

DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General

Audit of the State of Vermont
Administration of Disaster Assistance Funds



Office of Audits

DA-27-05


August 2005



Homeland Security

August 9, 2005

MEMORANDUM FOR: Kenneth L. Horak
Acting Regional Director, FEMA Region I

FROM: 
Gary J. Barard
Field Office Director

SUBJECT: *Audit of the State of Vermont
Administration of Disaster Assistance Funds
Audit Report No. DA-27-05*

Attached for your review and follow-up are five copies of the subject audit report that was prepared by an independent accounting firm, Soza & Company under contract with the Office of Inspector General. In summary, Soza & Company determined that the Vermont Emergency Management Agency should improve certain program management procedures associated with the administration of disaster assistance funds.

On July 5, 2005 your office responded to the draft report. Based upon your response, the finding is closed and requires no additional action. Should you have any questions, please contact David Kimble or me at (770) 220-5242.

Attachments

August 5, 2005

Department of Homeland Security
Office of Inspector
Washington, D.C. 20005

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In accordance with Contract No. GS-23F-9843H, dated November 21, 2001, and Order No. TPD-FIG-03-K-00016, May 19, 2003, Soza & Company, Ltd. conducted an audit of the State of Vermont's Emergency Management Agency to assess its compliance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 106-390, as amended) and applicable Federal regulations. This audit was initiated by Soza & Company, Ltd. (SOZA). Soza was acquired by Perot Systems Government Services, Inc. (Perot Systems) in February 2003 in a 100-percent stock purchase, and continued to operate as a wholly owned subsidiary of Perot Systems until all SOZA contracts were novated to Perot Systems in November 2004 and Soza was dissolved at the end of that year.

The audit objectives were to determine if Vermont's Emergency Management Agency (grantee) administered the grant programs in accordance with Federal regulations, and accounted for, reported, and used the Federal Emergency Management Agency's (FEMA) funds properly. We identified one program management finding related to compliance with Federal regulations. This report presents the results of our audit and includes recommendations to help improve the State of Vermont's administration of the FEMA's disaster assistance programs.

Our audit was conducted in accordance with the applicable *Government Auditing Standards*, 1994 Revision, as amended. Although the audit report comments on costs claimed by the State of Vermont, we did not perform a financial statement audit, the purpose of which would be to render an opinion on the financial statements. The scope of this audit consisted of program and financial activities for ten (10) Presidential disaster declarations and one (1) emergency declaration, all of which occurred between August 16, 1995, and July 12, 2002, and were financially open at September 30, 2002. The audit included the Public Assistance (PA), Hazard Mitigation (HM) and Individual and Family Grant (IFG) programs for each disaster, as applicable.

We appreciate the cooperation and assistance received from both the grantee and FEMA Region I personnel. Where applicable, we have considered the views of the grantee and FEMA Region I officials when writing this report. FEMA regional office and grantee officials generally concurred with our finding and recommendations, and are taking corrective actions to resolve the finding discussed in the report.

If you have any questions, or if we can be of any further assistance, please contact Terry H. Byce at (703) 289-6836.

Sincerely,

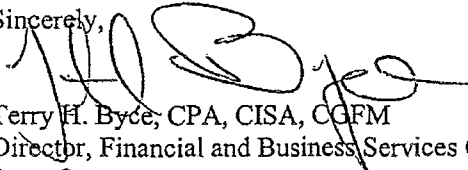

Terry H. Byce, CPA, CISA, CGFM
Director, Financial and Business Services Group
Perot Systems
Fairfax, Virginia

