

**Harris County, Texas, Needs  
Continued Assistance and  
Monitoring to Ensure  
Proper Management of Its  
FEMA Grant**





# DHS OIG HIGHLIGHTS

## *Harris County, Texas, Needs Continued Assistance and Monitoring to Ensure Proper Management of Its FEMA Grant*

**April 23, 2020**

### **Why We Did This Audit**

As of February 2018, the County estimated it sustained \$182 million in disaster-related damages because of Hurricane Harvey. Our objective was to determine whether the County's procurement policies, procedures, and business practices were adequate to expend FEMA grant funds in accordance with Federal procurement regulations and FEMA guidelines.

### **What We Recommend**

FEMA should disallow \$2.7 million in ineligible costs and require Texas to work with the County to incorporate Federal procurement regulations when using Federal funds, and review procurement activities before the County awards future contracts.

#### **For Further Information:**

Contact our Office of Public Affairs at (202) 981-6000, or email us at [DHS-OIG.OfficePublicAffairs@oig.dhs.gov](mailto:DHS-OIG.OfficePublicAffairs@oig.dhs.gov)

### **What We Found**

Harris County, Texas (County) needs additional technical assistance and monitoring to ensure grants management compliance with Federal procurement regulations. The County's procurement policies, procedures, and business practices were not adequate to expend disaster grant funds in accordance with Federal procurement regulations and Federal Emergency Management Agency (FEMA) guidelines. Consequently, when awarding three disaster contracts valued at \$2.7 million, the County did not comply with Federal procurement regulations and FEMA guidelines. Despite guidance from and contact with the Texas Division of Emergency Management (Texas), the County did not:

- perform cost or price analyses;
- include required contract provisions;
- provide sufficient procurement opportunities to disadvantaged firms; or
- use correct contracting methods.

This noncompliance occurred primarily because the County prepared procurement policies, procedures, and business practices according to Texas Local Government Code. However, the County must follow Federal procurement regulations and FEMA guidelines when procuring contracts with Federal funds.

To the extent the County does not follow Federal procurement regulations and FEMA guidelines when awarding contracts using Federal funds, FEMA has no reasonable assurance the County will award properly subsequent contracts for disaster work, estimated at \$94 million.

### **FEMA Response**

FEMA concurred with our three recommendations. Prior to our issuing this final report, FEMA took action to resolve and close recommendations 2 and 3. We consider recommendation 1 open and resolved.




## OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / [www.oig.dhs.gov](http://www.oig.dhs.gov)

April 23, 2020

MEMORANDUM FOR: George A. Robinson  
Regional Administrator, Region VI  
Federal Emergency Management Agency

FROM: Sondra F. McCauley   
Assistant Inspector General for Audits

SUBJECT: *Harris County, Texas, Needs Continued Assistance and Monitoring to Ensure Proper Management of Its FEMA Grant*

Attached for your action is our final report, *Harris County, Texas, Needs Continued Assistance and Monitoring to Ensure Proper Management of Its FEMA Grant*. We incorporated the formal comments provided by your office.

The report contains three recommendations aimed at improving the procurement capability of Harris County, Texas. Your office concurred with all three recommendations. Based on information provided in your response to the draft report, we consider recommendation 1 open and resolved. Once your office has fully implemented the recommendation, please submit a formal closeout letter to us within 30 days, so we may close the recommendation. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts. Recommendations 2 and 3 are resolved and closed and require no further action. Please send your response or closure request to [OIGAuditsFollowup@oig.dhs.gov](mailto:OIGAuditsFollowup@oig.dhs.gov).

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

Please call me with any questions, or your staff may contact Katherine Trimble, Deputy Assistant Inspector General for Audits, at (202) 981-6000.





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### Background

Harris County (County) is in the southeast region of Texas and has about 4.7 million residents. Hurricane Harvey struck the Texas Coast as a category four hurricane on August 25, 2017. Tremendous rainfall occurred across much of Harris County, which caused flash flooding. The President declared a major disaster on August 25, 2017. See Figure 1 for photos of storm debris from Hurricane Harvey in the County.



**Figure 1: Storm Debris from Hurricane Harvey in Harris County, TX**

*Source:* Harris County, Budget Management Department (left) and Department of Homeland Security Office of Inspector General (OIG) (right)

The County estimated it sustained \$182 million in disaster-related damages because of Hurricane Harvey. This amount included an estimated \$85 million for emergency work — debris removal and emergency protective measures — and an estimated \$97 million for permanent work, which the County expected contractors to complete.

