

**Inadequate Management  
and Oversight Jeopardized  
\$187.3 Million in FEMA  
Grant Funds Expended by  
Joplin Schools, Missouri**





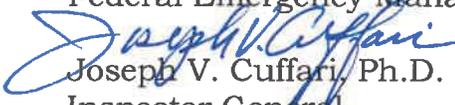
## OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

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

June 19, 2020

MEMORANDUM FOR: The Honorable Pete T. Gaynor  
Administrator  
Federal Emergency Management Agency

FROM:   
Joseph V. Cuffari, Ph.D.  
Inspector General

SUBJECT: *Inadequate Management and Oversight Jeopardized  
\$187.3 Million in FEMA Grant Funds Expended by  
Joplin Schools, Missouri*

Attached for your information is our final report, *Inadequate Management and Oversight Jeopardized \$187.3 Million in FEMA Grant Funds Expended by Joplin Schools, Missouri*. We incorporated the formal comments provided by the Regional Administrator, Region VII.

The report contains nine recommendations aimed at improving the disaster grant management of Joplin Schools, Missouri. The Regional Administrator, Region VII, concurred with all nine recommendations. Based on information provided in the response to the draft report, we consider recommendations 1 to 4 and 8 closed, recommendations 5 to 7 resolved and open and recommendation 9 unresolved and open. For recommendations 5 to 7, a formal closeout letter should be submitted once the recommendations have been fully implemented or by your target completion date of June 1, 2020. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts.

As prescribed by the Department of Homeland Security Directive 077-01, *Follow-up and Resolutions for the Office of Inspector General Report Recommendations*, within 90 days of the date of this memorandum, please provide our office with a written response that includes your (1) target completion date, and (2) corrective action plan for recommendation 9. Also please include responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendation. Until the Regional Administrator, Region VII, response is received and evaluated, recommendation 9 will be considered open and unresolved. The response or closure request should be sent to [OIGAuditsFollowup@oig.dhs.gov](mailto:OIGAuditsFollowup@oig.dhs.gov).

Consistent with our responsibility under *the Inspector General Act*, we will provide copies of our report to congressional committees with oversight and



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appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Sondra McCauley, Assistant Inspector General, Office of Audits, at (202) 981-6000.

Attachment



# DHS OIG HIGHLIGHTS

## *Inadequate Management and Oversight Jeopardized \$187.3 Million in FEMA Grant Funds Expended by Joplin Schools, Missouri*

**June 19, 2020**

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

As of December 2017, Missouri had granted Joplin Schools \$152.7 million in FEMA Public Assistance Program grant funds for damages caused by a May 22, 2011 tornado. Joplin Schools claimed \$218.5 million in disaster-related costs, which is \$65.8 million more than the FEMA award. Our audit objective was to determine whether Joplin Schools accounted for and expended FEMA disaster grant funds according to Federal regulations and FEMA guidelines.

### **What We Recommend**

We recommended FEMA improve its management and oversight of the grant process and not allow \$187.3 million in ineligible costs claimed by Joplin School District.

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

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

### **What We Found**

Joplin Schools did not account for and expend \$187.3 million of \$218.5 million of the requested Federal share of grant funds according to Federal regulations and Federal Emergency Management Agency (FEMA) guidelines when it awarded 146 contracts for non-exigent work. Specifically, Joplin Schools:

- did not comply with Federal procurement regulations for contract provisions and affirmative steps in awarding construction contracts;
- did not comply with Federal procurement regulations in awarding its grant management contract; and
- claimed ineligible direct administrative costs related to its grant management contract.

This occurred because Joplin School officials were either unaware of or did not understand procurement regulations. Joplin School officials also disregarded Missouri's authority and relied heavily on the advice of their grant management contractor.

Improper management and oversight of the grant award further put the Federal funds at risk of fraud, waste, and abuse. Specifically, Joplin Schools did not comply with administrative requirements of its subgrant agreement. Missouri did not enforce program and administrative requirements or impose restrictions on Joplin Schools for noncompliance. Additionally, FEMA's oversight was limited and passive, and it did not hold Missouri accountable for effectively managing Joplin Schools' subgrant activities. As a result of these collective deficiencies, we questioned Joplin Schools' costs of \$187.3 million, which include ineligible direct administrative costs.

### **FEMA Response**

FEMA concurred with all nine recommendations and completed actions to close recommendations 1 to 4 and 8. Recommendations 5 to 7 are resolved and open, with target completion dates of June 1, 2020. Recommendation 9 is considered unresolved and open. We have included a copy of FEMA's comments in their entirety in appendix B.



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**Abbreviations**

CFO	Chief Financial Officer
CFR	Code of Federal Regulations
DAC	direct administrative costs
FEMA	Federal Emergency Management Agency
GSA	General Services Administration
HGACBuy	Helping Governments Across the Country Buy
OIG	Office of Inspector General
PA	Public Assistance
SOP	standard operating procedures
U.S.C.	United States Code



## **Background**

On May 22, 2011, a slow moving, three-quarter-mile-wide EF-5 tornado struck Joplin, Missouri, with winds in excess of 200 miles per hour.<sup>1</sup> Joplin Schools served 7,793 students in a 69.9 square mile area in Jasper County, Missouri, at the time of the disaster. The school district operated multiple facilities, including 13 elementary schools, three middle schools, and a high school. The tornado devastated the city and claimed 161 lives, including students and a school faculty member. As shown in figure 1, the tornado destroyed multiple buildings, including Joplin High School, which had to be totally reconstructed. The tornado also extensively damaged several other school and district facilities.

**Figure 1: Destroyed and Rebuilt Joplin High School**



*Source:* Joplin Schools (Joplin, Missouri)

Four days after the disaster, to allow immediate efforts to rebuild, the Missouri Governor waived the requirement for state and local agencies to adhere to normal state procurement regulations. Joplin School officials said they used the Governor’s waiver and the school board’s policy for waiving competition requirements to procure goods and services in

<sup>1</sup> The Enhanced Fujita (EF) Scale is a measurement rating system for the intensity of tornadoes by type and severity of impact, ranging from EF-0 (weak) to EF-5 (violent). An EF-5 tornado has estimated wind speeds at over 200 miles per hour.



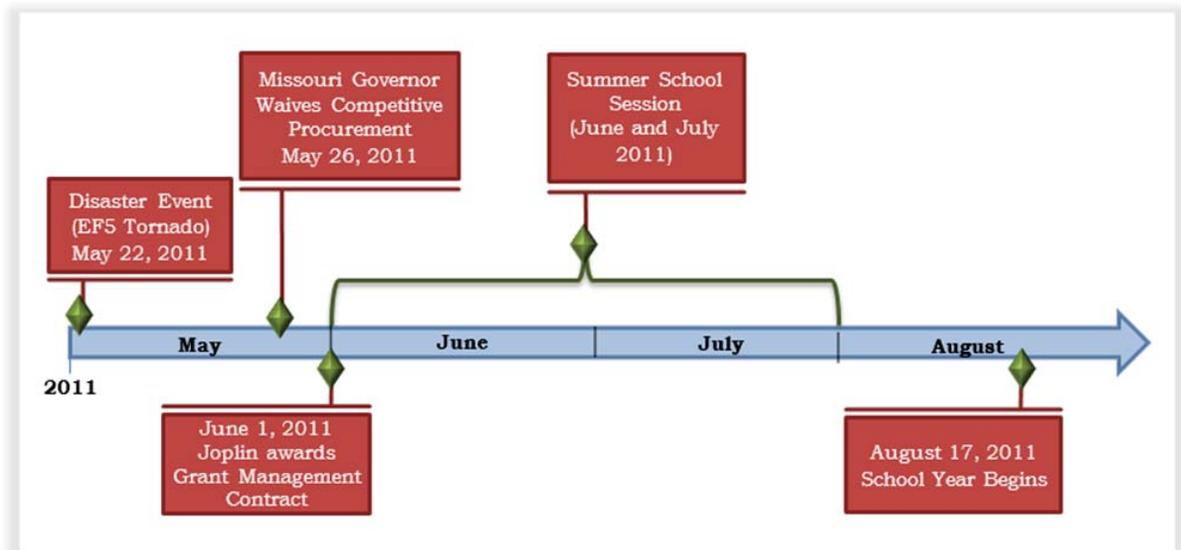
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emergencies. As a result, Joplin Schools hired a grant management contractor about 10 days after the tornado to assist with the disaster recovery process. In the summer of 2011, Joplin School officials said they secured temporary school facilities and transportation for 3,200 displaced students. When the school reopened in August 2011, the Federal Emergency Management Agency (FEMA) had not provided funding for the estimated damages and Joplin Schools was still negotiating its property insurance settlement.

The community's need to reopen schools was an exigent circumstance.<sup>2</sup> Accordingly, Joplin Schools' exigency period lasted from May 22, 2011, until August 17, 2011, the date Joplin Schools reopened schools. After the school year began, Joplin Schools' Chief Financial Officer (CFO) said normal competitive procurement procedures for disaster-related contracts had resumed. Figure 2 provides a timeline of events from May 2011 to August 2011 detailing the school district's actions to reopen the schools. For the next 3 years, Joplin School officials said they held the majority of classes and administrative services in temporary facilities and continued to replace and repair damaged facilities using contracted services.

**Figure 2: Exigent Period to Reopen Joplin Schools**



Source: Office of Inspector General (OIG) analysis of Joplin Schools' contract files

<sup>2</sup> According to FEMA guidance, exigent circumstances represent those actions required to protect lives and property at the immediate outset of an emergency event or the existence of a threat to public health, public safety, or other unique circumstances that warrant immediate action.