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I. EXECUTIVE SUMMARY

Soza & Company, Ltd. completed an audit of the administration of disaster assistance grant programs by the Vermont Emergency Management Agency (grantee). The objectives of this audit were to determine if the grantee administered the Federal Emergency Management Agency (FEMA) Disaster Assistance Grant Programs in accordance with the Robert T. Stafford Act and appropriate Federal regulations; properly accounted for and expended the FEMA disaster assistance funds; and operated and functioned appropriately to fulfill its administrative, fiscal, and program responsibilities. This report focuses on the systems and procedures within the grantee for assuring that grant funds were managed, controlled, and expended in accordance with the Robert T. Stafford Disaster Relief and Emergency Assistance Act (as amended) and the requirements set forth in Chapter 44 of the Code of Federal Regulations, *Emergency Management and Assistance*, (44 CFR). The Federal share of the funds obligated and expended for each of the disasters included in the audit scope are presented in Attachment A of this report.

Our audit period included ten (10) major disasters declared by the President of the United States and one (1) emergency declaration, all of which occurred between August 16, 1995, and July 12, 2002, and were financially open at September 30, 2002. The following table identifies the programs that had been implemented within each of the disaster/emergency management declarations.

Disaster Number	Declaration Date	Type of Disaster	Program Implemented
1063 *	August 16, 1995	Excessive Rain and Flooding	PA, IFG, and HM
1101	February 13, 1996	Ice Jams and Flooding	PA and HM
1124	June 27, 1996	Extreme Rain and Flooding	PA and HM
1184 *	July 15, 1997	Extreme Rain and Flooding	PA, IFG, and HM
1201 *	January 15, 1998	Severe Ice Storms, Rain and High Winds	PA, IFG, and HM
1228 *	June 30, 1998	Severe Storms and Flooding	PA, IFG, and HM
1307 *	November 10, 1999	Severe Storm Damage and Power Outages	PA and HM
1336 *	July 27, 2000	Severe Storms and Flooding	PA and HM
1358	January 28, 2001	Severe Storms and Flooding	PA and HM
1428 *	July 12, 2002	Flood and Storm Damage	PA and IFG
EM-3167	April 10, 2001	Severe Snowstorm	PA

In accordance with our agreement with the Office of Inspector General (OIG), our audit focused on the grantee's program and financial management procedures and practices. Due to the large number of disasters, we selected seven (7) disasters for testing, as identified by an asterisk (*) in the table above. These seven disasters represented 81% of the Federal FEMA disaster dollars provided to the grantee for the Public Assistance (PA), Hazard Mitigation (HM), and Individual Family Grant (IFG) programs. During the audit, we emphasized the need to identify the causes of each reportable condition. In addition, we have also made recommendations that, if implemented properly, would improve the grantee's management, eliminate or reduce weaknesses in internal controls, and correct noncompliance situations. The finding reported below is discussed in the body of the report.

Our testing identified the following instance of noncompliance:

Program Management

The grantee did not complete the grant award activity within 180 days of the disaster declaration, did not submit the final reports to FEMA Region I within 90 days of the completion of the grant award activity, and did not receive the needed training to accomplish these reporting requirements. Delayed completion of grant award activity and submission of final reports and vouchers impedes the grantee's and FEMA Region I's ability to effectively monitor and closeout the grants.

II. INTRODUCTION

State agencies are the first to respond once a disaster has occurred. Depending on the size and severity of the disaster, the State's Governor may request the President of the United States to declare a major disaster, which would make relief grants available through FEMA. After the President declares the disaster, FEMA provides financial assistance, through a designated agency within the affected State, by implementing one or more grant programs.

Located in the Department of Public Safety, Vermont's Emergency Management Agency (grantee) is the state's lead agency for the coordination of emergency management programs and response measures. Its mission is fourfold: to provide the citizens of the State of Vermont with the knowledge and expertise necessary before a disaster strikes; to respond during a disaster; to assist with recovery efforts after a disaster; and to mitigate by taking the necessary steps to prevent or lessen the effects of a disaster before and after one occurs. The grantee is also responsible for allocating and disbursing funds received under FEMA's grant programs.

