

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

Costs Claimed by Sumter County, FL, Fire Rescue
under Fire Station Construction Grant Number
EMW-2009-FC-05940R



American Recovery and Reinvestment Act of 2009

OIG-12-126

September 2012



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

SEP 20 2012

MEMORANDUM FOR: Elizabeth M. Harman
Assistant Administrator
Grant Programs Directorate
Federal Emergency Management Agency

FROM: Anne L. Richards *Anne L. Richards*
Assistant Inspector General for Audits

SUBJECT: *Costs Claimed by Sumter County, FL, Fire Rescue under Fire Station Construction Grant Number EMW-2009-FC-05940R*

Attached for your information is our final letter report, *Costs Claimed by Sumter County, FL, Fire Rescue under Fire Station Construction Grant Number EMW-2009-FC-05940R*. Since the report contains no recommendations to Federal Emergency Management Agency Officials, we did not solicit formal comments.

Consistent with our responsibility under the *Inspector General Act*, we are providing copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Major contributors to this report are Roger LaRouche, Director of Recovery Act Audits; Matt Mongin, Auditor; and Ignacio Yanes, Report Referencer.

Please call me with any question, or your staff may contact John E. McCoy II, Deputy Assistant Inspector General for Audits, at (202) 254-4100.

Attachment



Background

The *American Recovery and Reinvestment Act of 2009* (Recovery Act), as amended, appropriated \$210 million to the Federal Emergency Management Agency (FEMA) for competitive grants for modifying, upgrading, or constructing nonfederal fire stations. On September 25, 2009, FEMA awarded a grant of \$2,131,638 to the Sumter County, Florida, Fire Rescue (Sumter County) to construct two new fire stations and substantially renovate an existing fire station.

The grant specified a period of performance from September 25, 2009, to September 24, 2012. As of March 1, 2012, Sumter County had completed construction of the two new fire stations, renovated a fire station, and received reimbursements of \$2,025,056 from FEMA for design, engineering, construction, and management of the project. See figures 1 – 3 for photographs of the fire stations.

Figure 1: Sumter County Fire Station #22



Source: Sumter Country Fire Rescue, Florida



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Figure 2. Sumter County Fire Station # 31



Source: Sumter County Fire Rescue, Florida

Figure 3. Sumter County Fire Station # 33



Source: Sumter County Fire Rescue, Florida

Under the terms of the grant, Sumter County agreed to use the grant funds according to FEMA's *FY 2009 A.R.R.A. Assistance to Firefighters, Fire Station Construction Grants, Guidance and Application Kit (Guidance and Application Kit)*, and to comply with Office of Management and Budget (OMB) Circular A-87, Revised, *Cost Principles for State, Local and Indian Tribal Governments*, and the *Uniform Administrative Requirements for*



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Grants and Cooperative Agreements to State and Local Governments contained in the Code of Federal Regulations (44 CFR Part 13).

The grant also includes requirements for complying with OMB Circular A-133, Revised, *Audits of States, Local Governments, and Non-Profit Organizations*, and Recovery Act provisions for submitting quarterly recipient reports to the Federal Government on the use of Recovery Act funds; paying prevailing wages as determined by the Secretary of Labor; and using American-made iron, steel, and manufactured goods.

Results of Audit

Sumter County spent \$3,545,448 to complete work on the three fire stations. From that amount, we determined that Sumter County incurred sufficient allowable, allocable, and reasonable costs to earn the \$2,025,056 it claimed for reimbursement. In reviewing incurred costs, we identified purchases in excess of costs eligible for reimbursement that would not have qualified for repayment. We have listed some of these purchases in appendix B for FEMA's and other grantee's information in administering fire station construction grants. In addition, we concluded that Sumter County complied with grant requirements for submitting quarterly Recovery Act reports to the Federal Government and for ensuring that contractors were paid prevailing wages and used American iron, steel, and manufactured goods in the construction of the new fire stations.

Compliance With Requirements for Reporting, Buying American, and Paying Prevailing Wages

The Recovery Act requires recipients to submit quarterly reports on project activities to the Federal agency providing the grant; to ensure that projects are accomplished with American-made iron, steel, and manufactured goods; and to ensure that laborers and mechanics are paid, at a minimum, prevailing wages as determined by the Secretary of Labor under 40 U.S.C. Chapter 31, Subchapter IV. Sumter County submitted quarterly reports to FEMA on a timely basis and assured "Buy America" and prevailing wage provisions were followed during the construction of the fire stations by obtaining contractor and subcontractor certifications and by the on-site oversight of the Architect and Project Manager. Additionally, the Director of the Financial Services Department advised us they reviewed pay vouchers to confirm payment of prevailing wages.