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We audited a FEMA Public Assistance (PA) Program grant of \$152.7 million that the Missouri State Emergency Management Agency (Missouri), a FEMA grantee, awarded to Joplin Schools for damages sustained from the EF-5 tornado. Although granted \$152.7 million, Joplin Schools claimed a gross amount of \$218.5 million in reported disaster-related costs to replace and repair buildings and equipment.<sup>3</sup> Of the \$218.5 million that Joplin Schools claimed in costs, \$187.3 million represented non-exigent contract work. As shown in table 1, Joplin Schools' final insurance proceeds reduced the gross eligible award amount of \$152.7 million to a net eligible award of \$55.7 million.<sup>4</sup> Seventy-five percent of the net eligible award of \$55.7 million was federally funded. By September 2014, Joplin Schools started classes in its improved and modernized school buildings. As of June 2016, Joplin Schools had submitted final claims to Missouri for all project costs.

**Table 1: Claimed Disaster Expenses, Insurance Reduction, and Gross and Net Award Amounts, Joplin Schools, Missouri**

<b>Joplin Schools' Claimed Disaster Expenses (All Projects)</b>	<b>Gross Eligible Award</b>	<b>FEMA's Insurance Reduction</b>	<b>Net Eligible Award</b>
\$218,458,382	\$152,680,718	\$96,982,746	\$55,697,972

Source: OIG analysis of FEMA project worksheets

Key personnel, such as the CFO of Joplin Schools, with direct knowledge of the disaster work left the school district before our audit work was completed. In March 2018, Joplin School officials notified us about a district-wide reorganization of management personnel and staff turnover. The reorganization and turnover mean that many of the current Joplin School officials were not involved in the actions and decisions described in this report.

<sup>3</sup> The \$218.5 million Joplin claimed was \$65.8 million more than the gross eligible FEMA-awarded amount of \$152.7 million. Joplin later appealed FEMA's denials to increase its funding by \$67.2 million, which was greater than its actual cost overruns of \$65.8 million calculated at the time of our audit.

<sup>4</sup> Our audit scope covered the review of disaster transactions during the period of May 22, 2011, through December 26, 2017, the cutoff date of the audit. After the cutoff date, as part of Joplin Schools' appeals process, FEMA continued to review Joplin Schools' insurance proceeds and cost overruns. Therefore, the current award amounts and insurance reduction may differ from the amounts shown in table 1.



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### Results of Audit

Joplin Schools did not account for and expend \$187.3 million of \$218.5 million of the requested Federal share of grant funds according to Federal regulations and FEMA guidelines when it awarded 146 contracts for non-exigent work. Specifically, Joplin Schools:

- did not comply with Federal procurement regulations for contract provisions and affirmative steps in awarding construction contracts;
- did not comply with Federal procurement regulations in awarding its grant management contract; and
- claimed ineligible direct administrative costs (DAC) related to its grant management contract.

This occurred because Joplin School officials were either unaware of or did not understand procurement regulations. Joplin School officials also disregarded Missouri's authority and relied heavily on the advice of their grant management contractor.

Improper management and oversight of the grant award further put the Federal funds at risk of fraud, waste, and abuse. Specifically, Joplin Schools did not comply with administrative requirements of its subgrant agreement. Missouri did not enforce program and administrative requirements or impose restrictions on Joplin Schools for noncompliance. Additionally, FEMA's oversight was limited and passive, and it did not hold Missouri accountable for effectively managing Joplin Schools. As a result of these collective deficiencies, we questioned Joplin Schools' costs of \$187.3 million, which include ineligible DAC.

### ***Joplin Schools Did Not Properly Account For and Expend FEMA Grant Funds***

Joplin Schools did not always follow Federal procurement regulations when it awarded \$187.3 million in contracts for non-exigent disaster-related repairs and replacement. For its construction contracts, Joplin Schools did not include all required Federal contract provisions or take affirmative steps to ensure disadvantaged firms had opportunities to compete for the contracts. In awarding its grant management contract, Joplin Schools did not comply with all Federal procurement regulations. Specifically, in awarding the grant management contract, Joplin Schools did not comply with the requirement for full and open competition. Joplin Schools also did not include Federal contract provisions, ensure



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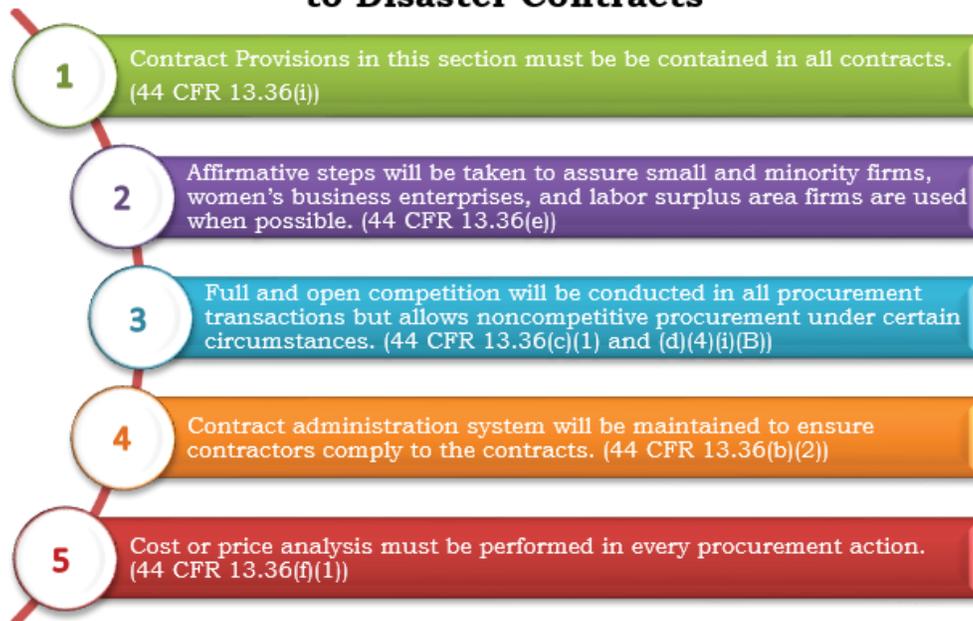
disadvantaged firms had opportunities to compete, monitor contract award terms and conditions, and complete a cost or price analysis.

This noncompliance occurred because Joplin School officials were either unaware of or did not understand Federal procurement regulations and because they relied heavily on incorrect guidance from the grant management contractor. Joplin School officials also did not follow FEMA's guidance on DAC. In particular, for the grant management contract, Joplin Schools claimed \$609,676 in DAC that was ineligible because it included costs for indirect activities, costs above contract rates, and costs based on unreasonable rates.

### **Joplin Schools Did Not Include Required Contract Provisions or Take Affirmative Steps in Awarding Construction Contracts**

The Code of Federal Regulations (44 CFR 13.36) requires subgrantees, such as Joplin Schools, to adhere to the regulations shown in figure 3 when awarding disaster contracts.<sup>5</sup>

**Figure 3: Federal Procurement Regulations Related to Disaster Contracts**



Source: Federal Regulations at 44 CFR 13.36

<sup>5</sup> Because of the disaster date, we did not use the 2014 disaster criteria and terminology found in 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. We primarily applied 44 CFR, effective October 2010, as the governing criteria to evaluate Joplin Schools' public assistance damages considered in this audit, as applicable.



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However, our review of judgmentally selected construction contracts showed that Joplin Schools did not include all required Federal contract provisions (the first regulation in figure 3, 44 CFR 13.36(i)) in any of its construction contracts. Instead, Joplin Schools' bid documents included the broad contract provision shown in figure 4 that contractors had to abide by all Federal requirements. This contract provision was not adequate because it did not reference the specific provisions cited by 44 CFR 13.36(i) and did not adequately document the rights and responsibilities of the parties involved. Using a contract provision such as shown in figure 4 increases the risk of misinterpretations and disputes.

### **Figure 4: Joplin Schools' Universal Construction-related Contract Provision**

Each Contractor agrees to abide by all federal requirements, including Equal Employment Opportunity (Article 15.1), the Clean Air Act, the Federal Water Pollution Control Act and such other federal, state or local laws applicable to this project and to furnish any certification required by any federal, state or local government agency in connection with same.

*Source: Joplin Schools' standard disaster-related bid documents*

The noncompliance occurred, in part, because Joplin Schools did not fully understand what was required under Federal procurement regulations. According to the construction manager, the broad provision was standard language used in all of Joplin Schools' contracts.

Further, when awarding its construction-related contracts, Joplin Schools did not take affirmative steps to solicit disadvantaged firms, as required by 44 CFR 13.36(e). This occurred because Joplin Schools' officials said they were unaware of the requirement and did not recall receiving guidance from Missouri. Missouri officials acknowledged that they did not provide guidance to Joplin Schools, but claimed it was not needed because Joplin Schools did not have to take affirmative steps required by 44 CFR 13.36(e) until FEMA implemented 2 CFR 200. However, we disagree with Missouri's assertion that Joplin Schools was not required to comply because 44 CFR 13.36(e) was in effect at the time of the disaster. FEMA concurs with our position. Further, 2 CFR 200, when implemented in December 2014, did not introduce new procurement regulations, but instead consolidated and clarified various Office of Management and Budget circulars and Federal regulations.

Although Joplin Schools did not have steps in place to solicit disadvantaged firms, it inadvertently awarded contracts valued at



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\$33.5 million (15.6 percent of \$214.2 million in contracts) to disadvantaged firms. However, without deliberate action to solicit disadvantaged firms, FEMA has no assurance that small businesses, minority-owned firms, and women's business enterprises received sufficient opportunities to bid on federally funded work. During the audit, we verified that Joplin School officials updated Joplin Schools' procurement policies to include affirmative steps to solicit small and minority businesses and women's business enterprises when using Federal funds for future work.

