

**Minneapolis Park and  
Recreation Board Did Not  
Follow All Federal  
Procurement Standards  
for \$5.1 Million in  
Contracts**





# DHS OIG HIGHLIGHTS

## *Minneapolis Park and Recreation Board Did Not Follow All Federal Procurement Standards for \$5.1 Million in Contracts*

**March 16, 2017**

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

The Minneapolis Park and Recreation Board (Board) received an \$8.4 million award in Federal Emergency Management Agency (FEMA) grant funds for damages in Minneapolis, Minnesota from severe storms in June and July 2014. Our audit objective was to determine whether the Board accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines.

### **What We Recommend**

FEMA should recover \$5.3 million of grant funds and direct Minnesota to provide technical assistance and monitoring to ensure the Board complies with Federal procurement regulations for the remaining \$2.6 million FEMA approved for two uncompleted projects.

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

Contact our Office of Public Affairs at (202) 254-4100, or email us at [DHS-OIG.OfficePublicAffairs@oig.dhs.gov](mailto:DHS-OIG.OfficePublicAffairs@oig.dhs.gov)

### **What We Found**

The Board did not follow all Federal procurement standards in awarding contracts for disaster work totaling \$5.1 million. As a result, full and open competition did not always occur, and FEMA has no assurance that costs were reasonable or that disadvantaged businesses received sufficient opportunities to bid on federally funded work. In addition, FEMA inadvertently over-obligated one project; and the Board did not complete work on all projects. Therefore, we recommend FEMA recover the following amounts totaling more than \$5.3 million:

- \$4,786,736 in ineligible contract costs for work that was not exigent,
- \$508,884 in excessive obligations, and
- \$18,782 in unused funds.

The majority of these unallowable costs occurred because Board officials were not fully aware of procurement standards for Federal grants. However, as FEMA's grantee, Minnesota was responsible for ensuring that the Board was aware of and followed Federal regulations. Therefore, with Minnesota's assistance the Board should be able to properly spend the remaining \$2.6 million in grant funds.

### **FEMA Response**

FEMA officials generally agreed with our findings and recommendations. FEMA's written response is included at appendix C.



## OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

March 16, 2017

MEMORANDUM FOR: Janet M. Odeshoo  
Acting Regional Administrator, Region V  
Federal Emergency Management Agency  
*Thomas M. Salmon*

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

SUBJECT: *Minneapolis Park and Recreation Board Did Not  
Follow All Federal Procurement Standards for  
\$5.1 Million in Contracts*  
Audit Report Number OIG-17-46-D

We audited Public Assistance grant funds awarded to the Minneapolis Park and Recreation Board in Minneapolis, Minnesota (Board). The Minnesota Department of Public Safety, Division of Homeland Security and Emergency Management (Minnesota), a Federal Emergency Management Agency (FEMA) grantee, awarded the Board \$8.4 million for damages resulting from severe storms, straight-line winds, and flooding in June and July 2014. The award provided 75 percent Federal funding. We audited 10 projects totaling \$8.4 million, or 100 percent of the total award (see table 2 in appendix B). The damage to insurable facilities did not exceed the Board's insurance deductible; therefore, the Board did not receive any insurance proceeds or need to obtain insurance to cover damages resulting from this disaster. As of April 27, 2016, the cutoff date of our audit, the Board contracted for \$5.1 million and incurred \$3.4 million in disaster-related costs but had not submitted all cost reimbursement claims to Minnesota or completed any large projects.

### Background

The Board owns and maintains parks, parkways, lakes, and waterways in and adjacent to the City of Minneapolis (City). The Board has control over the shores and waterways adjacent to any lake, waterway, or other body of water that it owns or governs. The Board is a semi-autonomous political subdivision of the City and may act on its behalf.

In June and July 2014, severe storms, straight-line winds, and flooding caused a mudslide and severe damage to two golf courses. The mudslide caused damage to the property of Fairview Hospital (Hospital), another FEMA applicant. The mudslide also caused slope failure that threatened additional



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damage to Hospital property requiring the Board to respond quickly. As a result, the Board and the Hospital entered into a memorandum of understanding to share costs related to the slope repair. The President declared the major disaster on July 21, 2014, and amended the declaration on August 21, 2014, to include Hennepin County, where the Board's damaged properties are located.

