

**Office of Inspector General  
Corporation for National and  
Community Service**

Agreed-Upon Procedures Review of the  
Corporation for National and Community Service  
FEMA Hurricane Relief  
Mission Assignment Process

**OIG Report Number 06-43**



Corporation for  
**NATIONAL &  
COMMUNITY  
SERVICE** 

Prepared by:

**Office of Inspector General  
Corporation for National and Community Service  
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This report was issued to Corporation management on September 25, 2006. Under the laws and regulations governing audit follow up, the Corporation is to make final management decisions on the report's findings and recommendations no later than March 26, 2007, and complete its corrective actions by September 25, 2007. Consequently, the reported findings do not necessarily represent the final resolution of the issues presented.

Agreed-Upon Procedures Review of the  
Corporation for National and Community Service  
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**Table of Contents**

Executive Summary .....	1
Background.....	2
Objectives, Scope, and Methodology .....	2
Results.....	4
Corporation Response.....	Appendix A

## **Executive Summary**

The President's Council on Integrity and Efficiency (PCIE), a group of Federal audit and investigative organizations, including the Office of Inspector General (OIG), is conducting multiple audit reviews, evaluations, and investigations of the Federal Government's response to Hurricanes Katrina, Rita, and Wilma. This review was conducted as requested by the Department of Homeland Security on behalf of the PCIE as part of its examination of relief efforts provided by the Federal Government in the aftermath of the hurricanes. A copy of the final report will be forwarded to the PCIE Homeland Security Working Group, which is coordinating Inspectors General reviews.

The Office of Inspector General completed an agreed-upon procedures review of the Corporation for National and Community Service's (Corporation) Hurricane Relief Mission Assignment Process for funds awarded under the jurisdiction of the U. S. Department of Homeland Security's Federal Emergency Management Agency (FEMA). The objectives of the review were to document the Corporation's policies, procedures, and standard guidance for processing mission assignment billings and reimbursements, and to determine the Corporation's compliance with FEMA and other Federal guidelines for mission assignment billings and reimbursements. We identified certain areas that warrant corrective action.

1. The Corporation needs to formalize policies and procedures on the processing of billings and reimbursement documentation from National Civilian Community Corps (NCCC) campuses and deploying programs.
2. The Corporation should ensure that supporting documentation for deployments is submitted on time by refining the current tracking system.
3. When the Corporation receives future mission assignments, it should notify FEMA in a timely manner of funds that can be deobligated.

The Corporation has taken a proactive approach in dealing with future national disasters by establishing the Office of Emergency Preparedness and Response in May 2006. This office will assist in agency-wide emergency and disaster planning and coordination of support activities. Prior to the development of this office, the Corporation exercised little financial control over the FEMA mission assignment billing and reimbursement process.

Corporation management concurred with the findings and recommendations in this report. It is implementing corrective actions to address our recommendations in a policy and procedures document due to be finalized no later than December 1, 2006. The Corporation is also taking actions to close out the mission assignments related to the Hurricane Relief effort by November 1, 2006. We believe that these actions are sufficient to address the report's findings and recommendations.

## Background

In any declared major disaster or emergency, FEMA may direct any Other Federal Agency (OFA) to utilize its authorities and the resources granted to it under Federal law (including personnel, equipment, supplies, facilities, and managerial, technical, and advisory services) to support State and local governments' assistance or emergency efforts. OFAs providing assistance via Mission Assignments (MAs) can request reimbursement from FEMA for eligible costs incurred during performance of the mission, or as the work is completed. The form used by FEMA to assign missions to OFAs is the Form 90-129. Once the mission is approved by FEMA, the Mission Assignment form is used as FEMA's obligating document.

The Corporation entered into a memorandum of understanding (MOU) with FEMA in March 1999. This MOU describes the major responsibilities of each organization in disaster preparedness, response, recovery and mitigation operations in the event of a natural, man-made, or technological disaster or emergency.

In February 2006, the Corporation developed draft internal procedures on mission assignments. These internal procedures further defined the Corporation's responsibilities and described procedures to be followed by the Corporation for participating in the response to Federally-declared disasters through FEMA. There have been several versions of the draft policies and procedures, with the most recent version being issued July 14, 2006. It is currently being reviewed by Corporation officials.

Corporation records show that FEMA issued the following Mission Assignments:

State	Disaster Event	MA Funding
Louisiana	Katrina	\$2,400,000
Mississippi	Katrina	\$1,515,500
Alabama	Katrina	\$150,000 <sup>1</sup>
Texas	Rita	\$240,000
Florida	Wilma	\$1,250,000
<b>Total:</b>		<b>\$5,555,500</b>

## Objectives, Scope, and Methodology

The objectives of this review are to:

- document the Corporation's policies, procedures, and standard guidance for processing billings and reimbursements for mission assignments; and

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<sup>1</sup> The Corporation received funding as shown above. DHS/FEMA records show \$5,905,500. Corporation officials have contacted DHS/FEMA about the difference.

- determine the Corporation's compliance with FEMA and other Federal guidelines for providing supporting documentation of expenditures for reimbursement in a timely manner.