### **Joplin Schools Did Not Comply with Required Federal Procurement Regulations when Awarding Its Grant Management Contract**

In awarding its grant management contract immediately after the disaster, Joplin Schools did not comply with the five Federal procurement regulations shown in figure 3. During the exigent period, when Joplin Schools awarded the grant management contract, the Governor had waived requirements to follow normal state procurement standards. However, as detailed in the following paragraphs, Joplin Schools still needed to comply with Federal procurement regulations to receive Federal reimbursement.

Although Federal regulations [44 CFR 13.36(d)(4)(i)(B)] allow noncompetitive procurement in exigent situations, the grant management contract that Joplin Schools awarded was mostly for administrative support (e.g., compiling documents and attending meetings) and should have been subject to competition. Also, according to FEMA guidance, exigent circumstances represent those actions required to protect lives and property at the immediate outset of an emergency event or the existence of a threat to public health, public safety, or other unique circumstances that warrant immediate action. As such administrative support is not exigent; therefore, the work under the grant management contract was ineligible for reimbursement under exigent circumstances. Federal procurement regulations allow grantees and subgrantees to follow their own procurement standards as long as those standards conform to the Federal law and standards identified in 44 CFR 13.36. However, even Joplin Schools' own procurement standards required competition through sealed bids for all contracts above \$15,000.

Instead of ensuring full and open competition, as required, Joplin Schools continued to use the same improperly procured grant management contractor for almost 7 years after the disaster. Joplin Schools did so because it relied heavily on the contractor's guidance for



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re-awarding the grant management contract. The grant management contractor notified Joplin School officials in October 2011 that Joplin Schools was nearing the end of the time period that FEMA would find it reasonable for the school district to operate without a competitive procurement. Our interviews and document review further disclosed that the contractor misinformed Joplin Schools about ways to comply with full and open competition requirements after the exigent period ended. As shown in figure 5, the grant management contractor gave Joplin Schools three options that, according to the contractor, Joplin Schools could use to comply with Federal regulations for full and open competition while re-awarding the contract to itself. (See appendix D for the contractor’s email outlining contracting options to Joplin Schools.)

### Figure 5: Grant Management Contractor’s Competition Recommendations



Source: OIG analysis of email from grant management contractor to Joplin Schools

\* GSA is the Federal government’s centralized purchasing agent. The GSA purchasing program offers products, services, and facilities to Federal agencies at discount pricing through Federal Supply Schedule contracts.

As shown in figure 5, according to the grant management contractor, the “fastest and easiest” mechanism to ensure re-award of the contract to itself was to use the shared services options provided through Helping Governments Across the Country Buy (HGACBuy).<sup>6</sup> However, in following the contractor’s guidance, Joplin Schools misused HGACBuy’s shared services in two ways. First, Joplin School officials did not ensure they complied with Federal requirements, including full and open competition, when procuring the contract through HGACBuy.<sup>7</sup> Second, Joplin Schools did not consider the other 10 pre-qualified contractors

<sup>6</sup> HGACBuy is a department of the Houston-Galveston Area Council, a local government-contracting cooperative aimed at making the government procurement process more efficient by providing competitively priced contracts for goods and services to help its members achieve their purchasing goals. HGACBuy provides goods and services to local governments.

<sup>7</sup> 44 CFR 13.36(b)(5)



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that were offering the same grant management service, when using HGACBuy. We made a similar determination in a prior audit, in which we concluded that using the shared services of the organization of which HGACBuy was a part, the Houston-Galveston Area Council, did not relieve grantees or subgrantees of the responsibility to fulfill requirements for full and open competition.<sup>8</sup> In Joplin Schools' case, the contractor gave Joplin School officials inappropriate and biased information to steer them toward using a mechanism (HGACBuy) that the contractor claimed would meet Federal procurement requirements. This led to Joplin Schools re-awarding the contract to the same contractor.

For its grant management contract, Joplin Schools also did not comply with the other four Federal procurement regulations shown in figure 3. Joplin Schools did not include all federally required contract provisions. Joplin Schools also did not take sufficient steps to ensure disadvantaged firms had the opportunity to bid on the contract. Therefore, these types of disadvantaged business enterprises did not have an opportunity to bid on federally funded work. Joplin Schools also did not properly monitor the terms and conditions of the grant management contract award according to 44 CFR 13.36(b)(2). For example, Joplin School officials said they reviewed only a sample of the grant management contractor's invoices before authorizing payments, whereas it used a three-checkpoint review process for invoices from construction-related contractors. Joplin School officials said they used different procedures to monitor the grant management contractor because the contractor was onsite; therefore, we determined they did not take certain actions, such as validating time worked against work logs or invoiced amounts. Instead, they considered a sample review sufficient.

Although Federal regulations allow the use of shared services, Joplin Schools did not comply with the Federal procurement requirement to perform an independent cost or price analysis before it used HGACBuy to award the grant management contract. A cost or price analysis is required for all disaster procurements to determine whether vendor pricing for projects is fair and reasonable. Joplin School officials explained that, when re-awarding the contract, they considered the contractor's experience, qualifications, and services, along with Joplin Schools' immediate and future needs through project closeout. Officials also said they were concerned about the time and cost involved in changing vendors and possible disruptions to the recovery progress. Because Joplin Schools did not complete a cost or price analysis, it did

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<sup>8</sup> *FEMA Should Disallow \$1.5 Million in Grant Funds Awarded to Hays County, Texas*, OIG-17-77-D, issued June 22, 2017.



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not ensure the Federal government would pay fair and reasonable prices for the grant management service.

## Joplin Schools Claimed Ineligible Direct Administrative Costs Related to the Grant Management Contract

According to Federal regulations and FEMA policy on DAC for disaster recovery projects:

- indirect costs may not be charged directly to a project or reimbursed separately (44 CFR 207.6(b));
- subgrantees are allowed to claim costs for eligible DAC activities, such as travel expenses, damage assessments, and development of scopes of work, that are specific to each project (FEMA Disaster Assistance Policy 9525.9, *Section 324 Management Costs and Direct Administrative Costs*, March 12, 2008); and
- costs must be necessary and reasonable to be allowable under Federal awards (2 CFR 225, Appendix A, Section C.1.a).

For the grant management contract, Joplin Schools claimed \$609,676 in DAC that was ineligible because it included costs for indirect activities, costs associated with rates for contractor work that were higher than the rates in the contract, and costs based on unreasonable rates. Table 2 shows Joplin Schools' DAC claims that were ineligible for the aforementioned reasons.

**Table 2: Ineligible DAC Claimed by Joplin Schools Related to the Grant Management Contract**

Projects*	Total Contractor DAC Claimed	Ineligible Costs			Total Questioned
		Costs for Indirect Activities	Costs for Rates Above Contract Rates	Costs Based on Unreasonable Rates	
Large Projects (23)	\$1,279,191	\$295,160	\$182,354	\$113,333	\$590,847
Small Projects (5)	27,292	5,566	11,377	1,886	18,829
<b>Totals</b>	<b>\$1,306,483</b>	<b>\$300,726</b>	<b>\$193,731</b>	<b>\$115,219</b>	<b>\$609,676</b>

Source: OIG analysis of FEMA project worksheets

\*See appendix C for itemized list by project of ineligible DAC.

First, Joplin Schools claimed costs for indirect activities that were not related or billable to a specific project and thus could not be claimed as



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DAC, such as attending applicant briefings and FEMA kick-off meetings.<sup>9</sup> In addition, Joplin Schools claimed DAC for activities related to multiple projects, which also made the costs ineligible. For instance, Joplin Schools claimed DAC for discussions that took place on the Joplin Schools high school grounds (Project 1336), but the discussions were actually about temporary fencing for multiple school properties. Therefore, the costs claimed were indirect costs. Joplin School officials said they held meetings to discuss multiple projects for efficiency, but they understood such administrative activities were eligible as DAC only if they were specific to a single project.

Second, Joplin Schools claimed costs the grant management contractor billed at rates exceeding contracted rates. For example, the grant management contractor billed \$168 per hour for a Public Assistance Coordinator whose contracted rate was \$134 per hour (\$34 more per hour). Joplin School officials said they reviewed the contracted DAC rates on a sample basis, which they believed was sufficient. However, such sampling did not enable Joplin Schools to detect excessive billed rates.

Third, Joplin Schools claimed unreasonable DAC based on contract rates that exceeded FEMA's capped rate. In June 2011, FEMA issued a memo to Missouri establishing a capped DAC rate of \$155 per hour, unless an applicant provided a cost analysis and justification for a higher hourly rate.<sup>10</sup> In April 2013, during a second-level appeal process for another subgrantee, FEMA Headquarters upheld this capped rate.<sup>11</sup> Per Joplin Schools' CFO, Joplin Schools received FEMA's June 2011 memo early in the recovery process and used it to establish reasonable contract rates. However, the rates Joplin Schools claimed for a project manager under the grant management contract exceeded FEMA's capped DAC rate of \$155 per hour. Joplin School officials asserted that the project manager's rate of \$226 per hour was justified because of the complexity of the disaster, the extent of damages, and the project manager's knowledge and experience. Despite their assertion, Joplin School officials did not provide the required documentation to justify the rate,

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<sup>9</sup> FEMA's *Public Assistance Program Indirect and Direct Administrative Activity List*, an attachment to FEMA's Disaster Assistance Policy 9525.9 memo, September 8, 2009, provides a list of administrative activities that may be charged as indirect or direct administrative costs.

<sup>10</sup> The June 23, 2011 memo to Missouri that capped the DAC hourly rate at \$155 also included a list of documentation required for FEMA to consider rates above the limit.

<sup>11</sup> On April 22, 2013, FEMA issued an appeal memo that denied additional DAC reimbursements for Cedar Rapids Community School District (FEMA-1763-DR-IA) applying \$155 per hour as a reasonable rate.



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and they submitted these costs for reimbursement, knowing FEMA would not approve the higher rate.