Appendix A

Objectives, 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*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the Department.

The objective of this audit was to determine whether costs claimed by Sumter County were allowable, allocable, and reasonable according to the grant and applicable Federal regulations.

This audit covered \$3,545,448 recorded as project costs by Sumter County from September 2009 to January 2012.

In conducting our audit, we did the following:

- Obtained and reviewed the Recovery Act, the grant application and award, the grant *Guidance and Application Kit*, and Federal cost principles and grant administrative requirements.
- Interviewed Sumter County personnel to gain an understanding of their accounting system and the applicable internal controls.
- Reviewed the fiscal year 2010 single audit report and interviewed the responsible auditor to identify issues and other conditions that could affect our examination.
- Reviewed the recipient's internal controls specifically related to our objectives.
- Examined vendor invoices amounting to \$3,545,448 and other evidence supporting these costs to assess their allowability and eligibility for FEMA reimbursement.
- Reviewed contract files and supporting documentation for primary contractors and professional service providers for the fires station construction projects.
- Reviewed accounting transactions related to purchases, payments, and receipt of FEMA reimbursements.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

- Used the grant provisions and applicable Federal requirements to determine whether amounts claimed were eligible for reimbursement.
- Performed fraud detection procedures.
- Inspected the new fire stations and surrounding property.

We conducted this performance audit between March and August, 2012, 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.



Appendix B Purchases Not Eligible for Reimbursement

<u>ITEM</u>	<u>STATION</u>	<u>COST*</u>
Landscape Irrigation	#22	\$6,800
Sewage Lift Station	#22	19,538
Road Extension	#22	48,572
Furniture	#22	5,823
Relocate Transformer	#22	6794
Landscape Change	#22	9,454
Irrigation System	#22	1,398
Furniture	#22	19,950
Radio Antenna	#22	851
Heavy Duty Washer	#22	19,412
Irrigation	#22	596
Audit Expense	#22	6,685
Furniture	#31	7,820
Health Department Generator	#31	57,369
Natural Gas Line	#31	1,576
Water Main	#31	19,711
Audit Expense	#31	6,685
Sewage Lift Station	#33	5,700
Irrigation/Landscaping	#33	20,899
Furniture	#33	9,392
Relocate Transformer	#33	5,040
Heavy Duty Washer	#33	17,036
Radio Antenna	#33	850
Water Main	#33	83,528
Audit Expense	#33	6,685
* These items were purchased with Sumter County funds.		



Appendix C

Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
Deputy Chief of Staff
General Counsel
Executive Secretary
Director, GAO/OIG Liaison Office
Assistant Secretary for Office of Policy
Assistant Secretary for Office of Public Affairs
Assistant Secretary for Office of Legislative Affairs
Acting Chief Privacy Officer
Recovery Act Coordinator

Federal Emergency Management Agency

Administrator
Assistant Administrator, Grant Programs Directorate,
Federal Emergency Management Agency
Audit Liaison Official

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees, as appropriate

ADDITIONAL INFORMATION AND COPIES

To obtain additional copies of this document, please call us at (202) 254-4100, fax your request to (202) 254-4305, or e-mail your request to our Office of Inspector General (OIG) Office of Public Affairs at: DHS-OIG.OfficePublicAffairs@oig.dhs.gov.

For additional information, visit our website at: www.oig.dhs.gov, or follow us on Twitter at: [@dhsoig](https://twitter.com/dhsoig).

OIG HOTLINE

To expedite the reporting of alleged fraud, waste, abuse or mismanagement, or any other kinds of criminal or noncriminal misconduct relative to Department of Homeland Security (DHS) programs and operations, please visit our website at www.oig.dhs.gov and click on the red tab titled "Hotline" to report. You will be directed to complete and submit an automated DHS OIG Investigative Referral Submission Form. Submission through our website ensures that your complaint will be promptly received and reviewed by DHS OIG.

Should you be unable to access our website, you may submit your complaint in writing to: DHS Office of Inspector General, Attention: Office of Investigations Hotline, 245 Murray Drive, SW, Building 410/Mail Stop 2600, Washington, DC, 20528; or you may call 1 (800) 323-8603; or fax it directly to us at (202) 254-4297.

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