

**Management Alert -
Concerns with Potential
Duplicate or Ineligible
FEMA Public Assistance
Funding for Facilities
Damaged by Back-to-Back
Disasters**





DHS OIG HIGHLIGHTS

Management Alert – Concerns with Potential Duplicate or Ineligible FEMA Public Assistance Funding for Facilities Damaged by Back-to-Back Disasters

November 14, 2017

Why We Did This Alert

This is a Department of Homeland Security, Office of Inspector General management alert regarding the Federal Emergency Management Agency (FEMA) Public Assistance (PA) program.

The PA program provides disaster grants to state, territorial, tribal, and local governments and certain types of private non-profit organizations for debris removal; emergency assistance to save lives and protect property; and permanent restoration of community infrastructure affected by a federally declared incident.

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

Hurricanes Harvey, Irma, and Maria — some of the most catastrophic disasters in recent United States history— resulted in multiple disaster declarations and billions of dollars in damages to areas within several Gulf Coast and Southeast states, Puerto Rico, and the U.S. Virgin Islands. We noted many of the same designated disaster areas for Hurricanes Harvey and Irma overlapped disaster areas from 13 disaster incidents in 2017 and 2016. As a result, many of the same facilities damaged by an earlier incident may have also received damage under Hurricanes Harvey or Irma before repairs to the facility had been completed. As of November 2, 2017, FEMA had obligated an estimated \$310.3 million (Federal share) of Public Assistance funding to cover permanent repair or replacement costs to facilities damaged under the 13 previous disaster declarations. To avoid obligating duplicate or ineligible repair costs to an affected facility, FEMA will need to discern which incident caused damages to the facility and whether repairs necessitated by the previous incident were complete. Therefore, FEMA needs to make certain that it has effective controls in place to minimize the risk of funding duplicate or ineligible repair costs of facilities damaged by back-to-back incidents.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

November 14, 2017

MEMORANDUM FOR: Jeffrey Byard
Associate Administrator
Office of Response and Recovery

FROM: John E. McCoy II *JEM II*
Acting Assistant Inspector General for Audits

SUBJECT: *Management Alert — Concerns with Potential Duplicate or Ineligible FEMA Public Assistance Funding for Facilities Damaged by Back-to-Back Disasters*
OIG Report Number OIG-18-14

Attached is our final report, *Management Alert — Concerns with Potential Duplicate or Ineligible FEMA Public Assistance Funding for Facilities Damaged by Back-to-Back Disasters*. This report was prepared under the *Inspector General Act of 1978*, as amended, and more specifically, section 2(2), to provide leadership and coordination and recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud and abuse in, such programs and operations.

This report highlights the need for FEMA to have effective controls in place to minimize the risk of funding duplicate or ineligible repair costs of facilities damaged by back-to-back incidents. We made no recommendations in this report.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of this report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post a version of the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Paul Wood, Acting Assistant Deputy Inspector General for Audits, at (202) 254-4100.

Attachment



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Concerns with Potential Ineligible or Duplicate FEMA Public Assistance Funding for Facilities Damaged by Back-to-Back Disasters

Hurricanes Harvey, Irma, and Maria — some of the most catastrophic disasters in recent United States history — occurred within a 23-day period and resulted in multiple disaster declarations and billions of dollars in damages to areas within several Gulf Coast and Southeast states, Puerto Rico, and the U.S. Virgin Islands. We noted the hurricanes affected some of the same designated disaster areas of earlier 2017 and 2016 declared disaster incidents. Facilities damaged by those incidents may not have been fully repaired before the new incident occurred. Therefore, FEMA needs to ensure it has effective controls to properly identify and segregate damages to facilities that were affected by multiple disaster incidents, and that the controls minimize the risk of paying for duplicate or ineligible repair damages to a facility.

Distinguishing Damages to Facilities Affected By Back-to-Back Incidents to Avoid Duplicate Costs

We analyzed 2016 and 2017 FEMA disaster declarations for states and U.S. territories affected by Hurricanes Harvey, Irma, and Maria, and determined that many of the designated disaster areas for two of the storms — Hurricanes Harvey and Irma — overlapped disaster areas declared for earlier incidents in 2017 and 2016. Specifically, we found a total of 13 major disaster declarations for areas in Florida, Georgia, Louisiana, South Carolina, and Texas that overlapped some of the same areas affected by Hurricanes Harvey and Irma (see appendix B, table 1). As of November 2, 2017, FEMA had obligated an estimated \$310.3 million (Federal share) of Public Assistance funding to cover permanent repair or replacement costs to facilities that sustained damage under these 13 disaster declarations.