The ineligible DAC claims occurred because Joplin School officials did not properly monitor the terms and conditions of the grant management contract and did not follow FEMA's guidance on reasonable DAC rates. During closeout, Missouri officials identified issues related to ineligible costs for indirect activities and unreasonable DAC rates. They informed Joplin School officials that they should not include the costs in their reimbursement claim to FEMA. However, Joplin School officials insisted Missouri submit their entire DAC claim unaltered for FEMA's review.

### ***Noncompliance Contributed to Ineffective Management and Oversight of the PA Program Grant Award***

Joplin Schools, Missouri, and FEMA did not comply with program policies and administrative requirements of the PA Program to properly manage, monitor, and oversee the grant award. The lack of compliance further put Federal funds at risk of fraud, waste, and abuse. Specifically, Joplin Schools did not comply with many of the program and administrative requirements of its subgrant agreement, such as reporting on project performance. As with its noncompliance with Federal regulations and FEMA guidelines, we attribute these issues, in part, to Joplin Schools disregarding Missouri's authority and instead relying heavily on the advice of its grant management contractor. Missouri, for its part, conceded its authority as the grant manager by not enforcing program and administrative plan requirements to ensure Joplin Schools adhered to Federal requirements and by not seeking enforcement remedies. Finally, FEMA Region VII took a limited and passive role in grant oversight and did not hold Missouri accountable for effectively managing its subgrantee Joplin Schools. Grant management contractors who provide guidance contrary to Federal regulations and FEMA policies can potentially jeopardize subgrantee funding and may limit FEMA's ability to reconcile obligations. Without effective oversight, FEMA cannot hold grantees and subgrantees accountable for complying with Federal regulations and FEMA policies.

### **Joplin Schools Did Not Properly Manage Its PA Program Grant Award**

Federal regulations hold the subgrantee, Joplin Schools, accountable to Missouri for properly managing and expending PA Program grant funds. According to Federal regulations and FEMA policies, Joplin Schools, as a subgrantee, was required to submit supporting documentation to the



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grantee, Missouri, on the progress of its disaster recovery work.<sup>12</sup> Further, as a condition of grant award, Joplin Schools signed a subgrant agreement to comply with all program and administrative conditions of the FEMA grant, such as submitting quarterly program progress reports on the performance of all open and ongoing projects, requesting time extensions before existing completion dates expired, and submitting signed project completion certifications (P-4s) and closeout documents. According to Missouri officials, soon after the disaster, they provided program guidance to help Joplin Schools meet such requirements. They also said they attempted to provide guidance throughout the disaster recovery period. However, Joplin Schools disregarded this guidance. Instead, as noted earlier in this report, Joplin School officials chose to rely on their grant management contractor's conflicting advice.

Our document review showed that Joplin Schools did not fulfill its subgrantee responsibilities for managing the grant award. For example, Joplin Schools was supposed to submit to Missouri accurate and timely quarterly program progress reports on the performance of all large projects from October 2011 to June 2017. Our review of these documents showed that Joplin Schools submitted 13 of 24 required quarterly program progress reports. Joplin Schools submitted the 13 reports, on average, more than 2 months after the due dates, which was not useful for Missouri, or ultimately FEMA, to gauge project performance. Joplin School officials said they viewed submitting the reports as an administrative burden. They also said that the magnitude of the disaster recovery work made it challenging to submit the program progress reports on time. Finally, Joplin School officials said they did not believe that quarterly program progress reports were useful or important to their disaster recovery work.

In addition, although required by its subgrant agreement with Missouri, Joplin Schools continued to complete construction projects without getting Missouri's prior approval of time extensions. For example, for the seven rebuilding projects, (Projects 488, 575, 1336, 1438, 1684, 1799, and 1980) Joplin Schools retroactively requested multiple time extensions over a 4-year period. In fact, for project 1684, Joplin Schools submitted one request for a time extension 3 years after the first extension approval date because Joplin School officials claimed they experienced many unexpected weather delays and unforeseen events.

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<sup>12</sup> 44 CFR 206.204 and 44 CFR 206.205 for project performance and payment of claims. The CFR (44 CFR 13.3) defines a subgrantee as a legal entity to which a subgrant is awarded and is accountable to the grantee for the use of the funds provided. The FEMA *Public Assistance Applicant Handbook* and the State Administrative Plan specify the supporting documentation requirements for subgrantees to submit to grantees.



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Finally, Joplin Schools delayed submitting required signed project completion certifications (P-4s) and closeout documents, based on the advice of its grant management contractor. We reviewed correspondence validating Missouri's extensive efforts to obtain updated and missing documents, such as closeout documents. Joplin School officials said the grant management contractor advised them that project completion certifications were not required at the time of the closeout project requests and that Federal regulations require the grantee, not the subgrantee, to submit project completion certifications "as soon as possible." We disagree with these assertions because Missouri could not realistically submit project completion data to FEMA within 90 days of project completion, as required, if Joplin Schools refused to submit necessary supporting documentation for the state's review.<sup>13</sup> The conflicting guidance delayed project closeout and enabled the contractor to continue services for 7 years after the disaster. Moreover, by providing guidance contrary to Federal regulations and FEMA policies, the grant management contractor had the potential to jeopardize subgrantee funding and limit FEMA's ability to reconcile obligations.

### **Missouri Did Not Fulfill Its Grantee Responsibilities**

Missouri, as the grantee, did not fulfill its responsibilities according to Federal regulations for proper grant management.<sup>14</sup> Federal regulations and the FEMA-State agreement require grantees to provide technical assistance to subgrantees and manage and monitor subaward activities. Federal regulations allow Missouri, as the awarding agency, to take enforcement remedies to make Joplin Schools comply with program and administrative requirements.<sup>15</sup> In addition, Missouri's State Administrative Plan establishes procedures that reflect Federal regulations and policies. Missouri was responsible for overall administration of these procedures to implement the PA Program.

Missouri did not effectively manage Joplin Schools, the subgrantee. Other than reviewing contract costs at project closeout, Missouri officials said they did not have a process to review subgrantee contracts and methodologies. Missouri officials asserted it is not possible to review

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<sup>13</sup> Under FEMA's *Standard Operating Procedure for PA Program Management and Grant Closeout* (SOP 9570.14), grantees such as Missouri are required to submit project completion data to FEMA within 90 days of project completion. Also 44 CFR 206.205(b).

<sup>14</sup> Grantee responsibilities are detailed in 44 CFR 13.37(a)(2), 13.40(a) and 206.202(b)(1); subgrantee definitions are provided in 44 CFR 13.3 and responsibilities in 44 CFR 13.20(b).

<sup>15</sup> See 44 CFR 13.43(a). Per 44 CFR 13.3, with respect to the subgrant, Missouri is the awarding agency.



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every Federal regulation with each applicant unless an applicant requests further guidance. Furthermore, they said they faced many challenges and opposition to offering guidance to Joplin Schools and in obtaining timely and sufficient information from the subgrantee. For example, as noted earlier, Joplin Schools followed its grant management contractor's advice when re-awarding the grant management contract, instead of seeking Missouri's guidance. Joplin Schools also insisted Missouri send its unaltered DAC claim to FEMA for reimbursement even though Missouri pointed out Joplin Schools' ineligible costs.

Ultimately, despite its efforts, Missouri was ineffective in enforcing program and administrative plan requirements and ensuring Joplin Schools adhered to Federal requirements. Missouri also did not seek enforcement remedies as allowed by Federal regulations.<sup>16</sup> Such remedies include temporarily withholding cash payments pending correction of the deficiency, disallowing all or part of the cost of the noncompliant activity or action, or taking other legally available steps. According to officials in Missouri's Disaster Recovery Division, Missouri did not seek any remedies because local political pressures prevented them from enforcing restrictions with noncompliant subgrantees. The State Administrative Plan also did not address remedies for subgrantee noncompliance.

Missouri officials said FEMA was the "sole arbitrator of eligibility" and deferred eligibility decisions to FEMA, recognizing that subgrantees tend to make the same violations in subsequent disasters expecting FEMA to allow costs despite violations. In a September 2016 audit report, we disclosed that FEMA granted exceptions for subgrantee noncompliance with procurement rules more than 90 percent of the time.<sup>17</sup> Regardless, we disagree with Missouri's comments about deferring eligibility determinations to FEMA. FEMA's PA Program requires close coordination among subgrantees, grantees, and FEMA. Active participation at all levels, throughout the life of a grant, is critical to the success of disaster recovery operations. If a grantee does not properly manage a grant award, neither the grantee nor FEMA can effectively gauge project performance and assess fiscal needs for the disaster.

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<sup>16</sup> 44 CFR 13.43(a)

<sup>17</sup> We reported this issue in our report, *FEMA Can Do More to Improve Public Assistance Grantees' and Subgrantees' Compliance with Federal Procurement Rules*, OIG-16-126-D, issued on September 2, 2016.



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### **FEMA Did Not Properly Monitor and Oversee the PA Program Grant Award**

As the Federal awarding agency, FEMA is ultimately responsible for monitoring the PA Program grants it awards and overseeing the grantee's use and management of Federal awards.<sup>18</sup> However, FEMA did not hold Missouri accountable for ensuring proper management of Joplin Schools' subgrantee activities. Specifically, FEMA did not ensure that Missouri enforced its State Administrative Plan requirements, nor did it effectively use Missouri's quarterly progress reports to gauge project performance. Federal regulations require FEMA to obtain and review quarterly reports but provide FEMA limited guidance on how to implement this requirement.<sup>19</sup> Although FEMA has oversight controls in place, some of the internal processes we reviewed — such as policies for quarterly progress reports, insurance allocation, and DAC — are weak and require improvement.

