

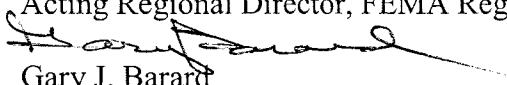


**Homeland
Security**

September 29, 2004

MEMORANDUM

TO: Mary Lynne Miller
Acting Regional Director, FEMA Region IV

FROM: 
Gary J. Barard
Field Office Director

SUBJECT: Brevard County, Florida
FEMA Disaster No.1306-DR-FL
Audit Report No. DA-36-04

The Office of Inspector General (OIG) audited public assistance funds awarded to Brevard County, Florida. The objective of the audit was to determine whether the County accounted for and expended FEMA funds according to federal regulations and FEMA guidelines.

The County received an award of \$6.1 million from the Florida Department of Community Affairs, a FEMA grantee, for debris removal, emergency protective measures, and repair of facilities damaged as a result of Hurricane Irene in October 1999. The award provided 75 percent funding for 9 large projects and 81 small projects¹. The audit work was limited to the \$5,020,852 awarded and claimed under the 9 large projects (see Exhibit).

The audit covered the period October 1999 to April 2003. During this period, the County received \$3,765,639 of FEMA funds under the 9 large projects.

The OIG performed the audit under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. The audit included tests of the County's accounting records, a judgmental sample of expenditures, and other auditing procedures considered necessary under the circumstances.

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¹ According to FEMA regulations, a large project costs \$48,900 or more and a small project costs less than \$48,900.

RESULTS OF AUDIT

The County's claim contained charges of \$248,582 (federal share \$186,437) that were either unrelated to the projects charged, ineligible, or excessive.

- A. Unrelated Project Charges. To be eligible for FEMA funding, federal regulation states that an item of work must be required as the result of the major disaster (44 CFR §206.223). However, the County's claim under Project 861 contained \$159,456 for collecting and transporting ineligible residential yard waste and garbage. Accordingly, the OIG questions these charges.

The County retained two contractors for its debris removal operations and claimed \$3,514,051 of contract cost under Project 861. The claim was based on one contractor removing 90,266 cubic yards (CY) at \$14.45 per CY and the other removing 154,525 CY at \$14.30 per CY. During the debris removal operation, however, the contractors also collected and billed the County and projects for normal residential yard waste and garbage.

In recognition of these non-disaster related efforts, the County estimated, based on historical data, that 4,734 tons of ineligible residential yard waste and garbage had been collected. The County applied a \$23.66 rate per ton to compute a credit of \$112,017 for Project 861. However, the County claimed \$271,473 for the ineligible debris, or \$159,456 more than the credit.

The \$159,456 overcharge occurred because the County used tons to compute the credit rather than cubic yards, the system of measurement used for the claim. The FEMA conversion rate for tons to cubic yards is 4 to 1. Using this conversion rate, the credit should have been based on 18,936 CY (4 x 4,734) of ineligible debris for a total credit of \$271,473, as computed below:

<u>Project</u>	<u>CYs Claimed</u>	<u>CYs Unrelated</u>	<u>Rate Per CY</u>	<u>Cost Unrelated</u>	<u>Amount Credited</u>	<u>Cost Questioned</u>
861	90,266	4,592	\$14.45	\$66,354	\$27,173	\$ 39,181
861	<u>154,525</u>	<u>14,344</u>	14.30	<u>205,119</u>	<u>84,844</u>	<u>120,275</u>
	<u>244,791</u>	<u>18,936</u>		<u>\$271,473</u>	<u>\$112,017</u>	<u>\$159,456</u>

During the exit conference, County officials stated the credit they applied to the projects should be even lower; \$49,928 representing the amount that homeowners and businesses paid for the collection services rather than the credit applied of \$112,017. The OIG disagrees. The appropriate credit amount is \$271,473, the amount claimed for the ineligible debris.

- B. Ineligible Regular Labor Costs. Federal regulation (44 CFR §206.228) allows for overtime salaries, but not straight or regular-time salaries of permanent employees who perform debris removal and emergency service work. Contrary to this regulation, the County's claim under Project 865 included \$76,498 of regular salaries and associated fringe benefits of permanent emergency employees who performed emergency search and rescue services. Accordingly, the OIG questions the charges.
- C. Excessive Equipment Charges. The County's claim under Project 865 contained \$12,628 of excessive charges for use of equipment. The County claimed \$21,423 for using ambulances and fire trucks 662 hours to perform emergency preparedness and response. However, the claim included 328 hours for fire trucks (or 8 hours for 41 trucks) that was not supported by appropriate equipment utilization record. County officials stated that a FEMA inspector verbally authorized the additional hours. However, absence documented verbally authorization and related justification, the OIG questions the \$12,628 claimed (328 hours x \$38.50 per hour).

RECOMMENDATION

The OIG recommends that the Regional Director, in coordination with the grantee, disallow the \$248,582 of questioned costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The audit results were discussed with FEMA officials on May 6, 2004, grantee officials on May 7, 2004, and County officials on May 27, 2004. County officials' comments on Finding A are included in the body of this report. The officials withheld comments on Findings B and C pending receipt of the audit report.

Please advise the Atlanta Field Office-Audit Division by December 29, 2004, of the actions taken to implement the recommendation. Should you have any questions concerning this report, please contact George Peoples or me at (770) 220-5242.

Brevard County, Florida
FEMA Disaster No. 1306-DR-FL
Schedule of Claimed and Questioned Costs

<u>Project Number</u>	<u>Amount Awarded</u>	<u>Amount Claimed</u>	<u>Amount Questioned</u>
626	\$112,434	\$112,434	
634	174,738	174,738	
646	74,285	74,285	
656	144,415	144,415	
857	86,362	86,362	
859	64,120	64,120	
861	4,003,929	4,003,929	\$159,456
862	200,050	200,050	
865	<u>160,519</u>	<u>160,519</u>	<u>89,126</u>
Totals	<u>\$5,020,852</u>	<u>\$5,020,852</u>	<u>\$248,582</u>