

**FEMA Should Recover
\$1.8 Million of \$5.5
Million in Public
Assistance Grant Funds
Awarded to Columbia
County, Florida, for
Tropical Storm Debby
Damages**





DHS OIG HIGHLIGHTS

FEMA Should Recover \$1.8 Million of \$5.5 Million in Public Assistance Grant Funds Awarded to Columbia County, Florida, for Tropical Storm Debby Damages

November 2, 2016

Why We Did This Audit

Columbia County, Florida (County) received a \$5.5 million net grant award from the Florida Division of Emergency Management (Florida), a Federal Emergency Management Agency (FEMA) grantee, for damages resulting from Tropical Storm Debby in June 2012. We audited 12 projects for emergency and permanent work totaling \$3.9 million, or 71 percent of the \$5.5 million awarded.

What We Recommend

FEMA should disallow \$1,771,894 of ineligible costs and direct Florida to monitor the County's performance for compliance with Federal grant requirements on open projects.

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 FEMA funds on a project-by-project basis as required, but did not always follow Federal regulations and FEMA guidelines in spending the funds. We identified \$1,771,894 (Federal share \$1,328,921) of project costs that FEMA should disallow, which represents about 45 percent of the \$3.9 million we reviewed. These costs consisted of the following amounts:

- \$1,563,780 of improper contract costs, of which \$1,495,007 the County also did not adequately support;
- \$182,648 of unreasonable equipment costs;
- \$16,349 for small projects not completed;
- \$4,794 in ineligible labor costs; and
- \$4,323 of duplicate project costs.

The findings we discuss in this report occurred primarily because the County was not fully aware of FEMA's Public Assistance guidelines and grant administrative requirements. However, the grantee (Florida) is responsible for monitoring subgrant activities and ensuring that its subgrantee (the County) is aware of and complies with grant requirements.

FEMA Response

FEMA officials concurred with our findings and recommendations. Appendix C includes FEMA's written response in its entirety.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

November 2, 2016

MEMORANDUM FOR: Gracia Szczech
Regional Administrator, Region IV
Federal Emergency Management Agency
Thomas M. Salmon

FROM: Thomas M. Salmon
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *FEMA Should Recover \$1.8 Million of \$5.5 Million in
Public Assistance Grant Funds Awarded to Columbia
County, Florida, for Tropical Storm Debby Damages*
Audit Report Number OIG-17-06-D

We audited Public Assistance grant funds awarded to Columbia County, Florida (County). The Florida Division of Emergency Management (Florida), a Federal Emergency Management Agency (FEMA) grantee, awarded the County \$5.5 million (net of insurance and other credits) for damages resulting from Tropical Storm Debby that occurred in late June 2012. The award provided 75 percent FEMA funding for debris removal, emergency protective measures, and permanent restoration of damaged roads and facilities. We audited seven large and five small projects totaling \$3.9 million (see appendix B, table 3).¹ At the time of our audit, the County had completed work on all projects in our audit scope and submitted final claims to Florida for all project expenditures.

Results of Audit

The County generally accounted for FEMA funds on a project-by-project basis as required, but did not always follow Federal regulations and FEMA guidelines in spending the funds. We identified \$1,771,894 (Federal share \$1,328,921) of project costs that FEMA should disallow, which represents about 45 percent of the \$3.9 million we reviewed. These costs consisted of the following amounts:

¹ Federal regulations in effect at the time of Tropical Storm Debby set the large project threshold at \$66,400 [Notice of Adjustment of Disaster Grant Amounts, 76 Fed. Reg. 63933 (Oct. 14, 2011)].



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- \$1,563,780 of improper contract costs, of which \$1,495,007 the County also did not adequately support;
- \$182,648 of unreasonable equipment costs;
- \$16,349 for small projects not completed;
- \$4,794 in ineligible labor costs; and
- \$4,323 of duplicate project costs.

The findings we discuss in this report occurred primarily because the County was not fully aware of FEMA's Public Assistance guidelines and grant administrative requirements. However, the grantee (Florida) is responsible for monitoring subgrant activities and ensuring that its subgrantee (the County) is aware of and complies with grant requirements.