As part of oversight, FEMA relied heavily on Missouri's quarterly progress reports to gauge project and program performance and address noncompliance issues in a timely manner.<sup>20</sup> Yet, our review of the quarterly reports showed that FEMA received inaccurate reports from Missouri between 2011 and 2017. In 1 year, Missouri repeatedly submitted the same outdated progress information to FEMA because, according to Missouri officials, Joplin Schools would not provide them with updated project status information. Missouri officials also said they received limited and ineffective guidance from FEMA on how to compel Joplin Schools to provide updated project information. However, according to FEMA officials, it was Missouri's responsibility to verify that quarterly progress information is accurate and ensure subgrantees follow Federal regulations. FEMA officials also said they did not have written policies or procedures for reviewing quarterly progress reports and did not take any other action to obtain timely and correct project performance data. This approach to grant oversight is ineffective and increases the risk for noncompliance by grantees and subgrantees. Therefore, FEMA did not properly oversee and manage Missouri's and Joplin Schools' activities.

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<sup>18</sup> 31 United States Code (U.S.C.) § 7504(a)(1)

<sup>19</sup> 44 CFR 206.204(f)

<sup>20</sup> 44 CFR 13.40(c) through (e)



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Furthermore, FEMA did not track, properly adjust, and timely allocate \$107 million of insurance proceeds to Joplin Schools' eligible disaster projects. FEMA over-allocated insurance proceeds on some projects and underestimated it on others. FEMA officials said they reviewed insurance on a project-by-project basis and do not apply actual insurance proceeds until project closeout, when total project costs are known. Joplin Schools finalized its insurance settlement and provided documents to FEMA and Missouri in July 2014. Project closeout started nearly a year later in May 2015. During our audit fieldwork, Joplin Schools appealed FEMA's decision on insurance allocation because of the over-application of insurance proceeds. At the time, FEMA did not have standard processes and policies in place to ensure insurance benefits were allocated correctly and timely. FEMA Headquarters gave us information explaining a new insurance review process, which streamlines insurance review from initial project development through approval. However, the new insurance process does not address issues with untimely and inaccurate application of insurance proceeds by regional office staff during the life of the project.

In addition, FEMA did not estimate and obligate Joplin Schools' DAC for almost 4 years after the disaster, even though it was aware Joplin Schools planned to claim DAC early in the recovery period. FEMA officials said they did not have clear guidance on what to do when subgrantees do not provide a DAC estimate at project formulation. Based on this audit and our prior work, we believe FEMA Headquarters not providing regional offices with clear guidance for estimating and obligating eligible DAC is a systemic issue.<sup>21</sup> FEMA's decision to delay obligation of DAC until project closeout made it difficult to determine the precise status of Federal appropriations for the disaster for approximately 4 years.

The aforementioned issues related to allocating insurance proceeds and obligating DAC are outside the scope of this audit. We did not compare FEMA Region VII's insurance or DAC obligation processes with other FEMA regions' processes. Therefore, we did not question the costs or make recommendations about these issues in this report.

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<sup>21</sup> We previously reported about this issue in a prior report, *FEMA Should Disallow \$246,294 of \$3.0 Million in Public Assistance Grant Funds Awarded to Lincoln County, Missouri*, OIG-17-118-D, issued September 29, 2017.



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### ***Improper Grant Management and Oversight Resulted in Questioned Costs***

Improper grant management and oversight by all three entities is exemplified by Joplin Schools not following Federal procurement regulations and claiming ineligible DAC and by Missouri and FEMA not fulfilling their responsibilities. FEMA cannot be assured that all potential contractors had the opportunity to bid on contracts, including small businesses, minority-owned firms, and women's business enterprises. In addition, we are greatly concerned that the grant management contractor misled Joplin Schools by essentially steering the contract award to itself and circumventing the intent of full and open competition. As a result of these issues, FEMA has no assurance that Joplin Schools' contract costs are reasonable. Therefore, we question \$187.3 million for ineligible contracts (\$214.2 million total minus \$26.8 million in exigent work)<sup>22</sup> awarded after exigent circumstances ended, as shown in table 3. Of the \$187.3 million questioned, \$115.4 million was obligated. Therefore, \$115.4 million is ineligible and \$72 million constitutes funds that could have been put to better use. (Table 4 in appendix C summarizes Claimed Contract Expenses, Questioned Costs, and Cost Avoidance.)

In addition, if FEMA allows or funds any part of the \$1.3 million in ineligible contract costs that we questioned because of procurement violations related to the grant management contract, then we will question \$609,676 for DAC (detailed previously in table 2). Of that amount, we will question \$587,494 as ineligible funding because it was obligated and \$22,182 as potential cost avoidance, or funds that could have been put to better use. (Table 5 in appendix C shows Ineligible Contractor DAC Claimed.)

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<sup>22</sup> For this audit, we did not question costs for disaster work under the exigent period.



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**Table 3: Joplin Schools’ Disaster Contracts for Construction and Grant Management**

Contract and Scope of Work	Number of Contracts	Contract Claimed	Amount Questioned	Violations of Procurement Regulations 1-5*:				
				1	2	3	4	5
<b>Construction Contracts</b>								
<i><b>Exigent Work</b></i>								
Leases and Temporary Facilities	28	\$ 23,843,747	\$ -	X	X			
Debris Removal	4	287,304	-	X	X			
Emergency Repair Work	5	2,708,276	-	X	X			
<b>Subtotal</b>	<b>37</b>	<b>\$ 26,839,327</b>	<b>\$ -</b>					
<i><b>Non-Exigent Work</b></i>								
Architect & Engineering Work	12	\$ 12,073,391	\$ 12,073,391	X	X			
Construction Work	133	173,965,603	173,965,603	X	X			
<b>Subtotal</b>	<b>145</b>	<b>\$ 186,038,994</b>	<b>\$ 186,038,994</b>					
<b>Non-Construction (Grant Management) Contract</b>								
Grant Management	1	\$ 1,306,483	1,306,483	X	X	X	X	X
<b>Subtotal</b>	<b>1</b>	<b>\$ 1,306,483</b>	<b>\$ 1,306,483</b>					
<b>Grand Total</b>	<b>183</b>	<b>\$ 214,184,804</b>	<b>\$ 187,345,477</b>					

Source: OIG analysis of Joplin Schools’ procurement records

\*See Federal procurement regulations in figure 3.

## Recommendations

**Recommendation 1:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, disallow \$115,387,423 (\$86,540,567 Federal share) as ineligible contract costs, unless FEMA grants an exemption for all or part of these costs according to 44 CFR 13.6(c) and determines the costs are eligible and reasonable. (See, in appendix C, Table 4, Claimed Contract Expenses, Questioned Costs, and Cost Avoidance.)

**Recommendation 2:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, deny and not fund \$71,958,054 (\$53,968,541 Federal share) as ineligible contract costs, unless FEMA grants an exemption for all or part of these costs according to 44 CFR 13.6(c) and determines the costs are eligible and reasonable. (See, in appendix C, Table 4, Claimed Contract Expenses, Questioned Costs, and Cost Avoidance.)

**Recommendation 3:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, disallow \$587,494



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(\$440,621 Federal share) as ineligible Direct Administrative Costs claimed by Joplin Schools, unless FEMA determines that some or all of the costs we question in recommendation 1 are eligible and reasonable. In that case, FEMA should disallow \$587,494 of the \$1,306,483 as ineligible Direct Administrative Costs. (See, in appendix C, Table 5, Ineligible Contractor DAC Claimed.)

**Recommendation 4:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, deny and not fund \$22,182 (\$16,637 Federal share) as ineligible Direct Administrative Costs claimed by Joplin Schools, unless FEMA determines that some or all of the costs we question in recommendation 2 are eligible and reasonable. If FEMA allows or funds any part of the \$1,306,483 in Direct Administrative Costs related to our improper procurement findings, then FEMA should not fund \$22,182 as ineligible Direct Administrative Costs. (See, in appendix C, Table 5, Ineligible Contractor DAC Claimed.)

**Recommendation 5:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, instruct Missouri to implement policies and procedures to review subgrantee's disaster-related contracts before contract reimbursement and increase its monitoring efforts over noncompliant subgrantees to ensure compliance with Federal regulations and FEMA policies.

**Recommendation 6:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, instruct Missouri to enforce and uphold the requirements of its State Administrative Plan and its subgrant agreement to ensure subgrantees adhere to program and administrative requirements.

**Recommendation 7:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, instruct Missouri to establish and develop parameters and penalties in the State Administrative Plan and strengthen the subgrant agreement to address consequences for subgrantee noncompliance, according to 44 CFR 13.43(a).

**Recommendation 8:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, increase and strengthen the oversight of Federal grants by proactively engaging with grantees to resolve issues, and providing clear communication of grantee's rights, role, and authority to hold subgrantees accountable for adherence to Federal regulations and improve management and guidance given to subgrantees.



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**Recommendation 9:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, strengthen and improve program controls, policies, and procedures to help ensure it receives sufficient information through quarterly progress reports.

### Management Comments and OIG Analysis

FEMA provided its written response to the report on February 28, 2020. FEMA concurred with all nine recommendations. We received technical comments on the draft report and revised the report as appropriate. Appendix B contains FEMA's management comments in their entirety. We consider recommendations 1 to 4 and 8 closed, recommendations 5 to 7 resolved and open, and recommendation 9 unresolved and open. The following is a summary of FEMA's responses and our analysis.

**FEMA Response to Recommendations 1 to 4:** FEMA concurred with the recommendations and completed closeout of all projects by March 2019. FEMA identified approximately \$56 million as the total eligible award amount, taking into consideration insurance reduction, final programmatic cost eligibility and reasonableness determinations, and all related decisions.

**OIG Analysis of FEMA's Response:** For recommendations 1 to 4, FEMA determined approximately \$56 million, the net obligated amount, was eligible for reimbursement. We reviewed the actions described in FEMA's response and project closeout documents and consider them sufficient to resolve and close the recommendations.