To achieve these objectives, the OIG:

- formulated criteria, based on FEMA requirements, for testing the Corporation's compliance;
- reviewed supporting documentation submitted by grantees and NCCC for reimbursements;
- reviewed billing information submitted to FEMA by the Corporation; and
- interviewed Corporation personnel responsible for implementing current policy and procedures for disaster relief.

We conducted our review between May 31, 2006, and July 21, 2006, in accordance with generally accepted government auditing standards. An exit conference was held with Corporation management on August 14, 2006, to discuss the findings and recommendations presented in this report. The Corporation's response to the draft report is included as Appendix A.

This report is intended for the information and use of the Corporation for National and Community Service, Office of Inspector General and the U.S. Congress. However, this report is a matter of public record and its distribution is not limited.



Carol M. Bates  
Assistant Inspector General for Audit  
July 21, 2006



## **Results**

### **A. Billing and Reimbursement Transactions Not Processed According To Applicable Guidelines.**

#### *Corporation Internal Policy*

In August 2005, the Corporation issued a memorandum to sponsored programs that had sufficient resources to enable their response to national disasters. The memorandum highlighted eligibility criteria, the nature of disaster deployments, the Corporation's expectations for performance upon selection, and the application process. It also emphasized that each program must have a Disaster Response Cooperative Agreement in place prior to responding to a disaster. Only programs with an executed Agreement in place were eligible for reimbursement of their incurred expenses. The memorandum also stated that each deployed program must submit a final financial report, accompanied by all supporting documentation, within 30 days of completing each deployment.

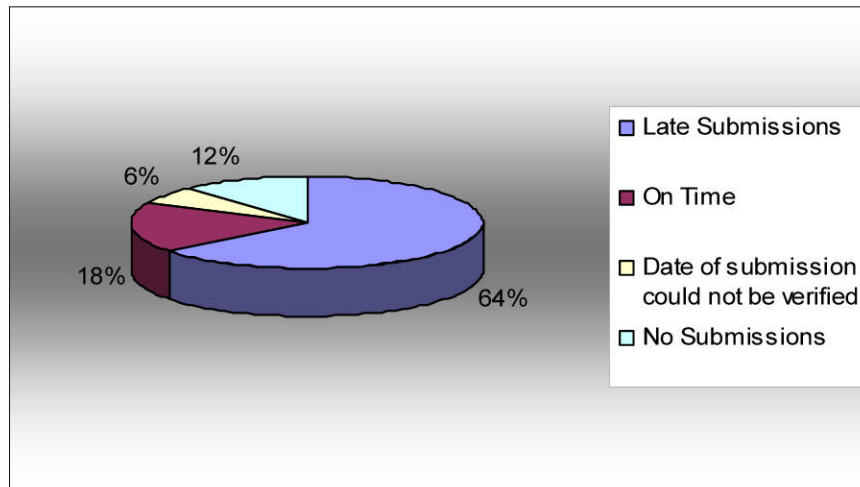
Subsequently, Corporation officials began developing more formal internal policies and procedures concerning Disaster Response Cooperative Agreements, FEMA mission assignments and disaster deployments. The initial draft was completed in February 2006. The latest version of the draft policies and procedures is dated July 14, 2006. Corporation management informed the OIG that this policy is currently being circulated throughout the Corporation for review, comment, and clearance, and that it will continually be revised as experience with disaster relief dictates. Once the policies and procedures are approved, they will serve as the agency's official statement on disaster relief efforts.

The draft policy defines internal responsibilities and describes the procedures to be followed by the Corporation when participating in response to Federally-declared disasters. The Office of Emergency Preparedness and Response is responsible for the overall policy and process, with specific roles identified and being carried out by other departments.

The draft policy restates the requirements listed in the August 2005 memorandum that Corporation programs or sponsors must have a Disaster Response Cooperative Agreement in place to qualify for reimbursement. However, because of its separate statutory authority as a Federally-conducted program, NCCC is not subject to Cooperative Agreement requirements. We verified that all other programs participating in disaster relief for Hurricanes Katrina, Rita, and Wilma had such agreements in place. The draft policy, Page 6 (Reimbursement of Deployment Expenses) states that, within 30 days of completing each deployment, the deployed program or NCCC Campus/Team must submit to the Office of Emergency Preparedness and Response a final financial summary with supporting receipts and documentation related to the deployment.

### *Timeliness of Reimbursement Documentation*

There were a total of 78 Disaster Deployment Forms issued by the Corporation in support of the hurricane relief efforts from September 2005 to June 2006. We found that 64 percent, or nearly two-thirds, of all receipts were not submitted to the Corporation within the established guidelines, as depicted in the graph below:



None of the NCCC campuses submitted receipts for reimbursement within the 30-day requirement, nor were they reminded to do so by the Corporation until June 2006, during the course of the OIG review.

The Corporation also began notifying FEMA of billings for reimbursement in June 2006, six months after the end of the mission assignments for Mississippi, Florida and Texas, and seven months after the end of the mission assignment for Alabama. The Louisiana mission assignment end date was June 30, 2006; therefore, final billings are not due to FEMA until September 30, 2006.