Finding A: Improper and Unsupported Contract Costs

The County did not comply with Federal procurement standards in awarding \$1.6 million for five contracts for non-exigent work — four contracts for road repairs and one contract for debris removal activities.² As a result, full and open competition did not always occur, which decreased opportunities for disadvantaged firms (small and minority firms, women's business enterprises, and labor surplus area firms) to compete for federally funded work, and may have increased the risk of fraud, waste, and abuse. Finally, the County did not have adequate support for \$1,495,007 of costs it claimed under the four road repair contracts. As a result, we could not validate the accuracy and eligibility of the road repair costs. We question all of the non-exigent contract costs totaling \$1,563,780 as ineligible. We did not question \$52,255 (see table 1) that the County claimed for exigent contract work because lives and property were at risk.

Federal procurement standards at 44 Code of Federal Regulations (CFR) 13.36, in part, require that subgrantees —

1. conduct procurement transactions in a manner providing full and open competition (44 CFR 13.36(c));
2. maintain a contract administration system that ensures contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders (44 CFR 13.36(b)(2));

² The *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments* at 44 CFR 13 includes applicable Federal procurement standards.



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3. take all necessary affirmative steps to assure the use of small and minority firms, women’s business enterprises, and labor surplus area firms, when possible (44 CFR 13.36(e));
4. include required provisions in all their contracts (44 CFR 13.36(i)); and
5. use time-and-material type contracts only after determining that no other contract is suitable, and only if the contract includes a ceiling price (44 CFR 13.36(b)(10)).

Table 1: Violations of Procurement Standards for Five Contracts

Project(s)	Contract Scope of Work	Number of Contracts	Contract Award Amount in Scope	Exigent Work Not Questioned	Non-Exigent Work Questioned	Violation of Procurement Standards Listed Above				
						1	2	3	4	5
935, 1044 & 1057	Road Repairs	3	\$1,151,088	\$ 0	\$1,151,088	X	X	X	X	
935, 1044 & 1057	Road Repairs	1	343,919	0	343,919		X	X	X	
999	Debris Removal	1	121,028	52,255	68,773			X	X	X
Totals		5	\$1,616,035	\$52,255	\$1,563,780					

Source: County procurement records and Office of Inspector General (OIG) analysis

Inadequate Competition – The County awarded three of the five contracts without full and open competition. These three contracts were for road repair work totaling \$1,151,088 (see table 1). The County solicited bids for road repairs from several contractors with whom it had pre-established relationships. However, the County should have advertised contract solicitations publicly, thus allowing all interested qualified contractors to compete for the federally funded work. Without full and open competition, FEMA has little assurance that the County obtained the best price for the contract work. Full and open competition also helps discourage and prevent favoritism, collusion, fraud, waste, and abuse. Further, adequate competition requires proper consideration of small businesses, minority firms, and women’s business enterprises.

County officials agreed with this finding, but said that they believed the contract costs were reasonable. They also said only one local contractor in the area had the resources sufficient to handle a large disaster. Further, County officials said they determined in their subsequent research that there was only one contractor with a small business designation and there were no women- or minority-owned businesses in the county that were registered to do the contracted work. Despite the County’s assertions, we maintain that the County should have conducted a full and open competitive process to provide all



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interested firms, local or otherwise, an opportunity to bid and participate in the disaster recovery work.

Contract Administration System – The County did not have a sufficient contract review process to ensure that it properly executed contracts. As a result, three of the road repair contracts under Projects 935, 1044, and 1057 contained the following deficiencies:

- no contract execution date;
- no documentation of agreed upon billing rates;
- no description of the specific scope of services; and
- incomplete terms of agreement section.

Without appropriately executed contracts, the County did not have adequate means to enforce the terms of each agreement and did not have sufficient legal recourse in the event of a contractor dispute.

County officials agreed with this finding, but said that they were not aware of either any issues with enforcing contract terms or legal disputes related to the contracts.