**FEMA Comments to Recommendation #5:** FEMA concurred with the recommendation. FEMA agreed to instruct Missouri to review its award oversight policies and procedures, including appropriate documentation prior to authorizing reimbursement, and increase its monitoring of noncompliant subgrantees. The estimated completion date is June 1, 2020.

**OIG Analysis of FEMA's Response:** Based on FEMA's response, we require evidence of its instructions to Missouri to implement policies and procedures on reviewing subgrantee's disaster-related contracts before reimbursement, and improve its monitoring of noncompliant subgrantees. This recommendation will remain resolved and open with a target completion date of June 1, 2020.

**FEMA Comments to Recommendation #6:** FEMA concurred with the recommendation. FEMA stated it will instruct Missouri to review its



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State Administrative Plan and subgrant agreement and develop a process to ensure subgrantees adhere to program and administrative requirements. The estimated completion date is June 1, 2020.

**OIG Analysis of FEMA's Response:** Based on FEMA's response, we require evidence of FEMA's instructions to Missouri to implement corrective actions to develop and strengthen requirements of its State Administrative plan and subgrant agreement. This recommendation will remain resolved and open, with a target completion date of June 1, 2020.

**FEMA Comments to Recommendation #7:** FEMA concurred with the recommendation. FEMA stated it will instruct Missouri to review its State Administrative Plan requirements and subgrant agreements to develop parameters and penalties for addressing consequences of subgrantee noncompliance. The estimated completion date is June 1, 2020.

**OIG Analysis of FEMA's Response:** Based on FEMA's response, we require evidence of the corrective actions FEMA described in its response. This recommendation is resolved and open, pending actions with a target completion date of June 1, 2020.

**FEMA Comments to Recommendation #8:** FEMA concurred with the recommendation. FEMA stated that it has taken significant steps to strengthen state, local, and tribal grant management capabilities. FEMA identified various actions taken to engage grantees and subgrantees and provide oversight.

**OIG Analysis of FEMA's Response:** The actions described in FEMA's response and supporting information were sufficient to resolve and close the recommendation. FEMA provided evidence of various training opportunities provided to recipients and subrecipients in 2019 to enhance overall grant management capabilities. FEMA also provided evidence of technical assistance site visits with state and tribal recipients applicable to Region VII. Lastly, FEMA tentatively plans to conduct follow-up training on public assistance program topics in calendar year 2020. Therefore, this recommendation is considered closed with no further action required.

**FEMA Comments to Recommendation #9:** FEMA concurred with the recommendation. FEMA identified the updates made to the quarterly progress reporting policy for the grantees and subgrantees in the current *Public Assistance Program and Policy Guide*. FEMA Region VII also



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conducted a review of the past 3 years and concluded that Missouri consistently submitted quarterly reports.

**OIG Analysis of FEMA's Response:** Although we acknowledge the updates made to the quarterly progress reporting policy in the existing *Public Assistance Program and Policy Guide*, we cannot determine how FEMA improved program controls, policies, and procedures to help ensure it receives sufficient information through quarterly reports. This recommendation will remain unresolved and open until FEMA provides additional information to resolve and close the recommendation, or a target date for completing its corrective actions.



## **Appendix A**

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

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

We audited FEMA PA Program grant funds awarded to Joplin Schools (Public Assistance Identification Number: 097-U4T46-00). Our audit objective was to determine whether Joplin Schools accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines for FEMA disaster number 1980-DR-MO. The President declared the disaster (DR-1980) for severe storms, tornadoes, and flooding. FEMA added the EF-5 tornado event to the existing disaster declaration; thus, the incident period for DR-1980 was April 19, 2011, through June 6, 2011. During our audit, Joplin Schools completed all disaster work, submitted final claims to Missouri, and had ongoing appeals to increase disaster-related funding. The award provided 75 percent Federal funding for 23 large and 55 small projects.<sup>23</sup>

The audit scope covered the disaster transactions during the period of May 22, 2011, through December 26, 2017, which is the cutoff date of our audit. To accomplish our objective, we judgmentally selected seven large projects to review based on risk and dollar value. During fieldwork, we modified our audit scope to conduct a limited review of all projects for contracting methodology totaling \$214.2 million. We also performed a detailed review for support and eligibility of contractor and force account DAC.<sup>24</sup> We performed a limited review of 12 small projects to determine work completion. We reviewed Joplin Schools' insurance policies, settlement documents, proceeds received, FEMA's application of Joplin Schools' insurance proceeds, and applicability of those insurance proceeds to Joplin Schools' disaster projects. We also reviewed Missouri's 2011 to 2017 single audit reports. We did not audit or make an assessment on the eligibility of the \$65.8 million in cost overruns. We are aware, in the time it took to issue this final report, that findings in the report may be already addressed by FEMA or overtaken by changes in policies and procedures. The evidence presented in this report is as of December 26, 2017, and the audit work is supported by the evidence at that point in time. If FEMA has taken actions or if policies and

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<sup>23</sup> Federal regulations in effect at the time of the disaster set the large project threshold above \$63,900 [Notice of Adjustment of Disaster Grant Amounts, 75 Fed. Reg. 62,135 (Oct. 7, 2010)].

<sup>24</sup> "Force account" is the term FEMA uses to identify work an entity performs with its own employees, equipment, or materials as opposed to work that a contractor performs.



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procedures have changed to address the findings in this report, FEMA can provide such information in its official management response.

We interviewed FEMA, Missouri, Missouri State Auditors, Joplin Schools, and Houston-Galveston Area Council officials; reviewed applicable Federal regulations and FEMA guidelines; judgmentally selected and reviewed project costs and disaster-related contracts (generally based on dollar amount); analyzed DAC eligibility using data analysis software; verified self-certifying contractors as disadvantaged firms; and performed other procedures considered necessary to accomplish our objective. We performed a review of FEMA's and Missouri's policies and procedures of oversight over Joplin Schools' grant activities. We gained an understanding of Joplin Schools' method of accounting for disaster-related costs and the policies and procedures Joplin Schools used to administer activities under the FEMA award.

We assessed the reliability of computer-based data received from FEMA and Joplin Schools for project obligations, insurance applications, claimed costs, and contract costs by reviewing existing information about the data and the systems that produced them. For project obligations and insurance, we judgmentally selected a sample of projects based on dollar value, DAC obligations, and insurance, totaling over 88 percent of the project obligation and insurance applied. For the purposes of this report, we determined the data were sufficiently reliable. For Joplin Schools' claimed costs, we performed a 100 percent review. We determined we could not rely on data for Joplin Schools' DAC claim, but we determined its other project costs data were sufficiently reliable for the purposes of this report despite a few immaterial exceptions. Because we could not rely on Joplin Schools' data for its DAC claim, we reviewed Joplin Schools' detailed grant management billings, project worksheets, and FEMA's determination memos to determine the total amount Joplin Schools claimed for DAC. We also determined Joplin Schools' contract universe was incomplete, so we reviewed Joplin Schools' contracting and cost documentation to determine Joplin Schools' total disaster contract costs.

We conducted this audit between January 2017 and August 2018 pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards except for documenting the assessment of the overall audit risk. 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 on our audit objectives. While we assessed audit risk, we did not fully document an assessment of audit



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risk throughout the audit because we conduct Public Assistance grant audits on a repetitive basis using the same audit plan where the overall audit risks are previously known and written into the audit plan. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objective. In conducting 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**  
**FEMA Region VII Comments to the Draft Report**

U.S. Department of Homeland Security  
Region VII  
9221 Ward Parkway, Suite 300  
Kansas City, MO 64114-3372



**FEMA**

February 28, 2020

**MEMORANDUM TO:** Sondra F. McCauley  
Assistant Inspector General of Audits

**FROM:** Paul J. Taylor  
Regional Administrator, Region VII  
Federal Emergency Management Agency

**SUBJECT:** Management Response to Draft Report: *“Inadequate Management and Oversight Jeopardized \$187.3 Million in FEMA Grant Funds Expended by Joplin Schools, Missouri”*  
Project Number: G-17-008-EMO-FEMA

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 (FEMA) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

Since the OIG completed its field work for this audit nearly two years ago, FEMA Region VII has taken significant steps to strengthen state, local, and tribal grant management capabilities. FEMA appreciates the OIG’s acknowledgement that since completing their field work, and due to staff turnover and a district-wide reorganization, many of the current Joplin School officials were not involved in the actions or decisions described in the report.

FEMA Region VII engages with grantees and subgrantees throughout the year and in a variety of venues, such as monthly closeout meetings, regular financial oversight activities, and annual workshops to discuss recent policy updates and grant management requirements. FEMA Region VII provides Site Inspection, Program Delivery Manager, Procurement, Grants Portal, Hazard Mitigation and Public Assistance eligibility training during steady state and during disaster operations. Region VII also provides technical assistance, consultation services and recently, began utilization of a FEMA Qualification System – Grants Management Specialist title to increase and strengthen oversight.

The draft report contained nine recommendations with which FEMA concurs. Attached, please find detailed responses to each recommendation. FEMA previously submitted technical comments under separate cover.

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

Attachment



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Department of Homeland Security

**Appendix B**  
**FEMA Region VII Comments to the Draft Report**  
**(continued)**

**Attachment A**  
**FEMA Region VII Management Response to**  
**Recommendations Contained in G-17-008-EMO-FEMA**

**Recommendation 1:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, disallow \$115,387,423 (\$86,540,567 Federal share) as ineligible contract costs, unless FEMA grants an exemption for all or part of these costs according to 44 CFR 13.6(c) and determines the costs are eligible and reasonable. (See Table 4 in Appendix C, Claimed Contract Expenses, Questioned Costs, and Cost Avoidance.)

