


Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 20528**Homeland
Security**

March 22, 2006

MEMORANDUM FOR: Sandra Coachman
Federal Coordinating Officer
Texas Joint Field Office
Austin, Texas

FROM: Christopher Dodd 
Gulf Coast Audit Manager

SUBJECT: *Review of Hurricane Katrina Activities
City of San Antonio, Texas
FEMA Disaster Number EM-3216-TX
Report Number GC-TX-06-26*

We performed a review of emergency sheltering costs associated with Hurricane Katrina activities for the City of San Antonio, Texas. The objective of the review was to determine whether the city was properly accounting for disaster related costs and whether such costs were eligible for funding under FEMA's disaster assistance programs.

The city received an award totaling \$14 million from the Texas Division of Emergency Management, a FEMA grantee, for emergency protective measures necessitated by Hurricane Katrina. As of December 31, 2005, the cut-off date of our review, the city had received and expended the entire \$14 million of FEMA funds. These funds were used for emergency shelter, food, security, and medical services for Hurricane Katrina evacuees. The attached exhibit details funding provided to the City of San Antonio.

Our review consisted of an analysis of the city's accounting and administrative controls over the grant funds as well as interviews with city officials. The nature and brevity of this assignment precluded the use of our normal audit protocols. Therefore, this review was not conducted in accordance with generally accepted government auditing standards. Had we followed such standards, other matters may have come to our attention.

This review was conducted in conjunction with the President's Council on Integrity and Efficiency (PCIE) as part of its examination of relief efforts provided by the Federal government in the aftermath of Hurricanes Katrina and Rita. As such, a copy of the report has been forwarded to the PCIE Homeland Security Working Group, which is coordinating Inspectors General review of this important subject.

RESULTS OF REVIEW

Except for control weaknesses related to the \$2.24 million paid to apartment complexes, the city had an effective system of accounting for and ensuring the appropriate use of disaster grant funds. The control weaknesses resulted from the city's failure to verify the accuracy of bills received from apartment complexes housing Hurricane Katrina evacuees. Additionally, the city had not organized apartment lease agreements in a manner to facilitate such verifications.

The city entered into lease agreements with various apartment complexes to house Hurricane Katrina evacuees. The number of complexes and units rented changed from month to month. As of December 31, 2005, however, the city had agreements with 129 complexes, for 1,614 units, to house over 3,400 evacuees. The agreements for apartment units varied in price depending on the number of rooms. They provided for fully furnished units and utility costs (e.g., gas, electricity and water).

The apartment complexes billed the city monthly for rental and utility costs. As of December 31, 2005, the city was billed and had paid \$2.24 million to apartment complexes. The city reportedly checked the bills for overall reasonableness and mathematical accuracy. However, no comparisons or validations were made to determine whether the billings were for the appropriate units at the agreed upon monthly rates. Absent this procedure, there are no assurances that the \$2.24 million in payments were proper.

We also noted that the lease agreements for each apartment unit were not organized by apartment complex. This situation needs to be corrected to facilitate the necessary review and validation of payments.

RECOM M E N D A T I O N S

We recommend that the Federal Coordinating Officer, in conjunction with Texas Division of Emergency Management, require the city to:

1. Organize the lease agreements by apartment complex and verify the accuracy of billing and payments totaling \$2.24 million.
2. Obtain refunds from apartment complexes for improper payments and remit to FEMA, if appropriate.

DISCUSSION WITH MANAGEMENT

We discussed the results of our review with the city officials on January 25, 2006. They agreed with our findings and recommendations. Please inform us by March 24, 2006, of the actions taken or planned to implement the recommendations. Your response should be sent to Gary J. Barard, Gulf Coast Audit Coordinator, at:

U.S. Department of Homeland Security
Office of Inspector General
3003 Chamblee-Tucker Road
Atlanta, GA 30341

Auditors Lori Smith, Dewayne Bailey, and Leigh Johnson-Steele performed this review.

Should you have any questions concerning this report, please contact me at (940) 465-4018.

Attachment

cc: Under Secretary for Management
Acting Director, FEMA
Chief Financial Officer
Chief Procurement Officer, DHS
Audit Liaison, DHS
Chief Financial Officer, FEMA
Senior Procurement Officer, FEMA
Deputy Director, Gulf Coast Recovery
FEMA Regional Director, Region IV
Alabama State Coordinating Officer
FEMA Regional Director, Region VI
Texas State Coordinating Officer
State Auditor, Texas State Auditor's Office

EXHIBIT

**City of San Antonio, Texas
Disaster Relief Funding
EM 3216-TX
Funding as of December 31,2005**

| Project Number | Approval Date | Amount Funded | Approved Disaster Related Costs |
|-----------------------|----------------------|------------------------|---|
| 20-0 | 10/20/2005 | \$2,240,000.00 | Temp Housing – Apartments |
| 21-0 | 10/06/2005 | 655,713.77 | Shelter Support |
| 21-1 | 11/28/2005 | 1,866,537.85 | Shelter Support |
| 22-0 | 10/06/2005 | 601,947.42 | Shelter Support -- Fire Department |
| 23-0 | 10/20/2005 | 2,319,691.94 | Shelter Support – Police |
| 97 | 11/11/2005 | 31,476.72 | University Health System Medical |
| 111 | 11/15/2005 | 44,705.90 | Barrio Comprehensive Health Care |
| 114 | 11/15/2005 | 522,490.52 | City Equipment and Materials |
| 196 | 12/19/2005 | 5,464,852.08 | American Red Cross Expenses |
| 202 | 12/01/2005 | 257,244.00 | H.E.B. Prescription Drugs & Supplies |
| Total Funded: | | \$14,004,660.20 | |