Affirmative Steps – The County did not take the required affirmative steps to assure the use of disadvantaged firms when possible when soliciting bids for all five contracts in question. The required steps include using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce to solicit and use these firms.

County officials agreed with this finding. Nevertheless, they said they determined in their subsequent research that there was only one contractor with a small business designation and there were no women- or minority-owned businesses in the county that were registered to do the contracted work performed. Despite the County's assertions, we maintain our position that the County should have taken the required affirmative action steps to provide interested disadvantaged firms, local or otherwise, the opportunity to bid for the disaster recovery work.

Required Contract Provisions – The County did not include all federally required provisions in all five contracts in question. These provisions ensure that contractors comply with applicable Federal requirements, policies, and mandates pertaining to employment, labor laws, the environment, and energy efficiency. These provisions also document the rights and responsibilities of the parties and minimize the risk of misinterpretations and disputes.



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County officials agreed with this finding.

Time-and-Material Type Contracts – The County competitively awarded one debris removal contract totaling \$121,028 under Project 999 that did not comply with Federal contracting requirements regarding the use of time-and-material contracts. The contract did not include a ceiling price; and we found no evidence that the County considered using firm fixed-price or fixed-unit-price contracts, which FEMA considers more suitable for debris removal work. Furthermore, FEMA policy states that “time and materials contracts should be avoided, but may be allowed for work that is necessary immediately after the disaster has occurred when a clear scope of work cannot be developed and the work will not exceed 70 hours”.³

This finding occurred because the County did not consider Federal requirements with respect to time-and-material contracting. We determined that the first 70 hours of work claimed under the contract were eligible based on FEMA’s guidelines for a reasonable exigency period. Thus, we did not question \$52,255 of contract costs the County claimed for the first 70 hours of work. However, we question the remaining \$68,773 as ineligible because the County should have negotiated a unit-price rate with the contractor after the first 70 hours of work to ensure reasonable project costs.

County officials agreed with this finding, but said they believed the contract costs were reasonable.

Inadequate Supporting Documentation – The County did not have adequate support for \$1,495,007 of costs it claimed under the four road repair contracts. As a result, we could not determine whether the costs were valid and eligible. Federal cost principles (*Cost Principles for State, Local, and Indian Tribal Governments*) at 2 CFR 225, Appendix A, section (C)(1)(j), require costs to be adequately documented to be allowable under a Federal award.

We reviewed the \$1,495,007 of costs the County claimed for repairs on over 350 roads (work sites). As support for its claim, the County provided (1) a separate spreadsheet for costs claimed for each project that listed costs by work sites; (2) contractor invoices that contained various charges for multiple projects; and (3) contractor payment records. However, the County did not provide a reconciliation or a cross-indexing of the work sites listed on the spreadsheet to specific invoices. County officials told us that a FEMA employee prepared the spreadsheets to allocate contractor costs to specific projects but

³ FEMA 321, *Public Assistance Policy Digest*, January 2008, p. 23



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that he did not provide the County with any other type of documentation. As a result, we could not trace the costs listed on the spreadsheet to specific invoices to validate the accuracy and eligibility of the costs. Therefore, FEMA should disallow the \$1,495,007 of unsupported costs unless the County provides sufficient documentation to support its claim. To avoid questioning the same costs twice, we included the \$1,495,007 of unsupported costs in the amount we questioned for improper contracting. However, if FEMA allows the improper contracting costs, it should still disallow the unsupported costs unless the County provides additional documentation sufficient to support the costs.

County officials agreed with this finding, but said they believed the contract costs were reasonable. County officials also said that the County has sufficient documentation to support the claimed costs and that they are in the process of organizing the support necessary to adequately document the work performed.