In September 2017, the County applied for a Federal Emergency Management Agency (FEMA) Public Assistance grant for reimbursement of eligible disaster-related costs. The award would provide 90 percent Federal funding for debris removal, emergency protective measures, and permanent work. However, emergency protective measures are funded at 100 percent for 30 days from the start of the incident period.

### Grant Management Requirements

According to the Code of Federal Regulations (CFR) (2 CFR 200.331(d)), the states as recipients are responsible for proper administration of grants. For example, recipients must ensure subrecipients are aware of and comply with Federal regulations in order to fulfill applicable Federal requirements and achieve performance goals. In addition, according to 2 CFR 200.328(a), recipients are responsible for monitoring the operations of grant and subgrant



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supported activities. It is FEMA's responsibility to monitor Texas, the grantee, to ensure it properly administers the grant.

Federal regulations require the FEMA Regional Administrator and the Governor — acting for Texas — to execute a FEMA-State Agreement upon the declaration of a major disaster or emergency.<sup>1</sup> The FEMA-State Agreement outlines the understandings, commitments, and conditions required for Federal disaster assistance. In the FEMA-State Agreement,<sup>2</sup> Texas agreed to comply with, and require subrecipients to comply with, all applicable laws and regulations, including the *Stafford Act*<sup>3</sup> and applicable FEMA policies and guidance.

Federal regulation also requires Texas to develop a State Administrative Plan outlining the actions Texas will use to fulfill its duties to FEMA.<sup>4</sup> Accordingly, FEMA is responsible for holding Texas accountable for the terms and conditions of both the FEMA-State Agreement and the State Administrative Plan.

## Results of Audit

### Harris County Did Not Comply with Federal Procurement Regulations

The CFR requires subrecipients to establish and maintain effective internal controls over Federal awards.<sup>5</sup> Additionally, the CFR requires subrecipients to comply with Federal statutes, regulations, and the terms and conditions of the Federal award, and take prompt action when instances of noncompliance are identified.<sup>6</sup> FEMA's *Public Assistance Program and Policy Guide* states applicants must comply with Federal procurement standards as a condition of FEMA providing Public Assistance funding for eligible contract costs.<sup>7</sup>

Harris County needs additional technical assistance and monitoring to ensure compliance with Federal procurement regulations. The County's written policies, procedures, and business practices were not adequate to expend disaster grant funds according to Federal procurement regulations and FEMA guidelines. Specifically, the County prepared its policies and procedures in

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<sup>1</sup> 44 CFR 206.44(a)

<sup>2</sup> FSA-4332-FEMA-DR-TX, p. 2

<sup>3</sup> *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, 42 USC § 5121, *et seq.*, as amended (*Stafford Act*)

<sup>4</sup> 44 CFR 206.207(b)

<sup>5</sup> 2 CFR 200.303(a)

<sup>6</sup> 2 CFR 200.303(b) and (d)

<sup>7</sup> FEMA, *Public Assistance Program and Policy Guide*, Chapter 2, Section V.G.1. (FP 104-009-2/April 2018)



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accordance with Texas Local Government Code, which includes Chapter 262, *Purchasing and Contracting Authority of Counties*.

This code does not comply with all sections of the CFR requiring that subrecipients:

- include a requirement to perform a cost or price analysis in connection with every procurement action in excess of the simplified acquisition threshold;
- include specific provisions for contracts and subcontracts, such as administrative, contractual, or legal remedies; Equal Employment Opportunity clause; compliance with *Contract Work Hours and Safety Standards Act*, *Clean Air Act*, *Federal Water Pollution Control Act*, the *Byrd Anti-Lobbying Amendment*; and procurement of recovered materials;
- use small and minority businesses, women's business enterprises, and labor-surplus area firms when possible;
- ensure qualifications-based procurement is used only when procuring Architectural and Engineering professional services;
- use time and material type contracts only after determining that no other contract is suitable and the contract includes a ceiling price the contractor exceeds at its own risk;
- avoid use of cost-plus-percentage of cost, and percentage-of-construction cost methods of contracting; and
- distribute micro-purchases equitably among qualified suppliers to the extent possible.<sup>8</sup>

Texas provided guidance covering Federal procurement regulations to the County after the disaster declaration, yet the County did not procure three contracts valued at \$2.7 million in accordance with these regulations. Specifically, the three contracts did not comply with Federal procurement regulations detailed in bullets 1 through 4, above. We did not identify issues for the three contracts with respect to the regulations described in bullets 5 through 7.