**Figure 1: Minneapolis Slope Failure**



Source: Minneapolis Park and Recreation Board

**Results of Audit**

Although the Board accounted for disaster-related costs on a project-by-project basis, it did not always comply with Federal procurement standards in awarding 15 contracts totaling \$5.1 million. As a result, full and open competition did not always occur, and FEMA has no assurance that costs were reasonable or that small and minority firms, women's business enterprises, and labor surplus area firms received sufficient opportunities to bid on federally funded work. We generally do not question costs for work during exigent circumstances when lives and property are at risk. Therefore, we did not question \$324,473 the Board expended for work performed to stabilize a slope failure during exigent conditions. However, we do question \$4.8 million



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the Board claimed for non-exigent contract work.<sup>1</sup> Minnesota, as the grantee, should have done more to ensure that the Board was aware of these standards. It is the grantee's responsibility to ensure that its subgrantees are aware of and comply with Federal requirements. Therefore, Minnesota should provide technical assistance and monitoring to the Board to ensure it complies with Federal procurement regulations, as well as reasonable assurance that the Board will spend the remaining \$2,550,092 for eligible disaster work according to Federal procurement standards.

In addition, FEMA obligated \$508,884 on one project for work that was the responsibility of the Hospital and for costs that were allocable to other projects. Further, the Board did not complete \$18,782 of work on one small project.<sup>2</sup>

### **Finding A: Improper Procurement**

The Board did not follow all Federal procurement standards in awarding 15 disaster-related contracts totaling \$5.1 million. The 15 contracts included 2 large contracts totaling \$4.6 million and 13 contracts totaling \$515,591 that were under the small acquisition threshold.<sup>3</sup> Federal regulations 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 except under certain circumstances. One acceptable circumstance is when the public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation (44 CFR 13.36(c) and (d)(4)(i));
2. prepare and document some form of cost or price analysis in connection with every procurement action including contract modifications (44 CFR 13.36(f)(1));
3. include required provisions in all their contracts and subcontracts (44 CFR 13.36(i)); and
4. 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)).

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<sup>1</sup> The exigency period ended when the Board finished installation of a temporary slope cover on November 6, 2014, before the winter season halted construction.

<sup>2</sup> Federal regulations in effect at the time of the disaster set the large project threshold at greater than \$120,000. See *Federal Register*, Volume 79, Number 38, page 10685, Amendment to the Public Assistance Program's Simplified Procedures Project Thresholds (Feb. 26, 2014).

<sup>3</sup> For procurements less than the simplified acquisition threshold (\$150,000 at the time of the disaster), subgrantees must obtain price or rate quotes from an adequate number of qualified sources (44 CFR 13.36(d)(1)). See 75 *Federal Register*, 53,130 (2010), as authorized under the *Ronald Reagan National Defense Authorization Act* for fiscal year 2005, Public Law (Pub. L.) No. 108-375, § 807, *modifying* 41 United States Code (U.S.C.) § 403(11).



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As a result, FEMA has no assurance that costs were reasonable and all potential contractors received an opportunity to bid, including small businesses, minority-owned firms, and women’s business enterprises. We questioned \$4,786,736 of the \$5,111,209 in contract costs as ineligible. However, we did not question \$324,473 in contract cost the Board spent for exigent work to remove debris and stabilize the slope failure.

Table 1 summarizes the 15 contracts the Board awarded and identifies applicable non-compliance with the 4 procurement standards previously listed.

