEMA should recover \$154,143 of Public Assistance grant funds awarded to the County. The County generally accounted for FEMA grant funds according to Federal regulations and FEMA guidelines for the projects we reviewed. However, its claim included \$154,143 of ineligible costs, which consisted of \$75,494 of costs covered by insurance, \$45,577 of costs covered by another agency, and \$33,072 of costs for repairs to facilities for which the County did not obtain and maintain required insurance coverage to protect the facilities against future losses.

Finding A: Costs Covered by Insurance

The County claimed \$75,494 of costs covered by insurance. According to Section 312 of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended, no entity will receive assistance for any loss for which it has received financial assistance from any other program, insurance, or any other source.

At the time of our audit, a FEMA insurance specialist had not conducted a full review of the County's insurance proceeds and applied relevant proceeds to reduce eligible project costs. Nonetheless, the County's insurance settlement covered \$75,494 of costs



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the County claimed under several projects. Therefore, we question the \$75,494 as table 1 shows.

Table 1: Project Costs Covered by Insurance

Project Number	Project Size	Project Description	Award	Actual Insurance Proceeds	Amount Questioned
983	Small	Pineda Park	\$ 6,300	\$ 3,476	\$ 3,476
2889	Small	Animal Services and Enforcement	1,627	26,798	1,627
4165	Small	South Mainland Library	2,997	15,434	2,997
6066	Small	Fire Stations 21 and 22	1,843	1,569	1,569
6554	Small	Fire Stations 81 and 87	4,236	2,036	2,036
6672	Small	Fire Stations 42, 62, and 86	4,662	13,071	4,662
5301	Small	Parrish Park	3,900	4,250	3,900
3432	Small	Kelly Park West	5,351	2,185	2,185
4355	Small	Kiwanis Island Park	2,689	3,163	2,689
4812	Small	Brevard County Airport	50,017	348,679	50,017
5307	Small	Sandpoint Park	8,798	336	336
Total			\$92,420	\$420,997	\$75,494

County officials disagreed with this finding, saying that they would review their project files and provide supporting documentation to FEMA to show that the costs are eligible.

Finding B: Duplication of Benefits

The County’s claim under Project 3 included \$45,577 for debris removal activities that are the responsibility of the Federal Highway Administration (FHWA). According to Section 312 of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended, no entity will receive assistance for any loss for which the entity has already received financial assistance from any other program, insurance, or any other source.

The County submitted a reimbursement request to FHWA for costs of collecting and hauling disaster-related debris from Federal-aid roads. The FHWA paid the County \$192,488 for the activities and the County reduced project costs by that amount accordingly. However, we noted the County did not submit a reimbursement request for



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\$45,577 of costs associated with processing and disposing of the debris. County officials could not explain why they did not seek FHWA reimbursement for the processing and disposal costs. We question the \$45,577 because these costs are the responsibility of the FHWA and, therefore, the County should have sought reimbursement from FHWA rather than FEMA.

County officials agreed with this finding.

Finding C: Ineligible Project Costs

The County's claim under Projects 6002 and 6539 included \$33,072 for repairing damaged roofs and doors of a fire station and supply building for which it did not obtain and maintain insurance coverage to protect the facilities against future losses. According to 44 CFR 206.253, FEMA will approve Public Assistance funding only on the condition that the applicant obtain and maintain such types and amounts of insurance as are reasonable and necessary to protect against future loss to such property from the types of hazard that caused the major disaster. Therefore, we question the \$33,072, which consists of \$14,800 under Project 6002 and \$18,272 under Project 6539.

County officials disagreed with this finding, saying that they would review their project files and provide supporting documentation to FEMA to show that the costs are eligible.

RECOMMENDATIONS

We recommend that the Regional Administrator, FEMA Region IV:

Recommendation #1: Disallow \$75,494 of insurance benefits that the County did not deduct from project costs unless the County can provide sufficient evidence that the costs were not covered by insurance (finding A).

Recommendation #2: Disallow \$45,577 of debris removal costs that the County claimed on Federal-aid roads that are the responsibility of the FHWA unless the County provides sufficient evidence that FHWA is not responsible for these costs (finding B).

Recommendation #3: Disallow \$33,072 of costs the County claimed to repair damaged facilities for which the County failed to obtain and maintain insurance coverage to protect the facilities against future losses unless the County provides sufficient evidence that it obtained the required insurance (finding C).



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DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOWUP

We discussed the results of our audit with County, FDEM, and FEMA officials during our audit. We also provided a draft report in advance to these officials and discussed it at the exit conference held on July 31, 2013. We incorporated County officials' comments into the body of this report.

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 recommendation. Until we receive and evaluate your response, we will consider the recommendations as open and unresolved.

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 contributions to this report are David Kimble, Director; Adrienne Bryant, Audit Manager; Oscar Andino, Auditor-in-charge; Nadine Ramjohn, Senior Auditor; and Calbert Flowers, Auditor.

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



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Exhibit

Schedule of Projects Audited and Questioned Costs

Project Number	Project Scope	FEMA Category of Work	Amount Awarded	Amount Questioned	Finding
Large Projects:					
3	Debris Removal	A	\$ 924,737	\$45,577	B
6154	Protective Measures	B	209,984	0	
Subtotal			\$1,134,721	\$45,577	
Small Projects:					
4812	Repair Airport Facilities	G	\$ 50,017	\$50,017	A
6539	Reset Metal Roll Door	E	18,272	18,272	C
983	Pineda Park Pool	E	6,300	3,476	A
5307	Replace Netting	G	8,798	336	A
3432	Remove Light Fixtures	G	5,351	2,185	A
6672	Repair Fire Station	E	4,662	4,662	A
6554	Repair Fire Stations	E	4,236	2,036	A
5301	Replace Valves	F	3,900	3,900	A
4355	Reattach Score Board	G	2,689	2,689	A
4165	Replace Damage Tile	E	2,997	2,997	A
6066	Fire Stations 21 and 22	E	1,843	1,569	A
2889	Restore Animal Shelter	E	1,627	1,627	A
6002	Asphalt Shingle Roof	E	14,800	14,800	C
Subtotal			\$ 125,492	\$108,566	
Total			\$1,260,213	\$154,143	



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