### **Lack of Cost or Price Analysis**

Federal regulations require a cost or price analysis with every procurement action in excess of \$150,000 — the simplified acquisition threshold as of January 2017 — including contract modifications.<sup>9</sup> Two of the three contracts exceeded the simplified acquisition threshold. However, the County did not perform cost or price analyses when procuring these contracts. County officials contended, "It [was] not possible ... to conduct an analysis until after bids are received." However, according to 2 CFR 200.323(a), as a starting

<sup>8</sup> 2 CFR 200.323(a); Appendix II of 2 CFR 200; 2 CFR 200.321; 2 CFR 200.320(d)(5); 2 CFR 200.318(j); 2 CFR 200.323(d); and 2 CFR 200.320(a)

<sup>9</sup> 2 CFR 200.323(a)



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point, the County must prepare independent estimates before receiving bids or proposals. The absence of a cost or price analysis increases the risk of unreasonable contract costs.

#### **Missing Required Contract Provisions**

Federal regulations require non-Federal entities to include specific provisions in their contracts, including:<sup>10</sup>

- remedies and termination clauses;
- Equal Employment Opportunity clause;
- prohibition of contracting with debarred or suspended parties;
- compliance with environmental, labor, and anti-lobbying laws; and
- procurement of recovered materials.

These provisions describe the rights and responsibilities of the parties and minimize the risk of misinterpretations and disputes.

Each of the three contracts were missing at least one of the required contract provisions. County officials asserted the project management contract included all required provisions because it referenced the requirement in the contract addendum by stating: “Contractor is responsible for following all applicable requirements in the 2017 FEMA Public Assistance Program and Policy Guide.” Simply adding this statement did not comply with requirements of Appendix II of 2 CFR 200 that all contracts made by the non-Federal entity under the Federal award must contain all applicable provisions.

The architectural and engineering contracts did not include the required provisions or the aforementioned statement. County officials did not think the contract provisions were required during the exigency period, which ended October 10, 2017.<sup>11</sup> Although the County began the procurement process for these contracts during the exigency period, the contracts were executed in December 2017 — 2 months after the exigency period ended. Consequently, these contracts did not meet all of the requirements in Appendix II of 2 CFR 200.

#### **Affirmative Steps Not Taken**

Federal regulations at 2 CFR 200.321(a) require non-Federal entities to take all affirmative steps to ensure they extend opportunities to minority businesses,

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<sup>10</sup> 2 CFR 200.326 and Appendix II of 2 CFR 200

<sup>11</sup> FEMA defines an exigency as something necessary in a particular situation that requires or demands immediate aid or action.



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women's business enterprises, and labor surplus area firms when possible.<sup>12</sup>

Affirmative steps include:

- placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- assuring such business enterprises are solicited whenever possible;
- dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
- establishing delivery schedules, where the requirement permits, to encourage participation by small and minority businesses, and women's business enterprises;
- using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
- requiring the prime contractor, if subcontractors are used, to take the affirmative steps.<sup>13</sup>

County officials stated they resumed normal outreach to Minority, Women, Disadvantaged Business Enterprise and Historically Underutilized Business firms that registered with the County after the exigency period, which ended October 10, 2017. However, for the three contracts we reviewed, executed 2 months after the exigency period, the County was not able to provide sufficient evidence to demonstrate it took all affirmative steps to extend opportunities to disadvantaged firms. Thus, the County did not meet all Federal requirements under 2 CFR 200.321. As a result, disadvantaged businesses did not have sufficient opportunities to bid on the County's federally funded work.

### **Lack of Proper Competitive Proposal Method**

The CFR [2 CFR 200.320(d)(5)] requires subgrantees to use competitive proposal methods where price is a selection factor for all procurements, except when procuring architectural and engineering professional services. Subgrantees may use a qualifications-based procurement method to procure architectural and engineering professional services. However, a subgrantee cannot use a qualifications-based procurement method to purchase other types

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<sup>12</sup> A civil jurisdiction is classified as a labor surplus area whenever the average unemployment rate for all civilian workers in the civil jurisdiction for the reference periods is 1) 120 percent of the national average unemployment rate for civilian workers or higher, or 2) 10 percent or higher (20 CFR 654.5).