**Table 1: Noncompliance with Procurement Standards 1–4 Listed Above**

Contract and Scope of Work	Number of Contracts	Contract Award Amount	Exigent Work	Amount Questioned	Noncompliance with Procurement Standards 1–4			
					1	2	3	4
<b>Large Contracts</b>								
A&E Work Slope Failure	1	\$1,275,854	\$127,418	\$1,148,436	X	X	X	X
Slope Repair and Clean-up	<u>1</u>	<u>3,319,764</u>	<u>0</u>	<u>3,319,764</u>			X	X
<b>Total Large Contracts</b>	<u>2</u>	<u>\$4,595,618</u>	<u>\$127,418</u>	<u>\$4,468,200</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>2</u>
<b>Small Contracts</b>								
Server Hardware Purchase	1	\$ 4,401	\$ 4,401	\$ 0	X	X	X	X*
A&E Work Slope Failure	1	49,000	49,000	0	X	X	X	X
Golf Course Work	5	119,240	0	119,240	X	X	X	X*
A&E Work Slope Failure	1	41,000	0	41,000	X		X	X*
Slope Repair Street Signs	1	150,000	44,980	105,020			X	X*
Slope Repair and Clean-up	4	<u>151,950</u>	<u>98,674</u>	<u>53,276</u>			X	X
<b>Total Small Contracts</b>	<u>13</u>	<u>\$ 515,591</u>	<u>\$197,055</u>	<u>\$ 318,536</u>	<u>8</u>	<u>7</u>	<u>13</u>	<u>13</u>
<b>Total Contracts</b>	<u>15</u>	<u>\$5,111,209</u>	<u>\$324,473</u>	<u>\$4,786,736</u>	<u>9</u>	<u>8</u>	<u>15</u>	<u>15</u>

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

\* Although the Board did not make a positive effort to award contracts to disadvantaged firms, it did award these eight contracts totaling \$314,641 to small and minority firms. In addition, the prime contractor identified \$64,970 in work for three minority and women-owned subcontractors to secure the \$3.3 million slope repair contract award.

**Full and Open Competition** — The Board awarded one large professional service Architectural and Engineering (A&E) contract for \$1.3 million and eight small contracts for \$213,641 without full and open competition. Small acquisitions require price or rate quotations be obtained from an adequate number of qualified sources whereas large purchases require some form of



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public advertising for solicitations. Full and open competition usually increases the number of bids received and thereby increases the opportunity for obtaining reasonable pricing from the most qualified contractors.

The Board awarded the \$1.3 million A&E contract, without advertising for proposals or qualifications, to a contractor it used previously for non-disaster work. The Board also non-competitively awarded three amendments to the A&E contract that exceeded the small acquisition threshold, increasing the original award of \$634,000 to \$1.3 million. Board officials said they followed their own procurement procedures for awarding professional service contracts, which did not require advertising for proposals or qualifications. Board officials said they could not stop stabilization work on a damaged slope to compete the A&E contract. However, the Board stopped stabilization work on the slope in November 2014 when the slope was covered for winter. The Board expended \$127,418 for this exigent work. Once the work stopped, the exigent period ended. The Board did not restart work until June 2015. This 7-month break in the work allowed the Board time to compete for the remaining \$1.1 million of non-exigent work. Therefore, the Board should have competed the remaining \$1.1 million of non-exigent A&E work and we questioned all but the \$127,418 that the Board expended during exigent circumstances.

Additionally, the A&E firm billed \$4,795 in prohibited cost-plus-percentage-of-cost markups. Federal regulations prohibit the use of cost-plus-percentage-of-cost contracts (44 CFR 13.36(f)(4)). Because we are questioning all of the cost of the A&E contract we will not question the \$4,795 again as a prohibited markup.

**Cost or Price Analysis** — The Board awarded \$1.4 million for eight contracts without performing a cost or price analysis. Performing a cost or price analysis decreases the risk of unreasonable contract costs and misinterpretations or errors in pricing relative to scopes of work.

**Contract Provisions** — The Board did not include all required provisions in any of the 15 contracts it awarded totaling \$5.1 million. Required provisions include those for remedies and termination, non-discrimination, compliance with labor laws, and prohibitions of “kickbacks.” These provisions describe the rights and responsibilities of the parties and minimize the risk of misinterpretations and disputes.

**Disadvantaged Businesses** — The Board did not take all required affirmative steps to ensure the use of small and minority firms, and women’s business enterprises whenever possible for any of the 15 contracts it awarded totaling \$5.1 million. The required steps include placing qualified small and minority businesses and women’s business enterprises on solicitation lists and using the services and assistance of agencies such as the Small Business



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Administration and the Minority Business Development Agency of the Department of Commerce to solicit and use these firms. As a result, FEMA has no assurance that small and minority firms, women's business enterprises, and labor surplus area firms received sufficient opportunities to bid on federally funded work.