The Robert T. Stafford Relief and Emergency Assistance Act, as amended, governs disasters declared by the President of the United States. Following a major disaster declaration, the Act authorizes FEMA to provide various forms of disaster relief to the State as the grantee; and to State agencies, local governments, eligible private nonprofit organizations, Indian Tribes, and Alaska Native Villages, as subgrantees. On October 30, 2000, the President signed the Stafford Act amendments into law (Public Law 106-390). These amendments are effective only for disasters declared after October 2000. In addition, Title 44 of the Code of Federal Regulations, *Emergency Management and Assistance* (44 CFR), provides further guidance as to the requirements for the implementation, administration, and management of disaster relief grants.

Our audit concentrated on the grantee's use, management and reporting of FEMA program funds received under the Public Assistance (PA), Individual and Family Grant (IFG), and Hazard Mitigation (HM) programs. Three separate state agencies with permanent employees manage these programs on a daily basis. Financial controls are

provided at the state level through the Vermont Treasurer's Office, Office of Financial Management, and the Department of Public Safety.

Public Assistance Grants:

Public Assistance (PA) grants are awarded for the repair and replacement of facilities, removal of debris, and the implementation of emergency protective measures necessary after disasters occur. In order for a subgrantee to receive funds through the PA program, a designated representative of the subgrantee must complete FEMA Form 90-49, *Request for Public Assistance*. FEMA and grantee personnel will review the *Request for Public Assistance* and determine if the subgrantee is eligible to receive funds under the program. If the subgrantee is eligible, FEMA will assign a Public Assistance Coordinator (PAC) to the subgrantee, who serves as the subgrantee's customer service representative and will be responsible for managing the subgrantee's projects. In addition, the grantee may assign a State Applicant Liaison (liaison) to the subgrantee, who is responsible for ensuring that the subgrantee's needs are met. Once the PAC and liaison have been assigned, the three parties schedule a "Kickoff Meeting," where the subgrantee's specific eligibility and documentation needs are discussed. After the "Kickoff Meeting," the PAC verifies the initial eligibility of the subgrantee and prepares the *Project Worksheet (PW)*¹. FEMA will then review the PW, and if approved, they will obligate the necessary funds. The total costs of the projects are shared by FEMA and non-Federal sources, with FEMA covering at least 75 percent of the eligible costs. The remaining funds are paid by non-Federal sources, to include the grantee and/or local governments and agencies.

44 CFR 206.203 provides that PA projects be classified as either "small" or "large." The classification is based on a project threshold, which is adjusted annually to incorporate the changes in the Consumer Price Index for All Urban Consumers, as published by the U.S. Department of Labor. For example, the threshold as of October 2001 was \$52,000; therefore, projects costing less than \$52,000 were classified as "small," whereas projects costing \$52,000 or more were considered "large" projects.

In order to prevent unnecessary delays, the Federal share of the costs for small projects are disbursed soon after FEMA's approval. However, for large projects, progress payments are made to the subgrantees based on actual costs, as documented. After a large project has been completed, the grantee evaluates and reports the final cost to FEMA, who will then adjust the amount of the large project to reflect the actual costs incurred.

Individual and Family Grants:

The Individual and Family Grant (IFG) program provides financial assistance to individuals and families (subgrantees) who have sustained damage or developed serious needs because of a natural or man-made disaster. Subgrantees wishing to obtain assistance under this program may be required to apply to the Small Business Administration (SBA) first for a disaster loan. If the SBA determines that a subgrantee is not eligible for a SBA loan, SBA will refer the subgrantee to the IFG program for

¹ Prior to the use of Project Worksheets, Disaster Survey Reports were used.

consideration. In order to obtain assistance through this grant, the Governor of the State must specifically express the intent to implement this program. This expressed intent must include an estimate of the size and cost of the program. The grantee is responsible for monitoring the IFG program and ensuring that the program objectives and requirements are met. The total costs of the program are shared by FEMA and the grantee, with FEMA covering 75 percent of the allowable costs. The remaining funds are paid by non-Federal sources from funds made available by the grantee.