<sup>13</sup> 2 CFR 200.321(b)





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of services, even if architectural and engineering firms may potentially perform the proposed effort.<sup>14</sup>

Despite the Federal requirements, the County did not use a competitive, price-based proposal method to procure non-architectural and engineering services for project management consulting services valued at \$2 million. Additionally, a state contractor, hired by Texas to assist with subgrantee oversight, advised the County that this procurement method did not comply with Federal procurement regulations. This information was provided 6 days prior to the deadline for contractors to submit their statements of qualifications, affording the County sufficient time to request that firms provide cost estimates prior to awarding a contract. However, the County used a qualifications-based procurement method and did not consider cost as a selection factor. According to County officials, they “conducted a qualifications-based procurement to contract these services to remain in compliance with Texas State law.”<sup>15</sup> As a result, FEMA has no assurance the County procured the services for the most reasonable price.

Because of the County’s noncompliance with Federal procurement regulations, we question the eligibility of \$2.7 million (\$2.4 million Federal share) for the three contracts, as shown in table 1.<sup>16</sup> Additionally, FEMA does not have reasonable assurance the County will comply with procurement regulations when procuring future contracts for subsequent disaster-related work, estimated at \$94 million.

**Table 1: Questioned Costs Due to Noncompliance with Federal Procurement Regulations**

Scope of Work	Contract Amount
Project Management	\$2,000,000
Architectural and Engineering Contract 1	125,000
Architectural and Engineering Contract 2	574,435
<b>Total</b>	<b>\$2,699,435</b>

Source: OIG analysis of Harris County, TX procurement records

<sup>14</sup> 2 CFR 200.320(d)(5)

<sup>15</sup> According to Title 10 Chapter 2254.003 of the Texas Government Code, a governmental entity may not select a provider of professional services or a group or association of providers or award a contract for the services on the basis of competitive bids submitted for the contract or for the services, but shall make the selection and award: (1) on the basis of demonstrated competence and qualifications to perform the services; and (2) for a fair and reasonable price.

<sup>16</sup> Federal share is the portion of the total project costs paid by Federal funds (*Public Assistance Program and Policy Guide*, (FP 104-009-2/April 2018), p. 160).



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### Conclusion

Unless the County follows Federal procurement regulations and FEMA guidelines while procuring contracts with Federal funds, FEMA does not have reasonable assurance the County will properly procure subsequent contracts estimated at \$94 million for residual disaster work, as of February 2018. FEMA could improve its assurance the County will follow Federal procurement regulations by requiring that Texas work with the County to incorporate Federal procurement regulations when expending Federal funds and by reviewing procurement activities before the County awards contracts. By receiving assistance early in the process, the County may better understand the requirements of the Federal procurement rules and regulations, which may help prevent improper procurements and disallowed expenditures moving forward.

### Recommendations

**Recommendation 1:** We recommend the Regional Administrator, FEMA Region VI, disallow \$2.7 million (\$2.4 million Federal share) in ineligible costs unless FEMA grants the County an exception for all or part of the costs per 2 CFR 200.102(b).

**Recommendation 2:** We recommend the Regional Administrator, FEMA Region VI, require Texas to work with the County to incorporate Federal procurement regulations into the County's policies and procedures (when using Federal funds) to ensure compliance with all Federal procurement regulations and prevent the County from inappropriately spending \$94.0 million (\$84.6 million Federal share) in Federal grant funds on residual disaster-related permanent work contracts.

**Recommendation 3:** We recommend the Regional Administrator, FEMA Region VI, require Texas to provide additional technical assistance by reviewing contract procurement activities before the County awards contracts to ensure compliance with all Federal procurement regulations.

### Management Comments and OIG Analysis

We previously provided a draft Notice of Preliminary Findings, Causes, and Recommendations to FEMA, Texas, and County officials, and discussed it at three separate exit conferences in November 2018. FEMA subsequently provided technical and formal management comments in response to our draft report and concurred with all three recommendations. We addressed the technical comments throughout our report as appropriate and included a copy of FEMA's management comments in their entirety in appendix A. The County also provided a response, informing us it had updated its procurement



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processes and re-competed one of its contracts in mid-year 2019 for competition through a request for proposal process. We revised the report as appropriate.<sup>17</sup>

Subsequent to transmitting its management comments, FEMA took action to resolve and close recommendations 2 and 3 and provided additional information and supporting documentation. FEMA also provided an action plan for recommendation 1, which is open and resolved. A summary of FEMA's response and our analysis follows.