While the Board did not actively consider these types of businesses, it did award eight contracts totaling \$314,641 (6.2 percent of total contract awards) to small and minority firms and women's business enterprises. In addition, the City's Small Underutilized Business Program required the prime contractor to utilize disadvantaged firms as subcontractors. The prime contractor identified \$64,970 in work for three minority and women-owned subcontractors to secure the \$3.3 million slope repair contract award from the Board. Therefore, although the Board did not take all the specific steps Federal regulations require, it did take other steps to provide opportunities for disadvantaged businesses to bid on disaster work.

### **Finding B: Duplicate Obligations**

FEMA inadvertently obligated an additional \$508,884 for contract costs that were the responsibility of the Hospital or were applicable to other Board projects. FEMA obligated contract costs to one project for repair and engineering work that included \$354,947 for work that was the responsibility of the Hospital. Additionally, FEMA obligated \$153,937 for work already obligated on other projects. Federal regulation at 44 CFR 204.62(a) states that FEMA may not duplicate benefits received by or available to the applicant from insurance, other assistance programs, legal awards, or any other source to address the same purpose. Therefore, we question \$508,884 of ineligible duplicate obligated costs.

### **Finding C: Uncompleted Work**

FEMA awarded \$18,782 for repairs to a baseball complex that the Board did not complete. Board officials said they did not complete the work because it would have been too time consuming. FEMA provides funding to the subgrantee for small projects; and the Grantee pays the subgrantee for the project before completing work on the project. According to 44 CFR 206.205(a), failure to complete a project may require a refund of Federal payments. Therefore, because the Board chose not to repair the baseball complex, FEMA should deobligate \$18,782 in unused funds and put those funds to better use.



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### Finding D: Grant Management

Minnesota should have done more as FEMA's grantee to ensure the Board was aware of and complied with Federal procurement standards. In report OIG-15-132-D, issued August 24, 2015, we recommended that FEMA educate Minnesota officials on Federal grant contracting requirements. In response to our report, Minnesota officials said their staff attended presentations and received training on Federal procurement standards, including a presentation by FEMA's Procurement Disaster Assistance Team in March 2015. In addition, as part of its program delivery, Minnesota began performing "transition briefs" to help identify and address program compliance issues.

However, in spite of the steps taken, Minnesota did not ensure that the Board was aware of and complied with requirements under Federal regulations. Board officials said they were unaware of the requirements related to procurement in 44 CFR Part 13. As a result, the Board did not comply with Federal regulations for the 15 contracts we reviewed (finding A).

The Board could have benefited from additional technical advice from Minnesota. Federal regulations at 44 CFR 13.37(a)(2) and 13.40(a) require grantees to (1) ensure that subgrantees are aware of Federal regulations, (2) manage the operations of subgrant activity, and (3) monitor subgrant activity to ensure compliance. Providing additional technical assistance and monitoring to the Board should provide reasonable assurance that the Board will spend the remaining \$2,550,092 of disaster-related procurements according to Federal procurement standards.

### Recommendations

We recommend that the Regional Administrator, FEMA Region V:

**Recommendation 1:** Disallow as ineligible \$4,786,736 (\$3,590,052 Federal share) for contracts that did not comply with Federal procurement standards unless FEMA decides to grant an exception for all or part of the costs as 2 CFR 215.4 allows and determines that the costs are reasonable (finding A). If FEMA officials determine the contract costs are reasonable, they should still disallow the \$4,795 in prohibited cost-plus-percentage-of-cost markups.

**Recommendation 2:** Disallow as ineligible \$508,884 (\$381,663 Federal share) of ineligible costs for duplicate obligations (finding B).

**Recommendation 3:** Deobligate \$18,782 (\$14,087 Federal share) of unused Federal funds and put those funds to better use (finding C).



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**Recommendation 4:** Direct Minnesota to provide technical assistance and monitoring to the Board to ensure it complies with Federal procurement regulations for awarding disaster contracts that the Board currently estimates to be \$2,550,092 (\$1,912,569 Federal share) (finding D).