Finding B: Unreasonable Equipment Costs

The County's claim of \$200,435 under Project 812 for vehicles that its sheriff's office used to perform emergency protective measures included \$182,648 of unreasonable costs. According to Federal cost principles (*Cost Principles for State, Local, and Indian Tribal Governments*, OMB Circular A-87) at 2 CFR 225, Appendix A, section C.1.a., costs must be reasonable to be allowable under a Federal award. Section C.2 of the cost principles defines a reasonable cost as one that, in nature and amount, does not exceed that which a prudent person would incur under the circumstances prevailing at the time. We question the \$182,648 of unreasonable equipment charges, as follows:

- The County claimed a total of \$179,091 for the use of 63 police vehicles. The claim covered sheriff's office activities for the period June 26, 2012, to July 19, 2012. The County calculated its claim using the *FEMA Schedule of Equipment Rates* and claimed each vehicle's use at \$16.25 per hour based on the number of eligible daily work hours the officer worked on a given day. According to the *FEMA Schedule of Equipment Rates*, FEMA reimburses police vehicles used in patrolling activities at \$0.60 per mile or at \$16.25 per hour if used as barricades (stationary with engine running). In this case, regardless of the activity (patrolling or stationary), the County calculated the cost at the \$16.25 hourly rate, which resulted in excessive or unreasonable costs.

According to County officials, the sheriff's office did not record vehicle mileage data or have vehicle activity logs that logged the County's actual use of the vehicles (patrolling or barricades). They said that they did not



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keep such records because they relied on guidance from FEMA officials, who told them that FEMA would reimburse all vehicle use at an hourly rate. As a result, we could not estimate reasonable costs for the County's actual use of the vehicles. Therefore, we question the \$179,091.

County officials disagreed that FEMA should disallow its entire claim for use of its police vehicles. They asserted that the officers drove their assigned vehicles at least 50 miles during each hour of their work shift, which would equate to \$30 per hour using the FEMA mileage rate of \$0.60 per mile. They said that this calculation would have resulted in a higher claim to FEMA than the actual claim of \$16.25 per hour. However, County officials did not provide evidence to support their assertion. Therefore, our position remains unchanged.

- The County claimed \$21,345 for use of four 1½ ton pick-up trucks. However, the County mistakenly used the incorrect FEMA equipment rate to calculate its claim. According to the *FEMA Schedule of Equipment Rates*, FEMA reimburses 1½ ton pick-up trucks at a rate of \$25 per hour. Yet, the County claimed the pick-up trucks at \$30 per hour. Using the correct rate of \$25 per hour, the County should have claimed \$17,788 (711.5 hours of use times \$25), or \$3,557 less than the amount it claimed

County officials agreed with this finding.

Finding C: Small Projects Not Completed

The County's claim included \$16,349 for hazard mitigation work that it did not perform under three small projects. According to 44 CFR 206.205(a), failure to complete work under a small project may require the grant recipient to refund the Federal payment received for the work. In addition, according to FEMA's *Public Assistance Guide* (FEMA 322, June 2007, pp.138-139), a grant recipient has 18 months from the disaster declaration date to complete work under permanent repair projects. Florida, as grantee, has the authority to grant extensions for an additional 30 months under extenuating circumstances, and FEMA may grant extensions beyond the grantee's authority appropriate to the situation.

The County received \$16,349 of FEMA funding under three small projects to complete hazard mitigation work (pouring reinforced concrete and headwalls) to prevent future washout of roads the disaster damaged. However, as of June 2016, or 3 years and 11 months after the disaster, the County could not provide evidence that it completed the \$16,349 of hazard mitigation work, or



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that Florida or FEMA granted the County time extensions to complete the work. Therefore, we question the \$16,349 as shown in table 2.

Table 2: Small Projects Not Completed

Project Number	Activities Not Implemented	Amount Awarded/Received	Amount Questioned
997	Drew Road (reinforced concrete at headwall locations)	\$53,791	\$5,328
1050	Needmore Road (reinforced concrete at headwall locations)	43,737	7,824
1064	Tommy Lites Road (reinforced concrete at headwall locations)	44,141	3,197
Total		\$141,669	\$16,349

Source: FEMA project worksheets, County records, and OIG analyses

County officials agreed with this finding.