Hazard Mitigation Grants:

The Hazard Mitigation (HM) Grant program is awarded to states to help reduce the potential damages from future disasters. The grantee must submit a letter of intent to participate in the program, and subgrantees must submit a Hazard Mitigation grant proposal to the grantee. Even though the grantee is responsible for setting the priorities for the selection of specific projects, FEMA provides the final approval. FEMA also awards grants to local governments, eligible private non-profit organizations, Indian Tribes, and Alaska Native Villages. The amount of assistance available under this program must not exceed 20 percent² of the total assistance provided under the other assistance programs. The total costs of the program are shared by FEMA and the grantee, with FEMA covering 75 percent of the program costs. The remaining funds are paid by non-Federal sources.

Administrative Funds:

Under the PA and HM programs, FEMA may grant three types of administrative funds to the grantee for overseeing the program.

1. *Administrative Cost Allowance:* Provided to cover any extraordinary costs that are directly associated with administering the program. This allowance amount is determined by using a statutorily mandated sliding scale percentage that is applied to the total amount of Federal assistance awarded under each program for each disaster. This allowance is intended only for extraordinary costs. For example, costs incurred for preparing Project Worksheets or final inspection reports, processing project applications, conducting final audits and related field inspections, overtime, per diem, and travel expenses are considered administrative costs. However, the administrative cost allowance does not include provisions for regular, full-time employees' straight time.
2. *State Management Costs:* Provided to cover only ordinary or regular expenses directly associated with the program.
3. *Indirect Costs:* Provided for activities indirectly associated with the program administration.

² Recent amendments to the Stafford Act, Section 322, increased this percentage from 15 to 20 percent.

For the IFG program, up to five percent of the Federal share of total program costs may be allocated for administrative costs.

III. OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives:

To determine if the State of Vermont:

1. Administered the FEMA Disaster Assistance Grant Programs in accordance with the Stafford Act and appropriate Federal regulations;
2. Properly accounted for and expended FEMA disaster assistance funds; and
3. Submitted accurate financial expenditure reports for the Disaster Assistance Grant Programs.

Scope:

The scope of our audit included ten (10) major disasters and one (1) emergency declaration, under which FEMA awarded 25 grants. These disasters were declared between August 16, 1995, and July 12, 2002. In performing our fieldwork, we randomly selected seven disasters involving 18 different grants for testing.

The cut-off date for the audit was September 30, 2002. However, we also reviewed current activities related to the conditions found during our audit to determine whether the grantee had taken appropriate corrective actions.

Methodology:

We conducted our audit in accordance with the Consolidated Audit Guide for Grantee Audits of FEMA Disaster Programs prepared by the OIG.

Our audit work included interviewing key FEMA officials and reviewing documents at the FEMA Region I office in Boston, Massachusetts, to gain an understanding of the internal controls in place as well as to determine current issues and concerns regarding the grantee's administration and management of the disaster assistance programs.

The majority of the audit fieldwork was conducted at the grantee's office in Waterbury, Vermont, and at the State Agencies of Commerce and Community Development, and Transportation, both located in Montpelier, Vermont. We interviewed key grantee officials and reviewed documents to gain an understanding of the grantee's organizational structure, internal control system, and policies and procedures that were followed. We also reviewed samples of program files and supporting documentation to determine if prescribed policies and procedures were complied with, expenditures were

adequately supported, and financial reports were prepared accurately and on a timely basis.

During the fieldwork phase of the audit, we adjusted our scope, depending on the program being tested, in order to obtain reasonable coverage over each grant program. For each disaster selected, we reviewed the appropriate documentation to determine whether the disaster assistance programs had been implemented in accordance with the applicable regulations. Furthermore, we reviewed the grantee's current systems and procedures to identify any internal control weaknesses or noncompliance situations. Where applicable, we have considered the views of FEMA Region I and grantee officials when writing this report.

