

Department of Homeland Security **Office of Inspector General**

FEMA Public Assistance Grant Funds Awarded to
Marin Municipal Water District, California

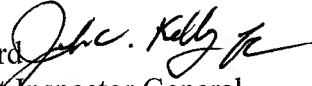




**Homeland
Security**

DEC 16 2011

MEMORANDUM FOR: Nancy Ward
Regional Administrator, Region IX
Federal Emergency Management Agency

FROM: D. Michael Beard 
Acting Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *FEMA Public Assistance Grant Funds Awarded to
Marin Municipal Water District, California*
FEMA Disaster Number 1628-DR-CA
Audit Report Number DS-12-02

We audited public assistance (PA) grant funds awarded to the Marin Municipal Water District, California (District), Public Assistance Identification Number 041-001C4-00. Our audit objective was to determine whether the District accounted for and expended Federal Emergency Management Agency (FEMA) PA grant funds according to federal regulations and FEMA guidelines.

The District received a PA award of \$1.6 million from the California Emergency Management Agency (Cal EMA),¹ a FEMA grantee, for debris removal, emergency protective measures, and permanent repairs to facilities and roads damaged as a result of flooding that occurred from December 17, 2005, through January 3, 2006. The award provided 75% FEMA funding for 4 large projects and 43 small projects.² The audit covered the period from December 17, 2005, through August 31, 2011. We audited two large and one small completed project totaling \$1 million, or 62% of the total award. We also performed a limited review of two other large projects to identify unused funds that should be put to better use (see Exhibit, Schedule of Projects Audited).

We conducted this performance audit pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objective. We conducted this audit according to the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.

¹ At the time of the disaster, the grantee's name was the Governor's Office of Emergency Services, which became part of Cal EMA on January 1, 2009.

² Federal regulations in effect at the time of the disaster set the large project threshold at \$57,500.

We discussed issues related to this audit with FEMA, Cal EMA, and District officials; reviewed judgmentally selected samples of project costs (generally based on dollar value); and performed other procedures considered necessary to accomplish our objective. We did not assess the adequacy of the District's internal controls applicable to grant activities because it was not necessary to accomplish our audit objective. We did, however, gain an understanding of the District's method of accounting for disaster-related costs and its procurement policies and procedures.

RESULTS OF AUDIT

The District generally expended and accounted for FEMA funds according to federal regulations and FEMA guidelines. However, we identified \$360,266 of unused federal funds and \$8,731 in unsupported project costs.

Finding A: Unused Funds

District officials stated that they would not pursue reimbursement for Projects 2883 and 3520, totaling \$360,266, because they did not meet environmental and time constraints required to claim the projects as eligible for reimbursement. Therefore, FEMA should deobligate the unused federal funds of \$287,300 for Project 2883 and \$72,966 for Project 3520 and put those funds to better use. District officials agreed with this finding.

Finding B: Unsupported Costs

District officials charged a total of \$8,731 in unsupported costs to Projects 2317 and 3719.

Federal grant regulations require that—

- Costs be adequately documented, and be necessary and reasonable for proper and efficient performance, to be allowable under a federal award (2 CFR, Part 225, Appendix A, Sections C.1.a and C.1.j); and
- Subgrantees have fiscal controls and accounting procedures that permit the tracing of funds to a level of expenditure adequate to establish that such funds are not used in violation of applicable laws (44 CFR 13.20(a)(2)).

District officials charged \$7,937 in force account labor costs to projects 2317 and 3719 that are not supported by employee time and attendance records, and \$794 in unsupported biological assessment costs to Project 3719.

Therefore, \$8,731 in costs associated with Projects 2317 and 3719 are unsupported.

RECOMMENDATIONS

We recommend that the FEMA Region IX Administrator, in coordination with Cal EMA:

Recommendation #1: Deobligate \$360,266 (federal share \$270,200) in unused federal funds for Projects 2883 and 3520 that the District will not be submitting for reimbursement, and put those funds to better use (finding A).

Recommendation #2: Disallow \$8,731 (federal share \$6,548) in unsupported costs for Projects 2317 and 3719 (finding B).

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOWUP

We discussed the results of this audit with District officials during our audit, and have included their comments in this report, as appropriate. We also provided written summaries of our findings and recommendations in advance to Cal EMA on August 29, 2011, and to FEMA on October 18, 2011. We discussed these findings and recommendations at exit conferences held with Cal EMA and District officials on August 31, 2011, and with FEMA on October 27, 2011. District officials generally agreed with our findings. FEMA and Cal EMA officials withheld comment until issuance of our final report.

Within 90 days of the date of this memorandum, please provide our office with a written response that includes your (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for each recommendation. Also, please include responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendations. Until your response is received and evaluated, the recommendations will be considered open and unresolved.

Consistent with our responsibility under the *Inspector General Act*, we are providing copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. To promote transparency, this report will be posted to our website. Significant contributors to this report were Humberto Melara, Devin Polster, Louis Ochoa, Renee Gradin, Elizabeth Finn, and Paul Sibal.

Should you have questions concerning this report, please contact me at (202) 254-4100 or Humberto Melara at (510) 637-1463.

cc: Administrator, FEMA
Audit Liaison, FEMA Region IX
Audit Liaison, FEMA (Job Code G-11-036)
Audit Liaison, DHS

EXHIBIT

**Schedule of Projects Audited
December 17, 2005, to August 31, 2011
Marin Municipal Water District, California
FEMA Disaster Number 1628-DR-CA**

Project Number	Project Award Amount	Project Charges Reviewed	Unused Funds (Finding A)	Unsupported Questioned Costs (Finding B)
2317	\$614,240	\$757,563		\$7,024
2883 ³	287,300		\$287,300	
3520 ³	72,966		72,966	
3593 ⁴	29,414	33,887		
3719	110,808	222,729		1,707
Total	\$1,114,728	\$1,014,179	\$360,266	\$8,731

³ Projects reviewed to identify unused funds.

⁴ Small project.

ADDITIONAL INFORMATION AND COPIES

To obtain additional copies of this report, please call the Office of Inspector General (OIG) at (202)254-4100, fax your request to (202)254-4305, or e-mail your request to our OIG Office of Public Affairs at DHS-OIG.OfficePublicAffairs@dhs.gov. For additional information, visit our OIG website at www.oig.dhs.gov or follow us on Twitter @dhsOIG.

OIG HOTLINE

To report alleged fraud, waste, abuse or mismanagement, or any other kind of criminal or noncriminal misconduct relative to Department of Homeland Security programs and operations:

- Call our Hotline at 1-800-323-8603
- Fax the complaint directly to us at (202)254-4292
- E-mail us at DHSOIGHOTLINE@dhs.gov; or
- Write to us at:
DHS Office of Inspector General/MAIL STOP 2600,
Attention: Office of Investigation - Hotline,
245 Murray Drive SW, Building 410
Washington, DC 20528

The OIG seeks to protect the identity of each writer and caller.