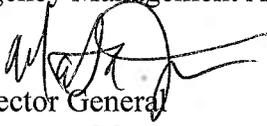




Homeland Security

August 19, 2011

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

FROM: Matt Jadacki 
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *FEMA Public Assistance Grant Funds Awarded to
City of Mobile, Alabama*
Public Assistance Identification Number 097-5000-00
FEMA Disaster Number 1605-DR-AL
Audit Report Number DA-11-22

We audited public assistance grant funds awarded to the City of Mobile, Alabama (City). The audit objective was to determine whether the City accounted for and expended Federal Emergency Management Agency (FEMA) grant funds according to federal regulations and FEMA guidelines.

The City received a public assistance award totaling \$5.3 million from Alabama Emergency Management Agency (AEMA), a FEMA grantee, for damages resulting from Hurricane Katrina, which occurred in August 2005.¹ The award provided 100% FEMA funding for debris removal and emergency protective measures. The award included 16 large projects and 58 small projects.

We reviewed costs totaling \$3.5 million claimed under seven large projects, as shown in table 1. The audit covered the period from August 29, 2005, to March 14, 2011, during which the City received \$3.5 million of FEMA funds under the projects reviewed. At the time of our audit, the City had completed all projects included in our audit scope and had submitted its claim on project expenditures to AEMA.

¹ Federal regulations in effect at the time of the disaster set the large project threshold at \$55,500.

Table 1: Schedule of Audited Projects		
Project Number	Amount Awarded	Amount Claimed
1116	\$ 534,884	\$ 534,884
1246	244,608	244,608
1266	1,888,130	1,888,130
1563	250,000	250,000
1575	234,910	234,910
1685	195,324	195,324
1687	181,047	181,047
Total	\$3,528,903	\$3,528,903

We conducted this performance audit 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 according to the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.

We reviewed judgmentally selected samples of project costs (generally based on dollar value); interviewed City, AEMA, and FEMA personnel; reviewed the City’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 City’s internal controls applicable to its grant activities because it was not necessary to accomplish our objective. We did, however, gain an understanding of the City’s method of accounting for disaster-related costs and its policies and procedures for administering the activities provided for under the FEMA award.

RESULTS OF AUDIT

The City accounted for and expended FEMA funds according to federal regulations and FEMA guidelines.

DISCUSSION WITH MANAGEMENT

We discussed the audit results with City officials on May 12, 2011. We notified AEMA and FEMA officials of the audit results on July 26, 2011. Because the audit did not identify issues requiring further action from FEMA, we consider this audit closed. Significant contributors to this report were David Kimble, William Johnson, Ronald Cummings, and Calbert Flowers.

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. To promote transparency, this report will be posted to our website, with the exception of sensitive information identified by your office.

Should you have questions concerning this report, please contact me at (202) 254-4100 or David Kimble at (404) 832-6702.

cc: Administrator, FEMA
Audit Liaison, FEMA Region IV
Audit Liaison, FEMA HQ (Job Code G-11-028)
Audit Liaison, DHS