

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

## FEMA's Slab Removal Waiver in Oklahoma 4117-DR-OK



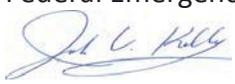


**OFFICE OF INSPECTOR GENERAL**  
Department of Homeland Security

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

June 6, 2014

MEMORANDUM FOR: George A. Robinson  
Regional Administrator, Region VI  
Federal Emergency Management Agency



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

SUBJECT: *FEMA's Slab Removal Waiver in Oklahoma 4117-DR-OK*  
FEMA Disaster Number 4117-DR-OK  
Audit Report Number OIG-14-100-D

Attached for your information is our final letter report, *FEMA's Slab Removal Waiver in Oklahoma 4117-DR-OK*.

In response to the severe storms and tornadoes in Oklahoma from late May to early June 2013, our office initiated several followup audits and reviews. We discussed the results of this audit with Federal Emergency Management Agency (FEMA) officials during the course of the audit. We also provided a discussion draft report to FEMA on March 3, 2014. This report contains one recommendation.

Consistent with our responsibility under the *Inspector General Act of 1978*, we will provide 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 Christopher Dodd, Acting Director, Central Regional Office; Paige Hamrick, Audit Manager; and David B. Fox, Auditor-in-Charge. Please call me with any questions at (202) 254-4100, or your staff may contact Christopher Dodd, Acting Director, at (214) 436-5200.

Attachment



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### Background

From May 18 to 20, 2013, Oklahoma City, Oklahoma, and surrounding counties experienced severe storms and tornadoes, including an EF-5 tornado that struck the City of Moore on May 20, 2013.<sup>1</sup> The EF-5 tornado damaged nearly 2,400 residential homes, of which at least 1,100 appeared to be totally destroyed, leaving nothing but debris and wreckage. As a result of the severe storms and tornadoes, Oklahoma reported 26 fatalities and more than 387 injuries.<sup>2</sup> On May 20, 2013, the President declared a major disaster with an incident period beginning on May 18, 2013, and extending to June 2, 2013.

On May 28, 2013, FEMA's Associate Administrator, Office of Response and Recovery, promulgated disaster-specific guidance that waived sections of FEMA's *Debris Removal of Private Property* and *Demolition of Private Structures* policies.<sup>3</sup> This guidance made the removal of concrete slabs, foundations-on-grade, pads, and driveways from private property or demolition of private structures an eligible debris removal cost specific to this disaster.

On that same date, the Office of Inspector General deployed an Emergency Management Oversight Team to the Joint Field Office in Oklahoma City, Oklahoma.<sup>4</sup> The Emergency Management Oversight Team serves as an independent unit for oversight of disaster response and recovery activities and provides FEMA an additional resource for proactive evaluation to prevent and detect systemic problems in disaster programs and helps ensure accountability over Federal funds.

### Results of Audit

FEMA's disaster-specific waiver of private property debris removal and demolition of private structures is consistent with the authorities the *Robert T. Stafford Disaster Relief and Emergency Assistance Act* (Stafford Act) grants to the agency in assisting jurisdictions to perform activities that are essential in saving lives, protecting public health and safety, and protecting property. However, in carrying out this disaster-specific waiver, FEMA needs to address the vulnerabilities that are present whenever it authorizes large sums of money in such

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<sup>1</sup> Based on the Enhanced Fujita Scale (EF Scale), an EF-5 tornado is the most severe with wind speeds in excess of 200 miles per hour. The EF-5 tornado remained on the ground for over 40 minutes tearing a path 1.3 miles wide and 17 miles long and causing massive destruction in the cities of Newcastle and Moore, Oklahoma.

<sup>2</sup> On May 30–31, 2013, another series of severe storms moved across Central Oklahoma, creating eight tornadoes; one a 2.6 mile-wide EF-5, the widest ever recorded. Total fatalities rose to 48 with more than 508 reported injuries.

<sup>3</sup> The guidance was in a May 28, 2013, Memorandum to the Regional Administrator, FEMA Region VI, from the Associate Administrator, Office of Response and Recovery.

<sup>4</sup> FEMA establishes Joint Field Offices in or near the disaster-impacted area for use by Federal and State staff as the focal point of disaster recovery operations.



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a unique manner. The current situation requires increased vigilance to monitor the expenditure of public funds and assurance that sufficient policies and procedures designed to detect and prevent duplications of homeowner's insurance benefits are in place.

#### **The Stafford Act Provides FEMA the Flexibility To Waive Private Property Debris Removal and Demolition of Private Structures Policies**

Sections 301 and 403 of the Stafford Act authorize FEMA to modify or waive administrative conditions for assistance and to take emergency protective measures to save lives and property as part of its Public Assistance program. Generally, FEMA does not consider slab removal to be eligible work because it is part of private property debris removal or demolition. However, FEMA's purpose for this disaster-specific waiver was to "expedite recovery" and "enhance safety in the communities surrounding Oklahoma City devastated by this disaster." FEMA's slab removal waiver applied specifically to FEMA-4117-DR-OK and only in cases where private property debris removal or demolition of private structures was otherwise eligible for Public Assistance funding, which is a permissible use of Public Assistance funds. Additionally, given the facts and circumstances surrounding Oklahoma's severe storms and tornadoes, FEMA's waiver may accelerate the recovery process and increase safety in the devastated areas.

