

**The City of Atlanta, Georgia,
Effectively Managed FEMA
Public Assistance Grant Funds
Awarded for Severe Storms
and Flooding in September
2009**





DHS OIG HIGHLIGHTS

The City of Atlanta, Georgia, Effectively Managed FEMA Public Assistance Grant Funds Awarded for Severe Storms and Flooding in September 2009

May 19, 2015

Why We Did This

The City of Atlanta, Georgia, (City) received a \$13.5 million award from the Georgia Emergency Management Agency, a Federal Emergency Management Agency (FEMA) grantee, for damages resulting from severe storms and flooding in September 2009.

What We Recommend

The 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

For the projects we reviewed, the City properly accounted for and expended FEMA funds according to Federal guidelines.

FEMA Response

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



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security
Washington, DC 20528

May 19, 2015

MEMORANDUM FOR: Gracia Szczech
Regional Administrator, Region IV
Federal Emergency Management Agency

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

SUBJECT: *The City of Atlanta, Georgia, Effectively Managed
FEMA Public Assistance Grant Funds Awarded for
Severe Storms and Flooding in September 2009*
Audit Report Number OIG-15-96-D

We audited Public Assistance funds awarded to the City of Atlanta, Georgia (City). The City received a Public Assistance award of \$13.5 million (net of insurance) from the Georgia Emergency Management Agency (Georgia), a Federal Emergency Management Agency (FEMA) grantee, for damages resulting from severe storms and flooding in September 2009. The award provided 75 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to roads and other facilities. However, the \$13.5 million net award includes \$11.2 million tied up in litigation between the City and its insurance provider. If the City prevails, insurance will cover most or all of the \$11.2 million that FEMA has obligated for this work. Therefore, because the City might not need or use these Federal funds, we decided not to audit the funds at this time. Of the remaining \$2.3 million, we audited 12 projects totaling \$849,853 (see appendix A). At the time of our audit, the City had not completed work on all of the 12 projects in our audit scope.

Background

Severe storms and flooding in September 2009 caused extensive citywide damages, most significantly to the R.M. Clayton Water Reclamation Center. Damages to the center made up \$11.2 million (56 projects) of the \$13.5 million Public Assistance award (net of insurance proceeds the City has already received). The City is in litigation against its insurance carrier seeking additional proceeds for damages to the facility. Georgia notified the City that FEMA funding would cease during the litigation because of the potential for large dollar deobligations to the award if the City prevails in its litigation.



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Results of Audit

For the projects we reviewed, the City properly accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines.

Discussion with Management and Audit Follow-up

We discussed the results of our audit with City, Georgia, and FEMA officials during our audit. We also provided a draft report in advance to these officials and discussed it at the exit conference on March 24, 2015. Because the audit did not identify any issues requiring further action from FEMA, we consider this audit closed. Major contributors to this report are David Kimble, Director; Adrienne Bryant, Audit Manager; John Schmidt, Auditor-in-Charge; and Kim Lemon, Auditor.

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



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Appendix A

Objective, Scope, and Methodology

We conducted this audit between August 2014 and March 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. To conduct this audit, we applied the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.

We audited Public Assistance funds awarded to the City, FIPS Code 121-03E97-00. Our audit objective was to determine whether the City accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines for FEMA Disaster Number 1858-DR-GA. The City received a Public Assistance award of \$13.5 million (net of insurance) from Georgia, a FEMA grantee, for damages resulting from severe Storms and flooding in September 2009. The award consisted of 30 large projects and 153 small projects.¹

The \$13.5 million net award includes \$11.2 million tied up in litigation between the City and its insurance provider for damages to the R.M. Clayton Water Reclamation Center. If the City prevails, insurance will cover most or all of the \$11.2 million that FEMA has obligated for this work. Therefore, because the City might not need or use these Federal funds, we decided not to audit the funds at this time. Of the remaining \$2.3 million, we audited 12 projects (3 large and 9 small) totaling \$849,853 (net of insurance—see table 1), for which the City claimed \$789,077. The audit covered the period September 18, 2009, to September 12, 2014.

We interviewed City, Georgia, and FEMA personnel; gained an understanding of the City's method of accounting for disaster-related costs and its procurement policies and procedures; judgmentally selected and reviewed (generally based on dollar amounts) project costs and procurement transactions for the projects in our audit scope; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary under the circumstances to accomplish our audit objective.

¹ Federal regulation in effect at the time of the disaster set the large project threshold at \$64,200.



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Appendix A (continued)

As part of our standard audit procedures, we also notified the Recovery Accountability and Transparency Board of all contracts the City awarded under the grant to determine whether the contractors were debarred or whether there were any indications of other issues related to them that would indicate fraud, waste, or abuse. As of the date of this report, the Recovery Accountability and Transparency Board’s analysis of contracts was ongoing. When it is complete, we will review the results and determine whether additional action is necessary. We did not perform a detailed assessment of the City’s internal controls applicable to its grant activities because it was not necessary to accomplish our audit objective.

Table 1: Schedule of Projects Audited

Project Number	FEMA Category of Work²	Amount Awarded (Net of Insurance)	Amount Claimed
Large Projects:			
201	F	\$ 186,601	\$ 174,238
738	F	83,175	85,076
742	F	132,816	135,085
Subtotal		\$ 402,592	\$ 394,399
Small Projects:			
199	G	59,455	59,455
508	C	61,850	61,850
626	C	49,858	49,858
669	C	59,249	59,249
677	C	42,065	42,065
974	F	46,762	46,762
1096	G	31,366	31,366
1301	G	44,073	44,073
2055	C	52,583	0
Subtotal		\$ 447,261	\$ 394,678
Total		\$849,853	\$789,077

Source: FEMA Project Worksheets, City Records, and Office of Inspector General Analysis.

² FEMA classifies disaster-related work by type: debris removal (Category A), emergency protective measures (Category B), and permanent work (Categories C through G).



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Appendix B

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