

**Los Alamos County,
New Mexico, Generally
Accounted For and Expended
FEMA Grant Funds Properly**





DHS OIG HIGHLIGHTS

Los Alamos County, New Mexico, Generally Accounted For and Expended FEMA Grant Funds Properly

August 31, 2015

Why We Did This

Los Alamos County, New Mexico, (County) received a \$5.1 million award from the New Mexico Department of Homeland Security and Emergency Management Agency, a FEMA grantee, for damages resulting from severe storms and flooding in September 2013. Our audit objective was to determine whether the County accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines.

What We Recommend

This report contains no recommendations.

For Further Information:
Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

The County generally accounted for and expended Federal Emergency Management Agency (FEMA) Public Assistance grant funds according to Federal requirements. However, the County did not always comply with Federal procurement standards in awarding its three largest contracts for disaster work totaling \$1.9 million.

Specifically, the County did not take all required affirmative steps to assure the use of small, minority, women-owned, and labor-surplus area firms when possible. However, although the County did not take the specific steps that Federal procurement standards require, it did award all three contracts to these types of disadvantaged firms. In addition, the County's contractors performed adequately and billed for their work appropriately. Therefore, we did not question costs because the County's noncompliance with Federal requirements did not negatively impact the Federal government.

County officials said that they were not aware of this requirement, but would update their policies and procedures to include this Federal procurement standard for future disasters.

FEMA Response

Because the audit does not identify any issues requiring further action from FEMA Region VI, we consider this audit closed.




OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

8-31-2015

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: *Los Alamos County, New Mexico, Generally Accounted
For and Expended FEMA Grant Funds Properly*
Audit Report Number OIG-15-139-D

We audited Public Assistance grant funds awarded to Los Alamos County (County), New Mexico. The New Mexico Department of Homeland Security and Emergency Management (New Mexico), a Federal Emergency Management Agency (FEMA) grantee, awarded the County \$5.1 million for damages resulting from severe storms and flooding, which occurred in September 2013. The award provided 75 percent FEMA funding for debris clearance, emergency protective measures, and permanent repairs to roads and drainage facilities. We audited 12 projects totaling \$4.9 million, or about 96 percent of the total award (see appendix A, table 1). At the time of our audit, the County had completed work on 23 of 29 projects, and had 6 projects to complete before submitting a final claim to New Mexico for project expenditures.

Background

The County is located on the Pajarito Plateau, approximately 90 miles north of Albuquerque. In September 2013, torrential rain and flooding damaged the County's reservoir, landfill, roads, and drainage facilities (see figure 1).

Figure 1: North Road Drainage Site



Source: FEMA Project Worksheet 524



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Results of Audit

The County generally accounted for and expended FEMA grant funds according to Federal requirements. However, the County did not follow all Federal procurement standards in awarding its three largest contracts totaling \$1.9 million. Specifically, the County did not take all required affirmative steps to assure the use of small, minority, women-owned, and labor-surplus area firms when possible. Federal procurement standards at 44 Code of Federal Regulations 13.36(e) require that subgrantees take specific steps to assure the use of these firms whenever possible. The steps include using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce to solicit these firms.

However, even without taking the required steps, the County awarded all three contracts to these types of disadvantaged firms. In addition, the County's contractors performed adequately and billed for their work appropriately. Therefore, we did not question costs because the County's noncompliance with Federal procurement standards did not negatively impact the Federal government. County officials said that they were not aware of this requirement, but would update their policies and procedures to include this Federal procurement requirement for future disasters. Therefore, we did not question costs associated with this procurement finding.

Discussion with Management and Audit Follow-Up

We discussed the results of our audit with County officials during and after our audit and included their comments in this report, as appropriate. We also provided a draft report in advance to FEMA, New Mexico, and County officials and discussed it at exit conferences with FEMA officials on July 7, 2015, and with New Mexico and Los Alamos officials on July 30, 2015. Because the audit did not identify any issues requiring further action from FEMA Region VI, we consider this audit closed.

The Office of Emergency Management Oversight major contributors to this report are Christopher Dodd, Director; Paige Hamrick, Director; John Polledo, Audit Manager; and James Mitchell, Senior Program Analyst.

Please call me with any questions at (202) 254-4100, or your staff may contact Christopher Dodd, Director, Central Regional Office - South, at (214) 436-5200.



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Appendix A

Objective, Scope, and Methodology

We audited FEMA Public Assistance grant funds awarded to the County (FIPS Code 028-99028-00). Our audit objective was to determine whether the County accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines for Disaster Number 4152-DR-NM. New Mexico awarded the County \$5.1 million to repair damage caused by rain and flooding. The audit covered the period of September 9, 2013, through March 31, 2015, the cutoff date of our audit. The award provided 75 percent Federal funding for 10 large projects and 19 small projects.¹ We audited 10 large and 2 small projects totaling \$4.9 million, or about 96 percent of the total award (table 1 describes the 12 projects we audited).

We interviewed FEMA, New Mexico, and County officials; gained an understanding of the County's method of accounting for disaster-related costs; reviewed the County's procurement policies and procedures and contracting documents; judgmentally selected and reviewed (generally based on dollar amounts) project costs and procurement transactions for the projects included in our audit scope; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary to accomplish our objective. We did not perform a detailed assessment of the County's internal controls over its grant activities because it was not necessary to accomplish our audit objective.

¹ Federal regulations in effect at the time of this disaster set the large project threshold at \$68,500.



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Appendix A (continued)

Table 1: Schedule of Projects Audited

Project Number	Category of Work*	Project Award Amount
592	F	\$2,313,349
516	C	1,205,353
524	A	339,505
526	A	273,043
634	C	226,496
517	A	131,175
633	D	127,741
515	C	115,980
527	B	81,029
462	A	74,394
451	C	10,026
609	C	5,946
Totals		\$4,904,037

Source: FEMA project worksheets

*FEMA classifies disaster-related work by type: debris removal (Category A), emergency protective measures (Category B), and permanent work (Categories C through G).

We conducted this performance audit between March 2015 and July 2015, 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. We conducted this audit by applying the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.



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Appendix B

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