We also reviewed prior audits performed within the time frame of the disasters included in our audit scope, which included Office of Management and Budget (OMB) Circulars A-128 and A-133 audits performed by Vermont's Auditor of Accounts. Our audit scope did not include interviews with or visits to subgrantees or project sites; therefore, we did not evaluate the technical procedures used in estimating and processing the repairs caused by disaster-related damage.

The audit was conducted in accordance with *Government Auditing Standards* as prescribed by the Comptroller General of the United States. We were not engaged to and did not perform a financial statement audit, the objective of which would be to express an opinion on specified elements, accounts, or items. Accordingly, we do not express an opinion on the costs claimed for the disasters under the scope of the audit. If we had performed additional procedures or conducted an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported. This report relates only to the accounts and items specified and does not extend to any financial statements of Vermont's Emergency Management Agency or the State of Vermont.

IV. FINDINGS AND RECOMMENDATIONS

The audit results are summarized in one major section: Program Management. This section contains the findings and related conclusions and recommendations.

A. Program Management**1. Untimely Completion of IFG Grant Award Activity and Final Reports**

The grantee was responsible for managing the Individual and Family Grant (IFG) program, which includes timely completion of grant award activity and submission of final reports. However, the grantee had not always completed the grant award activity or submitted the final reports and vouchers to the FEMA Region I Director within the required timeframes. In addition, the grantee did not request extensions, as required by Federal regulations, when the timeframes could not be met.

44 CFR 206.131(j)(iii) required the grantee to complete all grant award activity, including eligibility determinations, disbursement, and disposition of State level appeals, within 180 days following the declaration date. Furthermore, the 44 CFR 206.131(j)(iv) required the grantee to complete all administrative activities and submit final reports and vouchers to the Regional Director within 90 days of the completion of all grant award activity.

We noted the following untimely grant award and closeout activities for the IFG program:

- The grantee had taken between 184 and 602 days to complete the grant award activity for four of the five IFG programs included in our audit scope:

Disaster Number	Date of Declaration	Completion of the Grant Award Activity	Elapsed Time
1063	Aug. 16, 1995	Feb. 23, 1996	191 Days
1184	Jul. 15, 1997	Jan. 15, 1998	184 Days
1201	Jan. 15, 1998	Sep. 9, 1999	602 Days
1228	Jun. 30, 1998	Feb. 10, 1999	225 Days

The grantee had not established procedures to ensure the timely completion of grant award and closeout activity. The grantee stated that there were extenuating circumstances associated with the management of disaster 1201. According to the grantee, a special request for funeral expenses for one of the disaster victims was processed and delayed the completion of the grant award activity and closeout for Disaster No. 1201.

- The grantee had not submitted the required final reports to the FEMA Region I Director within 90 days of the completion of the grant award activity for four of the five disasters included in our audit scope.

Disaster Number	Date of Completion of the Grant Award Activity	Date of Final Form SF-269	Elapsed Time
1063	Feb. 23, 1996	Jun. 12, 1996	110 Days
1184	Jan. 15, 1998	May 26, 1998	131 Days
1228	Feb. 10, 1999	Dec. 6, 1999	299 Days
1428	Sep. 30, 2002	Not Completed as of Dec. 31, 2003	374 Days

Grantee officials stated that responsibility for management of the disasters was transferred to another employee. The former program manager left the grantee in 1998 and the current program manager took over responsibility for these disasters in the summer/fall of 1998. At the time of this transition, the current program manager was not fully trained because procedures had not been established to ensure the timely completion of grant award and closeout activity. Grantee officials stated that the program manager requested training and assistance from FEMA Region I for closeout reporting. However, according to grantee officials, the FEMA Region I Office did not provide the requested assistance, which led to further delays in the closeout of the grants.

