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March 13, 2007

MEMORANDUM FOR: Scott Morris  
Director  
FEMA's Florida Long Term Recovery Office  
Lake Mary, Florida

FROM: C. David Kimble   
Director  
Eastern Regional Office

SUBJECT: *Audit of Hurricanes Katrina and Wilma Activities  
Monroe County, Florida  
Public Assistance Identification Number: 087-99087-00  
FEMA Disasters Nos. 1602 and 1609-DR-FL  
Report Number DA-07-09*

We performed an interim audit of emergency services and debris removal costs for activities associated with hurricanes Katrina and Wilma for Monroe County, Florida. The objective of the audit was to determine whether the county was properly accounting for disaster-related costs and whether such costs were eligible for funding under FEMA's public assistance programs.

The county received awards of \$772,447 and \$23.1 million, respectively, under hurricanes Katrina and Wilma from the Florida Department of Community Affairs, a FEMA grantee, for emergency protective measures and debris removal activities. The awards provided FEMA funding for 5 large projects<sup>1</sup> under Hurricane Katrina and 13 large projects under Hurricane Wilma.

We reviewed costs totaling \$20 million, consisting of \$545,867 under Hurricane Katrina (4 large projects) and \$19.3 million under Hurricane Wilma (13 large projects). The audit covered the period August 24, 2005, to August 15, 2006, during which the county claimed costs totaling \$20 million and received FEMA funds totaling \$7.9 million under the two disasters (see Exhibit).

We performed the audit under the authority of the Inspector General Act of 1978, as amended, and according to *Government Auditing Standards* issued by the Comptroller General of the United States. The audit included a review of the county's disaster grant accounting system and contracting policies and procedures, a judgmental sample of project expenditures, interviews of county, grantee, and FEMA personnel, and other procedures considered necessary under the circumstances.

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<sup>1</sup> Federal regulations in effect at the time of the disasters set the large project threshold at \$55,500 and \$57,500, respectively, under hurricanes Katrina and Wilma.

## **RESULTS OF REVIEW**

The county accounted for the FEMA funds on a project-by-project basis according to federal regulation for large projects. Additionally, checks, invoices, and other source documentation supported project expenditures. Moreover, the county complied with federal procurement standards when contracting for debris removal activities.

However, we identified \$1,721,725 of project expenditures for activities associated with removing debris from federal-aid roads that are the responsibility of the Federal Highway Administration (FHWA). According to the Stafford Act (Section 312), FEMA funds cannot be used for activities covered by other federal sources. The expenditures totaled \$89,849 under Hurricane Katrina and \$1,631,876 under Hurricane Wilma — see Exhibit for distribution of project expenditures by disaster.

During our review, we noted that FEMA had reduced the estimated costs for Project 7 under Hurricane Katrina by \$85,858 to account for debris on federal-aid roads. However, we identified an additional \$52,131 of federal-aid road costs under the project. The costs associated with federal-aid roads for the other debris removal projects, however, had not been determined by either the county or FEMA.

## **RECOMMENDATION**

We recommend that the Director of the Florida Long Term Recovery Office, in conjunction with the grantee, disallow the \$1,721,725 associated with debris removal from federal-aid roads.

## **DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP**

We discussed the audit results with county, grantee, and FEMA officials on November 2, 2006. County officials concurred with our finding.

Please advise this office by May 12, 2007, of the actions taken to implement the recommendation. Should you have any questions concerning this report, please contact me at (404) 832-6702. Key contributors to this assignment were Oscar Andino and Adrienne Bryant.

Monroe County, Florida  
FEMA Disaster No. 1602 and 1609-DR-FL  
Schedule of Awarded, Claimed, and Questioned Costs

*Hurricane Katrina - Disaster No. 1602*

| Project Number | Amount Awarded | Amount Claimed | FEMA Funding | Amount Questioned |
|----------------|----------------|----------------|--------------|-------------------|
| 5              | \$ 198,030     | \$194,319      | \$145,601    | \$19,341          |
| 6              | 76,000         | 23,116         | 17,337       | 18,377            |
| 7              | 174,317        | 174,317        | 130,738      | 52,131            |
| 8              | 266,000        | -              | -            | -                 |
| 9              | 58,100         | 154,115        | 43,575       | -                 |
| Total          | \$772,447      | \$545,867      | \$337,251    | \$89,849          |

*Hurricane Wilma - Disaster No. 1609*

| Project Number | Amount Awarded | Amount Claimed | FEMA Funding | Amount Questioned |
|----------------|----------------|----------------|--------------|-------------------|
| 55             | \$12,015,960   | \$10,774,159   | \$3,744,380  | 1,481,568         |
| 500            | 2,275,336      | 2,412,414      | 1,943,344    | 150,308           |
| 4815           | 289,063        | 289,063        | 219,797      | -                 |
| 5830           | 2,007,020      | 1,100,750      | -            | -                 |
| 8406           | 400,000        | 1,601,313      | -            | -                 |
| 8733           | 3,650,000      | 1,613,689      | 72,123       | -                 |
| 18             | 991,728        | 824,064        | 618,048      | -                 |
| 3438           | 345,762        | 198,271        | 198,271      | -                 |
| 3447           | 282,900        | 492,896        | 212,175      | -                 |
| 6167           | 160,311        | 160,311        | 160,311      | -                 |
| 6224           | 226,204        | 226,604        | 169,653      | -                 |
| 6751           | 354,728        | 302,705        | 219,960      | -                 |
| 7006           | 84,119         | 11,474         | 55,703       | -                 |
| Total          | \$23,083,130   | \$20,007,713   | \$7,613,765  | \$1,631,876       |
| Grand Total    | \$23,855,578   | \$20,553,580   | \$7,951,016  | \$1,721,725       |

cc: DHS Audit Liaison  
FEMA Audit Liaison  
Deputy Director, Gulf Coast Recovery  
Chief Financial Director, Gulf Coast Recovery  
Regional Director, FEMA Region IV