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

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

Table 1: Project Costs Covered by Insurance

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

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...
$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).
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; Adrianne 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.
### Exhibit

**Schedule of Projects Audited and Questioned Costs**

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

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