**Discussion with Management and Audit Follow-up**

We discussed the results of our audit with Board officials during and after our audit and included their comments in this report, as appropriate. We also provided a draft report in advance to FEMA, Minnesota, and Board officials and discussed it at exit conferences with FEMA officials on January 12, 2017, Minnesota on January 10, 2017, and Board officials on January 24, 2017. We considered their comments in developing our final report and incorporated their comments as appropriate.

Board officials provided a written response to the draft of this report on February 10, 2017. The Board agreed that our report was factual, but stated that the report did not capture the magnitude of the damage and the efforts the Board took to protect the Hospital. We reviewed the Board's response and incorporated comments as considered appropriate.

FEMA Region V officials also provided a written response to the draft of this report on February 10, 2017, and concurred with our findings and recommendations (see appendix C). However, FEMA did not provide target completion dates to address the recommendations. Therefore, we consider the report recommendations open and unresolved.

Within 90 days of the date of this memorandum, please provide our office with a written response that includes your target completion date for each recommendation. Also, please include responsible parties and any other supporting documentation necessary to inform us about the current status of each recommendation. Please email a signed PDF copy of all responses and closeout requests to [Paige.Hamrick@oig.dhs.gov](mailto:Paige.Hamrick@oig.dhs.gov). Until your response is received and evaluated, the recommendations will be considered open and unresolved.

The Office of Emergency Management Oversight major contributors to this report were Paige Hamrick, Director; John Polledo, Audit Manager; Jeffrey Campora, Auditor-In-Charge, and Heather Hubbard, Auditor.

Please call me with any questions at (202) 254-4100, or your staff may contact Paige Hamrick, Director, Central Regional Office - North, at (214) 436-5200.



## **Appendix A**

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

We audited FEMA Public Assistance grant funds awarded to the Board (Public Assistance Identification Number 053-43000-02). Our audit objective was to determine whether the Board accounted for and expended Federal Emergency Management Agency (FEMA) grant funds according to Federal regulations and FEMA guidelines. Minnesota awarded the Board \$8.4 million for damages resulting from severe storms and flooding during June 11, through July 11, 2014 (FEMA Disaster Number 4182-DR-MN). The audit covered the period July 21, 2014, through April 27, 2016, the cutoff date of our audit. The award provided 75 percent FEMA funding for 5 large and 5 small projects and the Board incurred \$3.4 million for the 10 projects. We audited all 10 projects including \$5.1 million in 15 disaster-related contracts. Table 2 (in appendix B) describes the 10 projects we audited and the amounts we question under each project.

We interviewed FEMA, Minnesota, City, and Board officials; gained an understanding of the Board's method of accounting for disaster-related costs; reviewed the Board's procurement policies and procedures; judgmentally selected (generally based on dollar value) and reviewed project costs and procurement transactions for the projects in our scope; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary to accomplish our objective. We did not perform a detailed assessment of the Board's internal controls over its grant activities because it was not necessary to accomplish our audit objective.

We conducted this performance audit between June 2016 and February 2017, 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. We conducted this audit by applying 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 2: Projects Audited, Questioned Costs, and Cost Avoidance**

Project Number	FEMA Category of Work**	Award Amount	Questioned Costs (Finding A)	Questioned Costs (Finding B)	Total Questioned Costs	FPTBU (Finding C & D)
523	G	\$1,480,803	\$23,020	\$ 0	\$23,020	\$1,457,783
524	G	1,188,529	96,220	0	96,220	1,092,309
749	E	4,575	0	0	0	0
814	A	71,926	6,800	0	6,800	0
885	G	18,782	0	0	0	18,782
930	A	82,002	0	0	0	0
953	B	644,503	289,300	0	289,300	0
997	G	6,475	0	0	0	0
998	G	125,594	62,177	0	62,177	0
1000	G	<u>4,823,826</u>	<u>4,309,219</u>	<u>508,884</u>	<u>4,818,103</u>	<u>0</u>
<b>Total</b>		<u>\$8,447,015</u>	<u>\$4,786,736</u>	<u>\$508,884</u>	<u>\$5,295,620</u>	<u>\$2,568,874</u>