**Response: Concur.** A majority of the Joplin School projects were closed prior to the audit fieldwork cutoff date of December 26, 2017 and FEMA completed the closeout of all remaining projects by March 2019. Out of the \$218.5 million in project related costs submitted/requested by Joplin Schools, FEMA determined that the total eligible award amount was approximately \$56 million. The \$56 million takes into consideration insurance reductions, final programmatic cost eligibility and reasonableness determinations, and all appeal related decisions. FEMA Region VII considers this action to be complete and requests this recommendation be considered resolved and closed.

**Recommendation 2:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, deny and not fund \$71,958,054 (\$53,968,541 Federal share) as ineligible contract costs, unless FEMA grants an exemption for all or part of these costs according to 44 CFR 13.6(c) and determines the costs are eligible and reasonable. (See Table 4 in Appendix C, Claimed Contract Expenses, Questioned Costs, and Cost Avoidance.)

**Response: Concur.** A majority of the Joplin School projects were closed prior to the audit fieldwork cutoff date of December 26, 2017 and FEMA completed the closeout of all remaining projects by March 2019. Of the \$218.5 million in project related costs submitted/requested by Joplin Schools, FEMA determined that the total eligible award amount was approximately \$56 million. The \$56 million takes into consideration insurance reductions, final programmatic cost eligibility and reasonableness determinations, and all appeal related decisions. FEMA Region VII considers this action to be complete and requests that this recommendation be considered resolved and closed.

**Recommendation 3:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, disallow \$587,494 (\$440,621 Federal share) as ineligible Direct Administrative Costs claimed by Joplin, unless FEMA determines some or all of the costs we question in recommendation 6 are eligible and reasonable. In that case, FEMA should disallow \$587,494 of the \$1,306,483 as ineligible Direct Administrative Costs. (See Table 5 in Appendix C, Ineligible Contractor DAC Claimed.)

**Response: Concur.** A majority of the Joplin School projects were closed prior to the audit fieldwork cutoff date of December 26, 2017 and FEMA completed the closeout of all remaining projects by March 2019. Of the \$218.5 million in project related costs submitted/requested by Joplin Schools, FEMA determined that the total eligible award amount was approximately \$56 million. The \$56 million takes into consideration insurance reductions, final programmatic cost eligibility and reasonableness determinations, and all appeal related decisions. FEMA Region VII considers this action to be complete and requests that this recommendation be considered resolved and closed.



## Appendix B FEMA Region VII Comments to the Draft Report (continued)

**Recommendation 4:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, deny and not fund \$22,182 (\$16,637 Federal share) as ineligible Direct Administrative Costs claimed by Joplin, unless FEMA determines some or all of the costs we question in recommendation 7 are eligible and reasonable. If FEMA allows or funds any part of the \$1,306,483 in Direct Administrative Costs related to our improper procurement findings, then FEMA should not fund \$22,182 as ineligible Direct Administrative Costs. (See Table 5 in Appendix C, Ineligible Contractor DAC Claimed.)

**Response:** Concur. A majority of the Joplin School projects were closed prior to the audit fieldwork cutoff date of December 26, 2017 and FEMA completed the closeout of all remaining projects by March 2019. Of the \$218.5 million in project related costs submitted/requested by Joplin Schools, FEMA determined that the total eligible award amount was approximately \$56 million. The \$56 million takes into consideration insurance reductions, final programmatic cost eligibility and reasonableness determinations, and all appeal related decisions. FEMA Region VII considers this action to be complete and requests that this recommendation be considered resolved and closed.

**Recommendation 5:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, instruct Missouri to implement policies and procedures to review subgrantee's disaster-related contracts before contract reimbursement and increase its monitoring efforts over noncompliant subgrantees to ensure compliance with Federal regulations and FEMA policies.

**Response:** Concur. FEMA Region VII will instruct Missouri to review their award oversight policies and procedures regarding reviewing the appropriate documentation prior to authorizing reimbursement and to increase their monitoring efforts over noncompliant subrecipients. Estimated Completion Date (ECD): June 1, 2020

**Recommendation 6:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, instruct Missouri to enforce and uphold the requirements of its State Administrative Plan and its subgrant agreement to ensure subgrantees adhere to program and administrative requirements.

**Response:** Concur. FEMA Region VII will instruct Missouri to review their State Administrative Plan requirements and their subgrant agreements and develop a process to ensure subgrantees adhere to program and administrative requirements. ECD: June 1, 2020

**Recommendation 7:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, instruct Missouri to establish and develop parameters and penalties in the State Administrative Plan and strengthen the subgrant agreement to address consequences for subgrantee noncompliance, according to 44 CFR 13.43(a).

**Response:** Concur. FEMA Region VII will instruct Missouri to review their State Administrative Plan requirements and their subgrant agreements and develop parameters and penalties to address consequences for subgrantee noncompliance. ECD: June 1, 2020



## Appendix B FEMA Region VII Comments to the Draft Report (continued)

**Recommendation 8:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, increase and strengthen the oversight of Federal grants by proactively engaging with grantees to resolve issues, and providing clear communication of grantee's rights, role, and authority to hold subgrantees accountable for adherence to Federal regulations and improve management and guidance given to subgrantees.

**Response:** Concur. Since the OIG completed its field work for this audit nearly two years ago, FEMA Region VII has taken significant steps to strengthen state, local, and tribal grant management capabilities. FEMA Region VII engages with grantees and subgrantees numerous times throughout the year and in a variety of venues, such as monthly closeout meetings, regular financial oversight activities, and annual workshops to discuss recent policy updates and grant management requirements. FEMA Region VII provides Site Inspection, Program Delivery Manager, Procurement, Grants Portal, Hazard Mitigation and Public Assistance eligibility training during steady state and also during disaster operations. In addition, FEMA Region VII provides technical assistance and consultation services and recently began utilization of FEMA Qualification System – Grants Management Specialist title to increase and strengthen oversight. FEMA Region VII considers this action to be complete and requests that this recommendation be considered resolved and closed.

**Recommendation 9:** We recommend the Regional Administrator, Federal Emergency Management Agency Region VII, strengthen and improve program controls, policies and procedures to help ensure it receives sufficient information through quarterly progress reports.

**Response:** Concur. Pursuant to 44 CFR 206.204(f), "Progress reports will be submitted by the Recipient to the Regional Administrator quarterly." After the Joplin disaster, FEMA revised its Public Assistance policy with respect to applicant requirements to submit quarterly progress reports. FEMA's current *Public Assistance Program and Policy Guide* (FP 104-009-2), April 2018, imposes a detailed reporting requirement to the grant applicant. The applicant "must" provide FEMA with a quarterly report, to include four distinct data elements, on each uncompleted large project.

FEMA Region VII conducted a review of the prior three years and found that Missouri is consistently submitting the required quarterly reports. This demonstrates Missouri's commitment to improving management of the Public Assistance Grant. FEMA Region VII considers this action to be complete and requests that this recommendation be considered resolved and closed.



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**Appendix C**  
**Potential Monetary Benefits**

**Table 4: Claimed Contract Expenses, Questioned Costs, and Cost Avoidance**

Project Number	Gross Eligible Amount	Total Contract Costs Claimed	Total Improper Procurement	Ineligible DAC	Total Questioned Costs	OIG Recommends Disallow	OIG Recommends Not Fund (Cost Avoidance)
258	\$ 1,268,019	\$ 1,260,000	\$ 0	\$ 9,752	\$ 9,752	\$ 0	\$ 0
260	4,066,301	4,059,375	0	6,498	6,498	0	0
270	1,265,776	1,260,000	0	5,552	5,552	0	0
488	202,162	1,281,741	1,281,741	2,489	1,284,230	202,162	1,079,579
575	462,540	2,274,875	2,274,875	6,767	2,281,642	462,540	1,812,335
945	1,196,953	1,192,473	0	5,239	5,239	0	0
948	193,563	301,479	17,675	0	17,675	17,675	0
1336	4,387,816	18,805,412	18,805,412	17,205	18,822,617	4,387,816	14,417,596
1438	29,781,678	42,634,960	42,634,960	82,564	42,717,524	29,781,678	12,853,282
1605	175,032	159,190	159,190	2,091	161,281	159,190	0
1679	471,901	437,903	437,903	11,459	449,362	437,903	0
1681	717,493	849,631	849,631	0	849,631	717,493	132,138
1684	15,747,481	16,206,359	16,206,359	26,776	16,233,135	15,747,481	458,878
1693	149,727	110,459	110,459	907	111,366	110,459	0
1699	3,389,740	3,183,445	0	35,723	35,723	0	0
1704	91,003	90,000	90,000	725	90,725	90,000	0
1715	161,724	151,489	0	5,146	5,146	0	0
1718	144,841	142,110	142,110	612	142,722	142,110	0
1729	630,500	294,000	294,000	0	294,000	294,000	0
1740	719,164	701,763	22,983	3,775	26,758	22,983	0
1749	6,309,255	5,949,837	399,380	63,324	462,704	399,380	0
1760	410,201	407,694	0	5,521	5,521	0	0
1769	5,054,052	4,863,174	157,940	53,346	211,286	157,940	0
1780	218,940	211,989	0	11,439	11,439	0	0
1789	106,588	31,078	300	8,034	8,334	300	0
1798	922,518	907,013	0	5,929	5,929	0	0
1799	263,034	464,147	464,147	8,764	472,911	263,034	201,113
1815	2,363,813	0	0	2,548	2,548	0	0
1865	16,367	15,674	15,674	0	15,674	15,674	0
1937	200,170	0	0	8,395	8,395	0	0
1980	61,103,930	101,674,255	101,674,255	218,685	101,892,940	61,103,930	40,570,325
2009	132,357	131,000	0	411	411	0	0
All other projects	10,356,079	2,825,796	0	0	0	0	0
DAC	0	1,306,483	1,306,483	0	1,306,483	873,675	432,808
<b>Sub Total</b>	<b>\$152,680,718</b>	<b>\$214,184,804</b>	<b>\$187,345,477</b>	<b>\$609,676</b>	<b>187,955,153</b>	<b>\$115,387,423</b>	<b>\$71,958,054</b>
<b>Less Costs Questioned Twice (from Table 5)</b>					<b>(\$609,676)</b>		
<b>Grand Total</b>	<b>\$152,680,718*</b>	<b>\$214,184,804**</b>	<b>\$187,345,477</b>	<b>\$609,676</b>	<b>\$187,345,477</b>	<b>\$115,387,423***</b>	<b>\$71,958,054</b>

Source: FEMA project worksheets and OIG analysis

\*This amount does not include \$97 million in insurance reductions.