Because of the relatively short period of time between incidents, various facilities damaged by the earlier incidents may have also sustained damage under Hurricanes Harvey or Irma before repairs to the facilities had been completed. Therefore, for facilities affected by multiple incidents, FEMA Public Assistance staff will need to carefully evaluate the scope of repair work authorized for those facilities and the status of such repairs to avoid approving duplicate or ineligible funding under Hurricanes Harvey or Irma. For instance, when Hurricane Irma moved across northeastern Florida in early September 2017 it affected many of the same areas as Hurricane Matthew in October 2016. However, FEMA had not yet completed all Hurricane Matthew-related project worksheets to document and account for costs of facilities damaged by Matthew. Specifically, as of September 22, 2017, a FEMA project status report indicated FEMA had written 72 percent of the project worksheets to document



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

and account for repair costs of facilities damaged from Matthew, thus leaving 28 percent to be completed. Further, in cases that FEMA had completed project worksheets and obligated costs for eligible repairs, applicants may not have completed their repairs before Irma struck. Therefore, FEMA will face challenges in discerning whether damage to affected facilities is from Hurricane Matthew, Irma, or both storms. This same scenario may play out in other disaster areas affected by multiple incidents depending on the extent of repairs that had been completed prior to the new incident occurring.

Identifying and Reporting Damages

FEMA policy states that an applicant is generally required to identify and report all of its disaster-related damage, emergency work activities, and debris quantities to FEMA within 60 days of the kickoff meeting related to the disaster incident.¹ Therefore, any damages related to a previously declared incident that the applicant did not report within the 60-day timeframe would not be eligible under newer disaster incidents. Because many of the same applicants from the recent 2017 hurricanes may have been affected by a previous disaster incident(s), FEMA needs to ensure it has effective controls that prevent the agency from funding any unreported damage related to previously declared disaster incident(s) that did not meet the 60-day reporting timeline.

Conclusion

During the recovery phases of Hurricanes Harvey and Irma, FEMA will obligate billions of dollars from the Disaster Relief Fund in disaster grants to State, Territorial, Tribal, and local governments and certain nonprofit organizations. The hurricanes affected some of the same areas that were affected by previously declared disaster incidents in 2017 and 2016. As a result, many of the same applicants and facilities may have been affected by multiple incidents within a relatively short time period. Therefore, it is imperative that FEMA ensures it has effective controls to properly identify and segregate damages from different disaster incidents, and that the controls minimize the risk of paying for duplicate or ineligible repair damages to a facility.

¹ *Public Assistance Program and Policy Guide*, FP 104-009-2, January 2016, page 128



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Appendix A

Objective, Scope, and Methodology

The report objective was to emphasize the potential challenges that FEMA will face in providing Public Assistance funding for facilities that may have sustained damages from back-to-back disasters. To accomplish our objective, we analyzed 2016 and 2017 FEMA disaster declarations for states and U.S. territories affected by Hurricanes Harvey, Irma, and Maria to determine whether any of the designated disaster areas of the incidents overlapped.

This report was prepared under the *Inspector General Act of 1978, as amended*, and more specifically, section 2(2), to provide leadership and coordination and recommend policies for activities designed to promote economy, efficiency, and effectiveness in the administration of, and to prevent and detect fraud and abuse in, such programs and operations. The work performed in this review does not constitute an audit in accordance with generally accepted government auditing standards.

The Office of Audits major contributors to this report are: David Kimble, Director; Adrienne Bryant, Audit Manager; Kim Lemon, Senior Auditor; John Schmidt, Senior Auditor; and Kevin Dolloson, Communications Analyst. Please call me with any questions, or your staff may contact Paul Wood, Acting Deputy Assistant Inspector General, Office of Audits, at (202) 254-4100.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix B

Table 1: Disasters Areas Declared for 2017 and 2016 Incidents That Overlapped Areas Declared for Hurricanes Harvey and Irma

Type of Incident	Disaster Number	Declaration Date Month/Year	Disaster Areas Affected (States)				
			FL	GA	LA	SC	TX
Severe Storms, Tornadoes, etc.	4294, 4297	January 2017		X			
Hurricane Matthew	4283,4284, 4286	October 2016	X	X		X	
Hurricane Hermine	4280	September 2016	X				
Severe Storms, Tornadoes, etc.	4277	August 2016			X		
Severe Storms, Tornadoes, etc.	4272	June 2016					X
Severe Storms, Tornadoes, etc.	4269	April 2016					X
Severe Storms, Tornadoes, etc.	4266	March 2016					X
Severe Storms, Tornadoes, etc.	4263	March 2016			X		
Severe Storms, Tornadoes, etc.	4259	February 2016		X			
Severe Storms, Tornadoes, etc.	4255	February 2016					X



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix C
Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
General Counsel
Executive Secretary
Director, GAO/OIG Liaison Office

Federal Emergency Management Agency

Administrator
Chief of Staff
Chief Financial Officer
Chief Counsel
Director, Risk Management and Compliance
Chief Procurement Officer
Audit Liaison, FEMA (Job Code G-18-001-AUD-FEMA)

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees

Additional Information and Copies

To view this and any of our other reports, please visit our website at:
www.oig.dhs.gov.

For further information or questions, please contact Office of Inspector General
Public Affairs at: DHS-OIG.OfficePublicAffairs@oig.dhs.gov.
Follow us on Twitter at: @dhsoig.



OIG Hotline

To report fraud, waste, or abuse, visit our website at www.oig.dhs.gov and click on the red "Hotline" tab. If you cannot access our website, call our hotline at (800) 323-8603, fax our hotline at (202) 254-4297, or write to us at:

Department of Homeland Security
Office of Inspector General, Mail Stop 0305
Attention: Hotline
245 Murray Drive, SW
Washington, DC 20528-0305