**FEMA Response to Recommendation 1:** FEMA concurred with the recommendation, stating it will perform a detailed cost reasonableness review. FEMA estimated a completion date of May 31, 2020.

**OIG Analysis of FEMA's Response:** FEMA has taken steps to satisfy the intent of this recommendation. We consider this recommendation resolved and open until FEMA provides documentation to support that all planned corrective actions are completed.

**FEMA Response to Recommendation 2:** FEMA concurred with the recommendation. In March 2020, FEMA instructed Texas to provide the County with continued technical assistance and monitoring to ensure the County meets minimum Federal procurement regulations.

**OIG Analysis of FEMA's Response:** FEMA's corrective action instructing Texas to continue providing the County with additional technical assistance and monitoring is sufficient to resolve and close the recommendation. No further action is required.

**FEMA Response to Recommendation 3:** FEMA concurred with the recommendation. In March 2020, FEMA instructed Texas to review all contract procurement activities prior to awarding additional Public Assistance grant funds to the County to ensure compliance.

**OIG Analysis of FEMA's Response:** FEMA's corrective action instructing Texas to review all contract procurement activities prior to awarding additional Public Assistance funds to the County is sufficient to resolve and close the recommendation. No further action is required.

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<sup>17</sup> The final report title differs from the title on FEMA's management comments in appendix A based on changes from technical comments.



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### **Objective, Scope, and Methodology**

The Department of Homeland Security Office of Inspector General was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*.

We reviewed the procurement capability of Harris County, Texas, Public Assistance Identification Number 201-99201-00, to manage FEMA Public Assistance grant funds. Our audit objective was to determine whether the County's procurement policies, procedures, and business practices were adequate to expend FEMA grant funds for FEMA Disaster Number 4332-DR-TX in accordance with Federal procurement regulations and FEMA guidelines.

To accomplish our objective, we interviewed FEMA, Texas, and County officials. We also assessed the adequacy of the procurement policies, procedures, and business practices (internal controls over compliance) the County uses to expend Federal grant funds, procure contracts, and monitor disaster work. At the time of our fieldwork, the County had awarded three contracts after exigent circumstances had ended. We also reviewed applicable Federal regulations and FEMA guidelines in effect at the time of the disaster, and performed other procedures considered necessary to accomplish our objective.

We selected the County for review from a universe of applicants downloaded from FEMA's computerized information system (EMMIE) based on the greatest dollar value of projects in the FEMA Branch II and III areas, respectively. To evaluate the County's procurement practices, we reviewed its policies and procedures in effect at the time of the disaster and reviewed the methodology it used to award contracts. We also discussed procurement practices with the County's contracting officials. We did not place any significant reliance on or test data from FEMA's information system because it was not needed to meet our audit objective.

We discussed results with FEMA, Texas, and County officials continually throughout our audit. We initially discussed issues during a field exit briefing with the County on January 11, 2018. We had subsequent communication with FEMA, Texas, and County officials in July 2018. We received a response from FEMA and the County, but none from Texas. We also provided a Notice of Findings and Recommendations in advance and discussed the issues at exit conferences with FEMA officials on November 6, 2018; with Texas officials on November 7, 2018; and with County officials on November 14, 2018. We considered their comments in developing our report and incorporated their comments as appropriate. We conducted this audit early in the contracting process and informed FEMA, Texas, and the County about procurement issues we identified through the course of our audit.





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We conducted our audit between January and July 2018. This audit is part of a body of public assistance grant audits conducted by our office early in the public assistance process to identify areas where the grantee or subgrantee may need additional technical assistance or monitoring to ensure compliance with Federal regulations and FEMA guidelines. Audit planning, risk assessment, and internal control assessment were limited to the extent necessary to address our audit objectives. We conducted our review under the authority of the *Inspector General Act of 1978*, as amended, and followed generally accepted government auditing standards with the exceptions noted previously. The 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 on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Office of Audits major contributors to this report are C. David Kimble (Ret.), Director; Paige Hamrick (Ret.), Director; J. Eric Barnett, Audit Manager; Rickey “Lynn” Smith, Auditor-in-Charge; and Emma Peyton, Auditor; Robert Williams, Independent Reference Reviewer; and Deborah Mouton-Miller, Communications Analyst.