Conclusions and Recommendations

Delayed completion of grant award activity and submission of final reports and vouchers impedes the grantee's and FEMA Region I's ability to effectively monitor and close out the grants. Further, ineffective oversight and monitoring increases the risk that the program may not have been implemented and managed as intended by FEMA.

We recommend that the FEMA Regional Director, Region I require the grantee to establish procedures to:

1. Ensure that all grant award activity, including eligibility determinations, disbursements, and appeals, are completed within 180 days of the declaration date;
2. Ensure that all administrative activities are completed and final reports and vouchers are submitted to the Regional Director within 90 days of the completion of all grant award activity; and
3. Ensure that grantee personnel receive training that enables them to manage the FEMA grants in compliance with federal regulations.

Management's Response

FEMA Region I and VEMA concur with this finding and the recommendations. VEMA has assured the regional office that Vermont will establish procedures to ensure that all grant award activity, including eligibility determinations, disbursements, appeals and final reports meet federal Stafford Act deadlines. State of Vermont Individual Assistance Program officials will also work with administrative personnel to ensure that all administrative activities and final reports are submitted within the established 90 day period following completion of all grant award activity. The state of Vermont has also indicated that it will work with FEMA Region I Individual Assistance staff to ensure timely training of State staff assigned to the Individual Assistance Program.

Auditor's Additional Comment

The actions described by management are adequate to resolve and close the finding.

Schedule of Source and Application of Funds
 Vermont Emergency Management Agency
 Disaster Assistance Grant Program
 As of September 30, 2002

Disaster Number 1063 through 1428

	Public Assistance	Individual & Family	Hazard Mitigation	Totals
Award Amounts				
Federal Share	\$26,916,031	\$885,062	\$4,660,010	\$32,461,103
Local Match/State Share	8,972,010	295,021	1,553,337	10,820,368
Total Award Amount	<u>\$35,888,041</u>	<u>\$1,180,083</u>	<u>\$6,213,347</u>	<u>\$43,281,471</u>
Source of Funds				
Federal Share	\$25,331,166	\$657,315	\$4,077,267	\$30,065,748
Local Match/State Share	8,443,722	219,105	1,359,089	10,021,916
Total Source of Funds	<u>\$33,774,888</u>	<u>\$876,420</u>	<u>\$5,436,356</u>	<u>\$40,087,664</u>
Application of Funds				
Federal Share	\$26,304,306	\$741,868	\$4,058,848	\$31,105,022
Local Match/State Share	8,407,195	198,582	1,356,748	9,962,525
Total Application of Funds	<u>\$34,711,501</u>	<u>\$940,450</u>	<u>\$5,415,596</u>	<u>\$41,067,547</u>
Balance of Federal Funds on Hand	<u>(\$973,140)</u>	<u>(\$84,553)</u>	<u>\$18,419</u>	<u>(\$1,039,274)</u>

Schedule of Source and Application of Funds
 Vermont Emergency Management Agency
 Disaster Assistance Grant Program
 As of September 30, 2002

Disaster Number 1063 – Declaration Date: August 16, 1995 – Excessive Rain and Flooding

	Public Assistance	Individual & Family	Hazard Mitigation	Totals
Award Amounts				
Federal Share	\$3,227,008	\$177,562	\$684,471	\$4,089,041
Local Match/State Share	1,075,669	59,187	228,157	1,363,013
Total Award Amount	<u>\$4,302,677</u>	<u>\$236,749</u>	<u>\$912,628</u>	<u>\$5,452,054</u>
Source of Funds				
Federal Share	\$3,227,008	\$177,562	\$684,471	\$4,089,041
Local Match/State Share	1,075,669	59,187	228,157	1,363,013
Total Source of Funds	<u>\$4,302,677</u>	<u>\$236,749</u>	<u>\$912,628</u>	<u>\$5,452,054</u>
Application of Funds				
Federal Share	\$3,227,008	\$177,562	\$684,471	\$4,089,041
Local Match/State Share	1,028,390	48,141	216,509	1,293,040
Total Application of Funds	<u>\$4,255,398</u>	<u>\$225,703</u>	<u>\$900,980</u>	<u>\$5,382,081</u>
Balance of Federal Funds on Hand	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Schedule of Source and Application of Funds
 Vermont Emergency Management Agency
 Disaster Assistance Grant Program
 As of September 30, 2002