Finding D: Excessive Labor Costs

The County’s labor claim of \$126,681 for County personnel who performed work under Project 812 included \$4,794 of excessive labor costs. According to 44 CFR 13.20(b)(2) and (6), subgrantees must maintain accounting records that adequately identify the source and application of Federal funds and maintain source documentation to support those accounting records. In our analysis of payroll records that supported the County’s labor claim, we identified \$4,794 of overtime costs that the County claimed but did not pay to employees. Therefore, we question the \$4,794 that the County did not incur but claimed to the FEMA project.

County officials agreed with this finding. County officials said that the FEMA project officer who wrote the project worksheet mistakenly changed the overtime hours that the County submitted for its claim.

Finding E: Duplicate Project Costs

The County’s claim included \$4,323 of material costs the County mistakenly claimed more than once. The County claimed \$54,620 of material costs under Project 937 for various emergency supplies such as sand bags, nails, and waste baskets that County employees used during the period June 26, 2012, to September 18, 2012. However, we identified purchases totaling \$4,323 that the County inadvertently included in its claim multiple times. Therefore, we question the \$4,323 as ineligible duplicate project costs.



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County officials agreed with this finding.

Finding F: Grant Management

The findings we discuss in this report occurred primarily because the County was not fully aware of FEMA’s Public Assistance guidelines and grant administrative requirements. Nevertheless, the grantee (Florida) is responsible for monitoring subgrant activities and ensuring that its subgrantee (the County) is aware of and complies with grant requirements.⁴ Therefore, Florida should carefully review the \$1.6 million the County claimed for projects outside the scope of our audit to ensure the costs are eligible and adequately supported. Florida should also provide technical assistance to the County to ensure it is aware of Federal grant requirements to prevent future noncompliance.

Florida officials said they believed that their current oversight process provides adequate guidance to all applicants. They said their guidance includes the applicant briefing as well as training classes in Public Assistance, procurement, preliminary damage assessments, debris removal, environmental considerations, and insurance. Further, they said that Florida’s website (www.FloridaPA.org) includes detailed information on the Public Assistance program and that the funding agreement that the County signed also provided the County with detailed procurement information. However, we maintain that had Florida adequately monitored the County’s activities, it could have advised the County early on in the disaster that some of its methodologies (i.e., for procurement, contract cost support, and police vehicle use) were not in compliance with FEMA guidelines and Federal regulations.

Recommendations

We recommend that the Regional Administrator, FEMA Region IV:

Recommendation 1: Disallow \$1,563,780 (Federal share \$1,172,835) of ineligible contract costs, unless FEMA grants an exception for all or part of the costs as 44 CFR 13.6(c) allows and determines the costs are eligible and reasonable. However, if FEMA allows the ineligible contract costs, it should disallow \$1,495,007 of the costs as unsupported unless the County provides FEMA with adequate support for these costs (finding A).

⁴ 44 CFR 13.37(a)(2) and 44 CFR 13.40(a)



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Recommendation 2: Disallow as ineligible \$182,648 (Federal share \$136,986) in unreasonable equipment costs the County claimed unless FEMA determines that some or all of the costs we question are eligible and reasonable (finding B).

Recommendation 3: Disallow as ineligible \$16,349 (Federal share \$12,262) of costs for small project work that the County did not complete unless the County provides additional evidence that it completed the work (finding C).

Recommendation 4: Disallow as ineligible \$4,794 (Federal share \$3,596) of labor costs unless the County provides appropriate evidence that the costs are eligible (finding D).

Recommendation 5: Disallow as ineligible \$4,323 (Federal share \$3,243) of duplicate project costs (finding E).

Recommendation 6: Direct Florida to review carefully the \$1.6 million the County claimed for projects outside the scope of our audit to ensure the costs are eligible and adequately supported (finding F).

Recommendation 7: Direct Florida to provide technical assistance to the County to ensure it is aware of Federal grant requirements to prevent future noncompliance (finding F).

Discussion with Management and Audit Follow-up

We discussed the results of our audit with the County, Florida, 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 September 15, 2016. We included the County's comments, as appropriate, in the body of this report.

