

Department of Homeland Security **Office of Inspector General**

Brevard County, Florida, Properly Accounted For and Expended FEMA Public Assistance Grant Funds Received Under Tropical Storm Fay





OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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DEC 11 2013

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

FROM: *Jonda Hadley*
for John V. Kelly
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *Brevard County, Florida, Properly Accounted For and
Expended FEMA Public Assistance Grant Funds Received
Under Tropical Storm Fay
FEMA Disaster Number 1785-DR-FL
Audit Report Number OIG-14-13-D*

We audited Public Assistance funds awarded to Brevard County, Florida (County) (FIPS Code 009-99009-00). Our audit objective was to determine whether the County accounted for and expended Federal Emergency Management Agency (FEMA) grant funds according to Federal regulations and FEMA guidelines.

The County received a Public Assistance award totaling \$9.7 million from the Florida Division of Emergency Management (FDEM), a FEMA grantee, for damages resulting from Tropical Storm Fay, which occurred in August 2008. The award provided 75 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to buildings and other facilities. The award consisted of 12 large projects and 75 small projects.¹

We audited four large projects with awards totaling \$1.5 million (see Exhibit, Schedule of Projects Audited and Questioned Costs) for debris removal and emergency protective measures. The audit covered the period from August 18, 2008, to May 22, 2013, during which the County claimed \$1.5 million of costs under the projects we reviewed. At the time of our audit, the County had completed work on three projects included in our scope and had submitted final claims to FDEM for expenditures under those projects.

We conducted this performance audit between January and July 2013 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

¹ Federal regulations in effect at the time of the disaster set the large project threshold at \$60,900.



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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 judgmentally selected and reviewed project costs (generally based on dollar value); interviewed County and FEMA personnel; reviewed the County'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 County's internal controls applicable to its grant activities because it was not necessary to accomplish our audit objective. However, we gained an understanding of the County's method of accounting for disaster-related costs and its policies and procedures for administering activities provided for under the FEMA award.

RESULTS OF AUDIT

For the projects we reviewed, the County generally accounted for FEMA grant funds according to Federal regulations and FEMA guidelines. However, the County claimed \$43,631 of ineligible costs for straight-time force account labor.²

The County claimed \$43,631 under Project 631 for straight-time labor costs of solid waste department employees performing debris removal activities. The County elected to participate in the *Public Assistance Pilot Program* under several, but not all, projects for various departments.³ Under the pilot program, FEMA will pay the County for straight- or regular-time salaries and benefits of permanently employed personnel engaged in debris removal activities. Typically, FEMA does not pay for straight- or regular-time salaries and benefits of permanent employees engaged in emergency work (debris removal and emergency protective measures) (44 CFR 206.228). However, the County did not include its solid waste department in the pilot program. Consequently, the County should not have charged the FEMA project for the \$43,631 of straight-time labor it incurred for solid waste department personnel who performed debris removal activities under the project. Therefore, we question the \$43,631.

² Force account refers to the County's personnel and equipment.

³ FEMA implemented the *Public Assistance Pilot Program* from June 1, 2007, through December 31, 2008.



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RECOMMENDATION

We recommend that the Regional Administrator, FEMA Region IV:

Recommendation #1: Disallow \$43,631 (Federal share \$32,732) of ineligible straight-time labor costs the County claimed under Project 631.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOWUP

We discussed the results of our audit with County, FDEM, and FEMA officials during our audit. We also provided a draft report in advance to these officials and discussed it at the exit conference held on July 31, 2013. County officials disagreed with the audit finding.

Within 90 days of the date of this memorandum, please provide our office with a written response that includes your (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for each recommendation. Also, please include contact information for responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendation. Until we receive and evaluate your response, we will consider the recommendation open and unresolved.

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. We will post the report on our website for public dissemination.

Major contributions to this report are David Kimble, Director; Adrienne Bryant, Audit Manager; Oscar Andino, Auditor-in-charge; Nadine Ramjohn, Senior Auditor; and Calbert Flowers, Auditor.

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



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Exhibit

Schedule of Projects Audited and Questioned Costs

Project Number	Project Scope	FEMA Category of Work	Amount Awarded	Amount Questioned	Federal Share	Finding
1745	Emergency Protective Measures	B	\$ 94,748	\$ 0	\$ 0	
1581	Emergency Protective Measures	B	74,539	0	0	
1101	Emergency Protective Measures	B	489,000	0	0	
631	Debris Removal	A	870,006	43,631	32,723	A
TOTAL			\$1,528,293	\$43,631	\$32,723	



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