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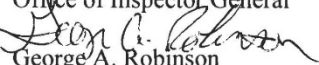
**Appendix A**  
**FEMA's Response to Draft Report**

U.S. Department of Homeland Security  
FEMA Region 6  
800 N. Loop 288  
Denton, TX 76209



February 28, 2020

**MEMORANDUM FOR:** Sondra F. McCauley  
Assistant Inspector General for Audits  
Office of Inspector General

**FROM:**   
George A. Robinson  
Regional Administrator  
FEMA Region 6

**SUBJECT:** Management Response to OIG Draft Report: "Harris County,  
Texas Did Not Comply with Regulations When Managing a  
FEMA Grant"  
Project No. 18-021-AUD-FEMA (a)

Thank you for the opportunity to review and comment on this draft report. The Federal Emergency Management Agency (FEMA) Region 6 appreciates the Office of Inspector General's (OIG) work in planning and conducting its review and issuing this draft report.

FEMA remains committed to resolving discrepancies identified in this draft report, taking procurement compliance seriously. We will be working with the State of Texas to address procurement policies for this and future Public Assistance program funding within Harris County, Texas.

The draft report contained three recommendations with which FEMA concurs. Please see the attached for our detailed response for each recommendation.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

[www.fema.gov](http://www.fema.gov)



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### **Attachment: FEMA Management Response to Recommendations Contained in 18-021-AUD-FEMA (a)**

OIG recommended that the Regional Administrator, FEMA Region VI:

**Recommendation 1:** We recommend the Regional Administrator, FEMA Region VI, disallow \$2.7 million (\$2.4 million Federal share) in ineligible costs unless FEMA grants the County an exception for all or part of the costs per 2 CFR 200.102(b).

**Response:** Concur. FEMA will perform a detailed cost reasonableness review to validate whether costs were reasonable for the type of work performed. If the review finds all or a portion unreasonable, FEMA will then disallow those as ineligible costs, unless other circumstances dictate that an exception would be appropriate or important to the County's recovery per 2 CFR 200.102(b). Estimated Completion Date (ECD): May 31, 2020

**Recommendation 2:** We recommend the Regional Administrator, FEMA Region VI, require Texas to work with the County to incorporate Federal procurement regulations into the County's policies and procedures (when using Federal funds) to ensure compliance with all Federal procurement regulations and prevent the County from inappropriately spending \$94.0 million (\$84.6 million Federal share) in Federal grant funds on residual disaster related permanent work contracts.

**Response:** Concur. FEMA agrees that the Texas Division of Emergency Management (TDEM) should work with Harris County to incorporate Federal procurement regulations into Harris County's policies to ensure compliance with all Federal procurement regulations. The FEMA Region 6 Administrator will communicate in writing to TDEM the need for the State and its subrecipients to comply with the conditions under which Federal disaster assistance is provided as outlined in the FEMA-State Agreement, including compliance with the Stafford Act. ECD: March 31, 2020

**Recommendation 3:** We recommend the Regional Administrator, FEMA Region VI, require Texas to provide additional technical assistance by reviewing contract procurement activities before the County awards contracts to ensure compliance with all Federal procurement regulations.

**Response:** Concur. FEMA Region 6 agrees with this recommendation and will communicate in writing to TDEM the requirement to provide additional technical assistance to Harris County, including a review of future procurement activities necessary prior to awarding of contracts. FEMA will accomplish this with the assistance of Hurricane Harvey Public Assistance Program Leadership at the Texas Recovery Office in Austin. ECD: March 31, 2020.



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### Appendix B Potential Monetary Benefits

**Table 2: Summary of Potential Monetary Benefits**

Type of Potential Monetary Benefit	Rec No.	Amount	Federal Share
Questioned Costs – Ineligible	1	\$ 2,699,435	\$ 2,429,492
Questioned Costs – Unsupported		-	-
Funds Put to Better Use (Cost Avoidance)	2	93,964,238	84,567,814
<b>Totals</b>		<b>\$ 96,663,673</b>	<b>\$ 86,997,306</b>

Source: OIG analysis of report findings





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### **Appendix C** **Report Distribution**

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