FEMA Region IV provided a written response on October 13, 2016, agreeing with all seven recommendations contained in this report (see appendix C). The response indicated that FEMA expects to implement its proposed corrective actions to address all recommendations by December 9, 2016. Therefore, we consider all seven recommendations to be resolved, but open. We will evaluate for closure upon documentation that FEMA has implemented its proposed corrective actions. Please email closeout documentation and request to Carl.Kimble@oig.dhs.gov.



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The Office of Emergency Management Oversight major contributors to this report are David Kimble, Director; Adrienne Bryant, Audit Manager; Kim Lemon, Auditor-in-Charge; and John Schmidt, Program Analyst.

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 Public Assistance grant funds awarded to the County, FIPS Code 023-99023-00. Our audit objective was to determine whether the County accounted for and expended Federal Emergency Management Agency (FEMA) funds according to Federal regulations and FEMA guidelines for Disaster Number 4068-DR-FL. The County received a Public Assistance grant award of \$5.5 million (net of insurance and other adjustments) from the Florida, a FEMA grantee, for damages resulting from Tropical Storm Debby that occurred in June 2012. The award provided 75 percent FEMA funding for debris removal, emergency protective measures, and permanent repairs to roads and other facilities. The award consisted of 12 large projects and 13 small projects.

We audited seven large projects and five small projects with net awards totaling \$3.9 million (see appendix B, table 3). The audit covered the period June 23, 2012, to August 16, 2016, during which the County claimed \$3.9 million under the 12 projects in our audit scope. At the time of our audit, the County had completed work on the 12 projects, but had not submitted a final claim to Florida for all project expenditures.

We interviewed County, Florida, and FEMA personnel; gained an understanding of the County's method of accounting for disaster-related costs and its procurement policies and procedures; judgmentally selected and reviewed (generally based on dollar amounts) 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 our Office of Information Technology Audits of contracts the County awarded under the grant that we reviewed 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 date of this report, the Office of Information Technology Audits' analysis of contracts was ongoing. When it is complete, we will review the results and determine whether additional action is necessary. We did not perform a detailed assessment of the County's internal controls applicable to its grant activities because it was not necessary to accomplish our audit objective.



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Appendix A (continued)

We conducted this performance audit between January and September 2016 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 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 3: Projects Audited and Questioned Costs

Project Number	FEMA Category of Work ⁵	Type of Project	Amount Awarded	Amount Questioned	75 Percent Federal Share	Finding
812	B	Large	\$ 327,248	\$ 187,442	\$ 140,581	B, D
935	C	Large	801,381	643,657	482,743	A
937	B	Large	153,834	4,323	3,242	E
999	A	Large	264,510	68,773	51,580	A
1044	C	Large	511,920	437,305	327,979	A
1057	C	Large	557,012	414,045	310,534	A
1062	B	Large	1,041,912	0	0	
997	C	Small	53,791	5,328	3,996	C
1004	C	Small	63,713	0	0	
1005	B	Small	38,808	0	0	
1050	C	Small	43,737	7,824	5,868	C
1064	C	Small	44,141	3,197	2,398	C
Totals			\$3,902,007	\$1,771,894	\$1,328,921	

Source: FEMA Project Worksheets, County records, and OIG analyses

Table 4: Summary of Potential Monetary Benefits

Type of Potential Monetary Benefit	Amount	Federal Share
Questioned Costs – Ineligible	\$ 1,771,894	\$ 1,328,921
Questioned Costs – Unsupported	0	0
Funds Put to Better Use	0	0
Totals	\$1,771,894	\$1,328,921

Source: OIG analysis of findings in this report

⁵ 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
FEMA Management Response

U.S. Department of Homeland Security
Region IV
3003 Chambliss Tucker Blvd
Atlanta, GA 30341



FEMA

October 13, 2016

MEMORANDUM FOR: Thomas M. Salmon
Assistant Inspector General
Office of Emergency Management Oversight

FROM: Gracia B. Szczech 
Regional Administrator
FEMA Region IV

SUBJECT: Management Response to Draft Report
*"FEMA Should Recover \$1.8 Million of \$5.5 Million in
Public Assistance Grant Funds Awarded to Columbia
County, Florida, for Tropical Storm Debby Damages."*
FEMA Disaster: 4068-DR-FL
Draft Audit Report Number: OIG-16-XX-D

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

The DHS-FEMA is strengthening its processes with implementing the Public Assistance program in order to promote consistency and transparency in its management and efficient disbursement of federal funds. DHS-FEMA is committed to successfully implementing the Public Assistance program to assist communities in recovering from the devastating effects of disasters by providing assistance in an efficient, effective, consistent and customer-friendly manner while ensuring the appropriate stewardship of taxpayer dollars.