\*\*This amount includes \$67.2 million in costs under FEMA second appeal.

\*\*\*Amounts recommended for disallowance exceed the net eligible project amount. FEMA should disallow ineligible funds up to the obligated amount and not fund remaining balances.



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**Appendix C**  
**Potential Monetary Benefits (continued)**

**Table 5: Ineligible Contractor DAC Claimed**

Project Number	Total Contractor DAC Claimed	Costs for Indirect Activities	Costs Above Contract Rates	Costs Based on Unreasonable Rates	Total Ineligible DAC	
					Cost Disallowed	Cost Avoidance
258	\$ 13,480	\$ 6,357	\$ 2,112	\$ 1,283	\$ 6,885	\$ 2,867
260	10,608	3,947	1,622	929	5,868	630
270	8,468	3,348	1,404	800	5,367	185
488	9,512	584	1,351	554	2,489	0
575	19,708	2,313	3,163	1,291	6,767	0
945	5,600	4,012	657	570	4,161	1,078
1336	47,365	4,970	8,985	3,250	17,205	0
1438	154,009	44,170	24,921	13,473	82,564	0
1605	4,713	1,162	343	586	2,091	0
1679	24,746	5,215	3,881	2,363	11,459	0
1684	56,488	13,727	8,356	4,693	26,776	0
1693	1,269	631	206	70	327	580
1699	76,619	16,233	9,586	9,904	35,723	0
1704	1,235	463	188	74	725	0
1715	13,968	1,749	2,444	953	5,146	0
1718	806	463	116	33	612	0
1740	15,916	664	2,188	923	3,775	0
1749	122,783	35,453	15,395	12,476	63,324	0
1760	15,628	2,069	2,267	1,185	1,819	3,702
1769	91,042	32,875	9,946	10,525	53,346	0
1780	10,014	2,260	8,423	756	6,694	4,745
1789	23,528	2,349	3,783	1,902	8,034	0
1798	14,443	2,382	1,811	1,736	5,929	0
1799	18,486	4,864	2,804	1,096	8,764	0
1815	13,490	0	1,627	921	2,548	0
1937	23,768	2,515	3,916	1,964	0	8,395
1980	508,165	105,638	72,144	40,903	218,685	0
2009	626	313	92	6	411	0
<b>Subtotals</b>	<b>\$1,306,483</b>	<b>\$300,726</b>	<b>\$193,731</b>	<b>\$115,219</b>	<b>\$587,494</b>	<b>\$22,182</b>
<b>Grand Total</b>						<b>\$609,676</b>

Source: FEMA project worksheets and OIG analysis



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**Appendix C**  
**Potential Monetary Benefits (continued)**

**Table 6: Summary of Potential Monetary Benefits**

<b>Types of Potential Monetary Benefit</b>	<b>Rec. No.</b>	<b>Amount</b>	<b>Federal Share</b>
Questioned Costs – Ineligible	1	\$115,387,423	\$ 86,540,567
Questioned Costs – Unsupported	None	-	-
Funds Put to Better Use (Cost Avoidance)	2	<u>71,958,054</u>	<u>53,968,541</u>
<b>Totals</b>		<b><u>\$187,345,477</u></b>	<b><u>\$140,509,108</u></b>

Source: OIG analysis of report findings



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**Appendix D**  
**Email from Grant Management Contractor to Joplin Schools**

Printed by: [REDACTED] Monday, October 24, 2011 12:23:37 PM  
Title: [REDACTED] Page 1 of 3

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From: [REDACTED]@associates.com> 10/6/2011 5:12:08 PM [REDACTED]

Subject: [REDACTED] Associates Contracting-Joplin Schools District

To: [REDACTED]

Cc: [REDACTED]@associates.com>  
[REDACTED]@associates.com>

Attachments: [REDACTED] Attach0.html 10K

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Mr. [REDACTED],

Per your request, please see the below summary regarding the Joplin Schools District need to obtain a competitively bid contracting vehicle that meets with federal contracting procedures and FEMA guidelines. As you are aware, federal regulations require that procurements that involve federal funding are competitively procured. When disasters occur, FEMA makes allowances for reduced or non-competitive contracting procedures to address immediate needs (as long as the entity's own procurement procedures are followed, be they regular or emergency authorities), however once threats to life and property have passed, the agency expects that longer-term needs be addressed through a competitive contracting vehicle.

As of October 6, 2011, our contract with the Joplin Schools District has been executed for 127 days. Because the tornado disaster event has long since passed, the critical need to reopen schools for the 2011-12 school year has been met, and immediate public health and safety needs have been addressed. Joplin Schools is nearing the end of the time period that FEMA may find reasonable for the District to operate absent a competitive procurement.

Due to the length of the existing contract with [REDACTED] Associates and expected duration of your need for outside consultant services, we recommend that the District consider pursuing one of three options to make the procurement of [REDACTED] services meet federal requirements for the remainder of the recovery period:

- Probably the fastest and easiest mechanism to contract for our services is through utilization of the HGACBuy ("Helping Governments Across the Country Buy") contract for professional planning and consulting services in the areas of Homeland Security, Emergency Response and Disaster Recovery. As a unit of local government, HGACBuy strives to make the governmental procurement process more efficient by establishing competitively priced contracts for goods and services. HGACBuy has already gone through a competitive bid process and checked qualification of firms to provide disaster recovery and FEMA-related services, and [REDACTED] Associates was selected as a preferred vendor in their network as a result. The contract they have with us is considered a fully competitive procurement, and is available for use by any of the HGAC member jurisdictions and entities that provide government-like services.

The use of this mechanism to acquire recovery-related services is a relatively new expansion of the HGACBuy program, however there have been a number of recent successful uses of HGACBuy to obtain contractor support for work such as debris monitoring, debris management, and FEMA Public Assistance project worksheet development. Two examples of this are [REDACTED] County, TX. After



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**Appendix D**  
**Email from Grant Management Contractor to Joplin Schools (continued)**

Printed by: [REDACTED]  
Title:

Monday, October 24, 2011 12:23:37 PM  
Page 2 of 3

Hurricane Ike [REDACTED] counties utilized the HGACBuy contract schedule as a means to satisfy the federal procurement rules in order to maximize their chances of reimbursement. [REDACTED] County, TX utilized HGACBuy Contract, [REDACTED], for Emergency Coordination and Management Services for Collection and Disposal of Debris and for Public Assistance Project Worksheet (PW) development, due to damages occurring from Hurricane Ike. The purchase order totaled \$19,423,514.54. Because the contract was obtained through HGACBuy, the contract was found to be eligible for appropriate FEMA reimbursement. [REDACTED] County used a variety of contracting methods to issue five (5) separate contracts for debris related services, only using HGACBuy for one of the five. While [REDACTED] County was found to have not complied with federal procurement regulations and FEMA guidelines for 4 of its 5 debris contracts that were reviewed by FEMA, the one contract that was in compliance with federal procurement regulations by FEMA was the one procured from HGACBuy. The [REDACTED] County project totaled \$4.6 million dollars.

[REDACTED] County, TX has offered to answer questions you may have regarding the use of the HGACBuy contract. If you would like to contact them please let me know and we can facilitate a conference call with them at their convenience.

It should also be of note that there are currently a total of 171 listed HGACBuy end-users in the state of Missouri, 38 of which are school districts.

- The second contract option that the Joplin School District can access is our General Services Administration (GSA) Schedule 84 Contract. GSA Schedule 84 is a federal procurement vehicle focused on disaster response and recovery service and resource providers, which is open to Federal agencies, states, local governments, and certain non-profits that provide government-like services. Procedures for accessing the GSA Schedule 84 provides a highly-expedited means of obtaining pre-qualified contractors with pre-established rates for their services. While use of the GSA schedule reduces the time necessary to obtain contractor support services, requirements associated with posting a rudimentary statement of work on the federal e-bid website, soliciting responses from vendors on the Schedule, and having to review submittals makes the use of this vehicle somewhat more time consuming and work intensive as compared to the use of the HGACBuy. Use of the GSA Schedules Program, however, is considered to be a "competitive procedure" under the Competition in Contracting Act of 1984 (CICA). Procurement guidelines and the Procedures for Services Requiring a Statement of Work can be found at: <http://www.gsa.gov/schedulesorderingwithsow>
- The final option that can meet federal procurement requirements is the traditional request for proposal (RFP) process. This process will be the timeliest of the three recommendations. Joplin Schools must follow their existing procurement rules, unless state or federal procurement rules are more strict; in that case, the procurement must meet or exceed the stricter requirements.

Please let me know if you have questions.

Respectfully,

[REDACTED]



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**Appendix E**  
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Chiquita Washington, Audit Manager  
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Jacob Farias, Program Analyst  
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Kathy Hughes, Independent Reference Reviewer  
David DeHaven, Independent Reference Reviewer  
Kelly Herberger, Kevin Dolloson, and Deborah Mouton-Miller,  
Communications Analysts



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