*Source: FEMA project worksheets Board records and OIG analysis*

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

**Table 3: Summary of Potential Monetary Benefits**

Type of Potential Monetary Benefit	Amount	Federal Share
Questioned Costs – Ineligible	\$ 5,295,620	\$ 3,971,715
Questioned Costs – Unsupported	0	0
Funds Put to Better Use (Unused Funds)	18,782	14,087
Funds Put to Better Use (Cost Avoidance)***	<u>2,550,092</u>	<u>1,912,569</u>
<b>Totals</b>	<u><b>\$7,864,494</b></u>	<u><b>\$5,898,371</b></u>

*Source: OIG analysis of report findings*

\*\*\* This is the remaining amount of obligated funds the Board has left to complete disaster-related projects 523 and 524.



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

U.S. Department of Homeland Security  
FEMA Region V  
536 South Clark Street, 6th Floor  
Chicago, IL 60605



**FEMA**

FEB 10 2017

MEMORANDUM FOR: Paige Hamrick  
Director, Central Regional Office - North  
Office of Inspector General

FROM:   
Janet M. Odesho  
Acting Regional Administrator

SUBJECT: Management Response to OIG Draft Report: "*Minneapolis Park and Recreation Board Did Not Follow Procurement Standards for \$5.1 Million in Contracts.*"  
FEMA Disaster Number 4182-DR-MN

Thank you for the opportunity to review and comment on this draft report. FEMA Region V appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

The draft report contained four (4) recommendations with which FEMA Region V concurs. Please see the attached for our detailed response to each recommendation. Technical comments were previously provided under separate cover.

If you have any questions contact Jacob Rauen, FEMA Region V Audit Coordinator, at [Jacob.Rauen@fema.dhs.gov](mailto:Jacob.Rauen@fema.dhs.gov) or 312-408-4401. We look forward to working with you in the future.

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



## **Appendix C (continued)**

### **FEMA's Response to Draft Report**

#### **Attachment: FEMA Region V Response to Recommendations Contained in Draft Audit Report**

**Recommendation 1:** Disallow as ineligible \$4,786,736 (\$3,590,052 Federal share) for contracts that did not comply with Federal procurement standards unless FEMA decides to grant an exception for all or part of the costs as 2 CFR 215.4 allows and determines that the costs are reasonable (finding A). If FEMA determines the contract costs are reasonable they should still disallow the \$4,795 in prohibited cost-plus-percentage-of-cost mark-ups.

**Response:** While FEMA Region V concurs that the sub-recipient failed to follow procurement requirements, we will need to conduct additional research and analysis to determine an appropriate Corrective Action Plan (CAP). We question if failure to include required contract provisions or taking affirmative steps for disadvantaged firms warrants de-obligation, especially since efforts were made to include work for minority and women-owned sub-contractors. We will do more research on how FEMA has historically handled these cases and the Small Underutilized Business Program (SUBP) goals.

FEMA Region V concurs that contracts procured with a single source, including the \$4,795 in prohibited cost-plus-percentage-of-costs mark-ups contract, be de-obligated.

**Recommendation 2:** Disallow as ineligible \$508,884 (\$381,663 Federal share) of ineligible costs for duplicate obligations (finding B).

**Response:** Concur. FEMA Region V agrees to de-obligate any duplicate obligations, although we do not have access to the documentation to confirm OIG field work numbers.

**Recommendation 3:** De-obligate \$18,782 (\$14,087 Federal share) of unused Federal funds and put those funds to better use (finding C).

**Response:** Concur. FEMA Region V agrees to de-obligate the unused Federal funds.

**Recommendation 4:** Direct Minnesota to provide technical assistance and monitoring to the Board to ensure it complies with Federal procurement regulations for awarding disaster contracts that the Board currently estimates to be \$2,550,092 (\$1,912,569 Federal share) (finding D).

**Response:** Concur. FEMA Region V will continue to provide training to Minnesota on procurement. FEMA Region V offered Procurement Disaster Assistance Team (PDAT) training to Minnesota. The applicant did not attend.



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**Appendix D**  
**Report Distribution**

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