




Homeland Security

NOV 17 2011

MEMORANDUM FOR: Tony Russell
Regional Administrator, Region VI
Federal Emergency Management Agency

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

SUBJECT: *FEMA Hazard Mitigation Grant Program Funds Awarded to
Panhandle Regional Planning Commission, Amarillo, Texas*
FEMA Disaster Number 1606-DR-TX
Audit Report Number DD-12-03

We audited Hazard Mitigation Grant Program (HMGP) funds awarded to the Panhandle Regional Planning Commission (Commission) in Amarillo, Texas. Our audit objectives were to determine whether the Commission accounted for and expended Federal Emergency Management Agency (FEMA) grant funds according to federal regulations and FEMA guidelines, the project met FEMA eligibility requirements, and project management complied with applicable regulations and guidelines.

The Texas Division of Emergency Management (TDEM), a FEMA grantee, awarded the Commission \$8.6 million (\$4.3 million federal share). TDEM selected the Commission's project for submission to FEMA from applications it received following Hurricane Rita, which occurred in September 2005. The purpose of the award was to encourage homeowners in the Texas Panhandle to participate in the Commission's Residential Safe Room Construction project.

The award provided FEMA funding for 50% of eligible project costs. At the time of our audit, the Commission had completed the project, but FEMA and TDEM had not yet closed it. The audit covered the period from project submittal in February 2006 to the completion of our audit work in October 2011. During this time, the Commission claimed \$7.7 million in direct project costs. We audited 100% of the costs claimed for the project.

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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives. We conducted this audit according to the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.

We interviewed FEMA, TDEM, and Commission officials; reviewed judgmentally selected samples of project costs (generally based on dollar value); and performed other procedures considered necessary to accomplish our objectives. We did not assess the adequacy of the Commission’s internal controls applicable to grant activities because it was not necessary to accomplish our audit objectives. However, we did gain an understanding of the Commission’s methods of accounting for project-related costs and its procurement policies and procedures.

BACKGROUND

FEMA provides HMGP grants on a cost-shared basis to eligible applicants within a state declared eligible for federal assistance to implement measures designed to reduce the loss of life and property from natural disasters. FEMA’s eligibility criteria require that an applicant have a FEMA-approved hazard mitigation plan and that projects be cost effective, comply with environmental and historic preservation requirements, and provide a long-term beneficial impact. Eligible applicants include state and local governments, certain private nonprofit organizations and institutions, and Indian tribes or tribal organizations.

The Commission is a voluntary association of cities, counties, and special districts in the Texas Panhandle. As a council of governments, the Commission meets HMGP eligibility under 44 CFR 206.2(a)(16) as a local government. With HMGP grant funds, the Commission implemented the Residential Safe Room Construction project. The project reimbursed individual property owners up to \$2,500 for the construction of a windstorm safe room to provide protection during a short-term, high-wind event such as a tornado or hurricane.



Figure 1. Aboveground safe room.

Source: Department of Homeland Security Office of Inspector General site visit, May 11, 2011.



Figure 2. In-ground safe room.

Source: Department of Homeland Security Office of Inspector General site visit, May 11, 2011.

RESULTS OF AUDIT

The Commission accounted for and expended FEMA funds according to federal regulations and FEMA guidelines; the project met FEMA eligibility requirements; and project management complied with applicable regulations and guidelines.

DISCUSSION WITH MANAGEMENT

We discussed the results of our audit with FEMA, TDEM, and Commission officials during our audit. We also provided a draft report and discussed it with these officials at exit conferences held on October 11, 2011. These officials agreed with the audit results. Because the audit did not identify issues requiring further action from FEMA, we consider this audit closed and do not require a response.

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 final report will be posted to our website. Significant contributors to this report were Tonda Hadley, Moises Dugan, Lori Smith, and Jacob Farias.

Should you have questions concerning this report, please contact me at (202) 254-4100 or Tonda Hadley at (214) 436-5200.

cc: Administrator, FEMA
Audit Liaison, FEMA (Job Code G-11-032)
Audit Liaison, FEMA Region VI
Audit Liaison, DHS

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