#### **Disaster-Specific Waivers Are Vulnerable to Fraud, Waste, and Abuse**

Implementing disaster-specific waivers entails risks that require robust internal controls to avoid problems involving the expenditure of public funds. The Office of Inspector General and the Government Accountability Office, as well as FEMA internal assessments, have identified needed improvements to the internal controls of the Individual and Public Assistance programs.

FEMA, in carrying out its mission to support citizens and first responders, disburses billions of dollars annually to assist disaster survivors. This mission exposes FEMA to potential fraud, waste, and abuse in the execution of routine disaster assistance programs. During the implementation of a disaster-specific waiver such as this one, the risks of fraud, waste, and abuse are exacerbated. Consequently, this disaster-specific waiver requires increased vigilance to monitor the expenditure of public funds and to protect against potential duplications of homeowner's benefits.<sup>5</sup> Therefore, it is imperative that FEMA work with Oklahoma to ensure that Oklahoma has sufficient policies and procedures in place to detect duplication of homeowner's insurance benefits. In addition, Oklahoma should remit to FEMA any amounts that individual homeowners received or should have received in settlement for damages sustained to their slabs.

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<sup>5</sup>Individuals are encouraged to report potential fraud, waste, and abuse, including any duplication of homeowner's benefits to the Recovery Accountability and Transparency Board via their website [Recovery.gov](http://Recovery.gov).



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As a result of our audit, FEMA officials submitted a sample copy of a letter the City of Oklahoma City mailed to individual homeowners requesting reimbursement of debris removal or demolition compensation from the homeowner's insurance company. Therefore, we consider this finding and the related recommendation to be resolved and closed and require no further action from FEMA.

## Conclusion

We determined that FEMA's actions in waiving private property debris removal and demolition of private structures policies are consistent with the authorities granted by the Stafford Act. However, given the number of individuals affected by the severe storms and tornadoes, FEMA needs to maintain strong internal controls.<sup>6</sup> We commend FEMA for its rapid response in implementing this disaster-specific waiver within 10 days after severe storms and tornadoes devastated Oklahoma City and surrounding communities. If successful, the waiver can help revitalize and ensure the safety of the affected areas. Nevertheless, FEMA needs to be mindful of the vulnerabilities associated with implementing disaster-specific waivers and to ensure that internal controls are sufficient to protect against those vulnerabilities.

## Recommendation

We recommend that the Regional Administrator, FEMA Region VI:

**Recommendation #1:** Work with the State of Oklahoma to develop policies and procedures that are cost effective under the circumstances to detect duplication of homeowner's insurance benefits and to ensure that the State of Oklahoma remits to FEMA any amounts that individual homeowners received or should have received in settlement for damage sustained to their slabs.

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<sup>6</sup>FEMA processed approximately 3,455 Individual Housing Assistance applications within the City of Moore, Oklahoma, each having had some form of homeowner's insurance at the time of the disaster. In addition, of the 281 residents of Moore, Oklahoma who benefited from having their slabs removed by the city, only 29 did not have homeowner's insurance.



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### **Discussion with Management and Audit Followup**

We discussed the issue we identified in this report with FEMA officials during our audit and provided them with a draft report. We discussed our draft report with FEMA officials at an exit conference on March 21, 2014. FEMA officials generally agreed with our findings and recommendation. On that same date, FEMA officials provided documentation to support their efforts to work with the State of Oklahoma; therefore, we consider this report and its recommendation closed upon issuance and requires no further actions from FEMA.



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### Appendix A

#### Objectives, Scope, and Methodology

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the Department.

The objective of this review was to determine whether FEMA's actions in promulgating its disaster-specific waiver of slab removals in Oklahoma was consistent with authorities granted to it by the Stafford Act, and, if so, what issues FEMA may need to address while implementing this waiver. We conducted this review by applying the statutes, regulations, and FEMA policies and guidelines in effect at the time FEMA issued its disaster-specific waiver. We interviewed FEMA officials and performed other procedures considered necessary to accomplish our objective. We did not assess the adequacy of the agency's internal controls applicable to grant activities because it was not necessary to accomplish our audit objective.

We conducted this performance audit between May 28, 2013, and March 21, 2014, pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government accounting standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objective.



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**Appendix B**  
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Senate Committee on Homeland Security and Governmental Affairs  
House Committee on Appropriations, Subcommittee on Homeland Security  
House Committee on Homeland Security  
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House Committee on Transportation and Infrastructure

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For further information or questions, please contact Office of Inspector General (OIG) Office of Public Affairs at: [DHS-OIG.OfficePublicAffairs@oig.dhs.gov](mailto:DHS-OIG.OfficePublicAffairs@oig.dhs.gov), or follow us on Twitter at: [@dhsoig](https://twitter.com/dhsoig).

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Should you be unable to access our website, you may submit your complaint in writing to:

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Office of Inspector General, Mail Stop 0305  
Attention: Office of Investigations Hotline  
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Washington, DC 20528-0305

You may also call 1(800) 323-8603 or fax the complaint directly to us at (202) 254-4297.

The OIG seeks to protect the identity of each writer and caller.