DHS-FEMA concurs with each of the draft report's seven recommendations. Please see the attached for our detailed response to each recommendation.

Again, we 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 again in the future.



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Appendix C (continued)

**DHS Management Response to Recommendations
Contained in OIG-16-XX-D**

Recommendation 1a: “Disallow \$1,563,780 (Federal share \$1,172,835) of ineligible contract costs, unless FEMA grants an exception for all or part of the costs as 44 CFR 13.6(c) allows and determines the costs are eligible and reasonable (finding A).”

Response: Concur. FEMA will review the County’s procurement process and disallow costs that are not eligible or reasonable. Estimated Completion Date (ECD): 12/09/2016.

Recommendation 1b: “Disallow \$1,495,007 of unsupported contract costs if FEMA grants an exception for all or part of the ineligible contract costs, unless the County provides FEMA with adequate support for these costs (finding A).”

Response: Concur. FEMA will review these Project Worksheets (PW) and disallow any unsupported costs. ECD: 12/09/2016.

Recommendation 2: “Disallow as ineligible \$182,648 (Federal share \$136,986) in unreasonable equipment costs the County claimed unless FEMA determines that some or all of the costs we question are eligible and reasonable. (finding B).”

Response: Concur. FEMA will review documentation provided by the County and disallow any ineligible costs. ECD: 12/09/2016.

Recommendation 3: “Disallow as ineligible \$16,349 (Federal share \$12,262) of costs for small project work that the County did not complete unless the County provides additional evidence that it completed the work (finding C).”

Response: Concur. FEMA will deobligate funds for small projects in which the County did not complete the work. ECD: 12/09/2016.

Recommendation 4: “Disallow as ineligible \$4,794 (Federal share \$3,596) of labor costs unless the County provides appropriate evidence that the costs are eligible. (finding D).”

Response: Concur. FEMA will review documentation provided by the County and disallow any ineligible costs. ECD: 12/09/2016

Recommendation 5: “Disallow as ineligible \$4,323 (Federal share \$3,243) of duplicate benefits (finding E).”

Response: Concur. FEMA will review documentation provided by the County and disallow any ineligible costs. ECD: 12/09/2016

Recommendation 6: “Direct Florida to review carefully the \$1.6 million the County claimed for projects outside the scope of our audit to ensure the costs are eligible and adequately supported (finding F).”



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Appendix C (continued)

Response: Concur. FEMA will instruct Florida to review the projects outside the scope of this audit to ensure costs are eligible and adequately supported. ECD: 12/09/2016

Recommendation 7: “Direct Florida to provide technical assistance to the County to ensure it is aware of Federal grant requirements to prevent future noncompliance (finding F).”

Response: Concur. FEMA will instruct Florida to provide technical assistance to the County to ensure it is aware of Federal grant requirements. ECD: 12/09/2016



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Department of Homeland Security

Appendix D
Report Distribution

Department of Homeland Security

Secretary
Chief of Staff
Chief Financial Officer
Under Secretary for Management
Chief Privacy Officer
Audit Liaison, DHS

Federal Emergency Management Agency

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Chief of Staff
Chief Financial Officer
Chief Counsel
Chief Procurement Officer
Director, Risk Management and Compliance
Audit Liaison, FEMA Region IV
Audit Liaison, FEMA (Job Code G-16-017)

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees

External

Executive Director, Florida Division of Emergency Management
State Auditor, Florida
Emergency Management Director, Columbia County
County Manager, Columbia County

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