According to FEMA regulations, Section IX of the Billing and Reimbursement Checklist, mission assignments should be closed out within 90 days of the end of each assignment period. As a result of the lack of billing and reimbursement oversight of the NCCC campuses and deployed programs, the Corporation did not adhere to the 90-day close-out directive.

### Recommendations:

We recommend that the Corporation:

1. Formalize its draft policies and procedures on disaster response cooperative agreements, FEMA mission assignments and disaster deployment;

2. Fully utilize established grant monitoring procedures to ensure that receipts from grantees and NCCC sites that participate in disaster deployment are submitted on time according to its policy; and
3. Take actions to complete the reimbursement process and close-out the mission assignments for Mississippi, Alabama, Texas and Florida.

**B. Unneeded Funds Not Identified in a Timely Manner and Communicated to FEMA for De-obligation.**

At the start of our review, the Corporation had not taken actions to deobligate unspent funds that were no longer needed to fund mission assignment activities. On June 26, 2006, the Corporation notified FEMA that \$2,918,341 in mission assignment funding could be deobligated. These funds were related to hurricane relief activities in Louisiana, Alabama, Mississippi and Texas. On July 21, 2006, the Corporation notified FEMA to deobligate an additional \$1,519,000.

As a result of not adhering to the general requirement that agencies notify FEMA of final billing within 90 days of the project end date, the Corporation was unable to identify and communicate to FEMA funds that could have been deobligated in a timely manner and then made available by FEMA for other disaster relief efforts.

The current draft policy does not document how the Corporation plans to notify FEMA of funds that have not been committed for disaster deployments. Corporation personnel stated that they had not notified FEMA in the past of funds that could be deobligated and, therefore, were unaware of this requirement for the more recent mission assignments.

At the start of the review, the Corporation had allocated \$3,065,700 in mission assignment funding for deploying grantees and for NCCC sites. The Corporation did not allocate \$2,489,800 in mission assignment funding.

We, therefore, identify \$2,489,800 as Federal funds that could have been put to better use if identified in a timely manner.

**Recommendation:**

We recommend that the Corporation:

4. Establish controls to ensure that it notifies FEMA at least quarterly of future uncommitted disaster relief funds that can be deobligated.



## **NOTEWORTHY ACCOMPLISHMENTS**

In May 2006, the Corporation established the new Office of Emergency Preparedness and Response. This office will assist in agency-wide emergency and disaster planning and support activities. It will coordinate Corporation responses to emergencies and declared disasters, develop and maintain appropriate interagency relationships, and serve as the Corporation's primary representative with national organizations engaged in emergency and disaster planning and response. We believe this is a proactive approach that will enhance the Corporation's response to future disasters.

**APPENDIX A**

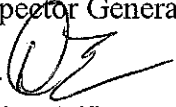
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**RESPONSE OF THE  
CORPORATION FOR NATIONAL and COMMUNITY SERVICE**

Corporation for  
**NATIONAL &  
COMMUNITY  
SERVICE**

September 18, 2006

TO: Carol Bates  
Assistant Inspector General for Audits

FROM: David Eisner   
Chief Executive Officer

Thank you for the opportunity to comment on the OIG Draft Report, *Agreed-upon Procedures Review of Hurricane Relief FEMA Mission Assignments Process*, dated August 18, 2006.

The destruction caused by the Hurricanes of 2005 presented many challenges to the Corporation as we allocated staff and program resources to response and recovery efforts. We have implemented very effective strategies to expand the involvement of national service assets in Gulf recovery, both to provide direct service where needed and to coordinate the involvement of thousands of additional volunteers. A key component of our response strategy has been our partnership with FEMA – we have implemented mission assignments to support specific relief and recovery projects across the Gulf, and have done so on a scale many times greater than ever before.

We are confident that we have done an appropriate job of identifying and creating specific recovery projects, arranging the deployment of NCCC or AmeriCorps State/National program teams from all over the country to the stricken states, and providing strong guidance and logistical support to ensure their success during deployment. However, we agree with the Report's findings and recommendations that improvements are needed in our reimbursement and close-out processes at the completion of deployments and end of mission assignments. We have also implemented significant improvements in our management and escalation processes that will add to our effectiveness and efficiency in using these funds. We appreciate your recognition that we have been making substantial progress in this aspect of our disaster response efforts.

As noted in the report, we have created and staffed an Office for Emergency Preparedness and Response to take on responsibility for oversight of all aspects of the Corporation's emergency management program, including the FEMA mission assignment activity. This Office is currently finalizing the mission assignment Policy and Procedures document referenced in the Report, and will ensure that the specific



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recommendations are covered. We anticipate that this document will be finalized, cleared, and implemented no later than December 1, 2006.

Additionally, we have been making significant progress in the close-out of the mission assignments by completing review of pending reimbursement requests, making appropriate reimbursements, closing out deployments [which will allow us to close-out the mission assignments], and notifying FEMA of the status of mission assignment funds. We anticipate that the mission assignments will be closed-out no later than November 1, 2006.

Please do not hesitate to contact me if you need additional information.