

**Montgomery County,
Maryland, Effectively
Managed FEMA Public
Assistance Grant Funds
Awarded for Severe Storms
During June and July 2012**





DHS OIG HIGHLIGHTS

Montgomery County, Maryland, Effectively Managed FEMA Public Assistance Grant Funds Awarded for Severe Storms During June and July 2012

July 21, 2015

Why We Did This

Montgomery County, Maryland (County) received a Public Assistance award of \$8.2 million from the Maryland Emergency Management Agency, a Federal Emergency Management Agency (FEMA) grantee for damages resulting from severe storms during June and July 2012. Our audit objective was to determine whether the County accounted for and expended FEMA funds according to Federal requirements.

What We Recommend

FEMA should disallow \$36,244 of duplicate equipment costs the County claimed.

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

The County generally accounted for and expended Public Assistance grant funds according to Federal requirements. However, we did identify \$36,244 of duplicate equipment costs the County claimed that FEMA should disallow.

FEMA Response

FEMA's written response is due within 90 days.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

July 21, 2015

MEMORANDUM FOR: Mary Ann Tierney
Regional Administrator, Region III
Federal Emergency Management Agency



FROM: John V. Kelly
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *Montgomery County, Maryland, Effectively Managed
FEMA Public Assistance Grant Funds Awarded for
Severe Storms during June and July 2012*
Audit Report Number OIG-15-115-D

We audited Public Assistance grant funds awarded to Montgomery County, Maryland (County). The County received a Public Assistance award of \$8.2 million from the Maryland Emergency Management Agency (Maryland), a Federal Emergency Management Agency (FEMA) grantee, for damages resulting from severe storms during June and July 2012. The award provided 75 percent FEMA funding for debris removal and emergency protective measures. We audited two projects totaling \$8.2 million, or 100 percent of the award (see appendix B). At the time of our audit, the County had completed work on all projects and submitted its final expenditure claims to FEMA.

Results of Audit

The County generally accounted for and expended Public Assistance grant funds according to Federal requirements. However, we did identify \$36,244 of duplicate equipment costs the County claimed that FEMA should disallow.

The County claimed \$1,099,386 for use of County-owned equipment based on the FEMA Schedule of Equipment Rates. The FEMA Schedule of Equipment Rates covers all costs of ownership and operation of the equipment, including depreciation, overhead, all maintenance, field repairs, fuel, lubricants, and tires. However, the County also claimed \$36,244 (\$30,503 under Project 74 and \$5,741 under Project 77) of labor costs for mechanics who made field repairs to the equipment.



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These costs duplicate costs that the FEMA equipment rates include; therefore, they represent duplicate benefits. Section 312 of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended, states that no entity will receive assistance for any loss for which it has received financial assistance from any other program, insurance, or any other source. Therefore, we question the duplicate costs of \$36,244 as ineligible.

Recommendation

We recommend that the Regional Administrator, FEMA Region III, disallow \$36,244 (Federal share \$27,183) of duplicate equipment costs the County claimed to the grant award unless the County provides documentation to show the costs are eligible.

Discussion with FEMA and Audit Follow-up

We discussed the results of our audit with County, Maryland, and FEMA officials during our audit. We also provided a draft report in advance to these officials and discussed it at the exit conference on May 7, 2015. County officials agreed with our finding. FEMA and Maryland officials did not comment on the 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 the contact information of responsible parties and any other supporting documentation necessary to inform us about the status of the recommendation. Please email a signed pdf copy of all responses and closeout request to Carl.Kimble.oig.dhs.gov. Until we receive and evaluate your response, we will consider the recommendations open and unresolved.

The Office of Emergency Management Oversight major contributors to this report are David Kimble, Director; Felipe Pubillones, Audit Manager; Mary Stoneham, Auditor-in-Charge, and Helen White, Senior Auditor.

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



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Appendix A

Objective, Scope, and Methodology

We audited FEMA Public Assistance grant funds awarded to the County, Public Assistance Identification Number 031-99031-00. Our audit objective was to determine whether the County accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines for FEMA Disaster Number 4075-DR-MD. Maryland awarded the County \$8.2 million for damages resulting from a June 2012 storm. The award consisted of two large projects.¹

We audited the two large projects totaling \$8.2 million, or 100 percent of the award (see table 1). The audit covered the period from June 29, 2012, to July 23, 2014, during which the County claimed \$8.2 million.

To accomplish our objective, we interviewed FEMA, Maryland, and County officials; gained an understanding of the County's method of accounting for disaster-related costs and its procurement policies and procedures; judgmentally selected (generally based on dollar values) and reviewed project costs and procurement transactions for the projects in our audit scope; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary to accomplish our audit objective. As part of our standard audit procedures, we also notified the Recovery Accountability and Transparency Board of all contracts the County awarded under the grant to determine whether the contractors were debarred or whether there were any indications of other issues related to those contractors that would indicate fraud, waste, or abuse. As of the end of our field work, the Recovery Accountability and Transparency Board's analysis of contracts was ongoing. When it is complete, we will review the results and determine whether additional action is necessary. We did not assess the adequacy of the County's internal controls applicable to grant activities because it was not necessary to accomplish our audit objective.

We conducted this performance audit between October 2014 and May 2015 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 the evidence obtained provides a reasonable basis

¹ Federal regulations in effect at the time of the disaster set the large project threshold at \$67,500.



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Appendix A (continued)

for our findings and conclusions based upon our audit objective. To conduct this audit, we applied the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.



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Appendix B

Potential Monetary Benefits

Table 1: Projects Audited and Questioned Costs

Project Number	FEMA Category²	Net Amount Awarded	Amount Questioned
74	A	\$ 7,900,122	\$30,503
77	B	288,826	5,741
Total		\$8,188,948	\$36,244

Source: FEMA Project Worksheets, County Records, and Office of Inspector General (OIG) Analysis.

Table 2: Summary of Potential Monetary Benefits

Type of Potential Monetary Benefit	Amounts	Federal Share
Questioned Costs – Ineligible	\$36,244	\$27,183
Questioned Costs – Unsupported	0	0
Funds Put to Better Use	0	0
Totals	\$36,244	\$27,183

Source: OIG Analyses of findings in this report.

² FEMA classifies disaster-related work by type: debris removal (Category A), emergency protective measures (Category B), and permanent work (Categories C through G).



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Appendix C

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