



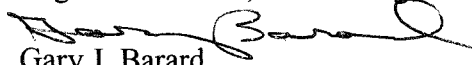
# DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General  
Atlanta Field Office - Audit Division  
3003 Chamblee Tucker Rd  
Atlanta, GA 30341

November 20, 2003

## MEMORANDUM

TO: Daniel A. Craig.  
Regional Director, FEMA Region I

FROM:   
Gary J. Barard  
Field Office Director

SUBJECT: Town of Randolph, Vermont  
FEMA Disaster No. 1228-DR-VT  
Audit Report No. DA-06-04

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

The Town received an award of \$1,461,743 from the Vermont Emergency Management Agency, a FEMA grantee, to provide emergency protective measures and repair facilities damaged as a result of severe floods in June 1998. The award provided 75 percent FEMA funding for 5 large projects and 47 small projects<sup>1</sup>. Audit work was limited to the \$727,740 claimed under the 5 large projects (see Exhibit).

The audit covered the period June 1998 to April 2002. During this period, the Town received \$545,805 of FEMA funds under the 5 large projects.

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

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<sup>1</sup> According to FEMA regulations, a large project costs \$47,100 or more and a small project costs less than \$47,100.

## RESULTS OF AUDIT

Except for questioned cost of \$1,385 (FEMA share \$1,039) resulting from unsupported material charges under Project 35273, the Town properly accounted for and expended FEMA funds. The Town's claim under the project included \$4,155 for purchasing 60 culverts (concrete pipes). However, the supporting invoice (No. 26291) showed that only 40 culverts were purchased at a cost of \$2,770. Accordingly, the OIG questions the \$1,385 (\$4,155 less \$2,770) of unsupported charges.

This condition existed because the Town had inadvertently included the culvert's diameter of 60 inches as the quantity of items purchased under the project.

## RECOMMENDATION

The OIG recommends that the Regional Director, in coordination with the grantee, disallow the \$1,385 of questioned costs.

## DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOWUP

The results of the audit were discussed with FEMA, grantee, and Town officials on October 16, 2003. Town officials concurred with the finding.

Please advise the Atlanta Field Office –Audit Division by January 20, 2003, 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.

Town of Randolph, Vermont  
FEMA Disaster No. 1228-DR-VT  
Schedule of Claimed and Questioned Costs

<u>Amount Number</u>	<u>Amount Awarded</u>	<u>Amount Claimed</u>	<u>Amount Questioned</u>
10087	\$168,728	\$168,728	
10090	153,777	153,727	
31533	227,291	227,291	
34574	70,074	70,074	
35273	<u>107,920</u>	<u>107,920</u>	\$1,385
Total	<u>\$727,790</u>	<u>\$727,740</u>	<u>\$1,385</u>

Town of Lincoln, Vermont  
FEMA Disaster No.1228-DR-VT  
Schedule of Unsupported Equipment Charges

<u>Invoice Date</u>	<u>Equipment Item</u>	<u>Hours Claimed</u>	<u>Hours Unsupported</u>	<u>Cost Questioned</u>
8/16/98	Backhoe	19.0	3.0	\$ 150
8/16/98	Stone Truck	230.5	97.0	4,850
8/16/98	Dirt Truck	153.5	9.0	360
8/16/98	Gravel Truck	8.0	8.0	360
8/23/98	Stone Truck	122.0	46.5	2,325
8/23/98	Dirt Truck	91.0	.5	20
8/23/98	Gravel Truck	13.0	13.0	585
9/13/98	Stone Truck	27.5	17.5	875
9/13/98	Gravel Truck	47.5	47.5	<u>2,137</u>
Total				<u>\$11,662</u>