Disaster Number 1184 – Declaration Date: July 15, 1997 – Extreme Rain and Flooding

	Public Assistance	Individual & Family	Hazard Mitigation	Totals
Award Amounts				
Federal Share	\$5,499,007	\$210,000	\$956,142	\$6,665,149
Local Match/State Share	<u>1,833,002</u>	<u>70,000</u>	<u>318,714</u>	<u>2,221,716</u>
Total Award Amount	<u><u>\$7,332,009</u></u>	<u><u>\$280,000</u></u>	<u><u>\$1,274,856</u></u>	<u><u>\$8,886,865</u></u>
Source of Funds				
Federal Share	\$5,499,007	\$195,746	\$871,336	\$6,566,089
Local Match/State Share	<u>1,833,002</u>	<u>65,249</u>	<u>290,445</u>	<u>2,188,696</u>
Total Source of Funds	<u><u>\$7,332,009</u></u>	<u><u>\$260,995</u></u>	<u><u>\$1,161,781</u></u>	<u><u>\$8,754,785</u></u>
Application of Funds				
Federal Share	\$5,499,007	\$195,746	\$871,336	\$6,566,089
Local Match/State Share	<u>1,757,835</u>	<u>52,821</u>	<u>275,162</u>	<u>2,085,818</u>
Total Application of Funds	<u><u>\$7,256,842</u></u>	<u><u>\$248,567</u></u>	<u><u>\$1,146,498</u></u>	<u><u>\$8,651,907</u></u>
Balance of Federal Funds on Hand	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>

Schedule of Source and Application of Funds
Vermont Emergency Management Agency
Disaster Assistance Grant Program
As of September 30, 2002

Disaster Number 1201 – Declaration Date: January 15, 1998 – Severe Ice Storms, Rain, High Winds and Flooding

	Public Assistance	Individual & Family	Hazard Mitigation	Totals
Award Amounts				
Federal Share	\$4,474,062	\$220,000	\$911,211	\$5,605,273
Local Match/State Share	1,491,354	73,333	303,737	1,868,424
Total Award Amount	\$5,965,416	\$293,333	\$1,214,948	\$7,473,697
Source of Funds				
Federal Share	\$4,474,062	\$204,443	\$865,233	\$5,543,738
Local Match/State Share	1,491,354	68,148	288,411	1,847,913
Total Source of Funds	\$5,965,416	\$272,591	\$1,153,644	\$7,391,651
Application of Funds				
Federal Share	\$4,474,062	\$204,443	\$865,233	\$5,543,738
Local Match/State Share	1,425,121	53,335	273,667	1,752,123
Total Application of Funds	\$5,899,183	\$257,778	\$1,138,900	\$7,295,861
Balance of Federal Funds on Hand	\$ 0	\$ 0	\$ 0	\$ 0

Schedule of Source and Application of Funds
 Vermont Emergency Management Agency
 Disaster Assistance Grant Program
 As of September 30, 2002

Disaster Number 1228 – Declaration Date: June 30, 1998 – Severe Storms and Flooding

	Public Assistance	Individual & Family	Hazard Mitigation	Totals
Award Amounts				
Federal Share	\$8,973,463	\$90,000	\$1,649,468	\$10,712,931
Local Match/State Share	2,991,154	30,000	549,823	3,570,977
Total Award Amount	<u>\$11,964,617</u>	<u>\$120,000</u>	<u>\$2,199,291</u>	<u>\$14,283,908</u>
Source of Funds				
Federal Share	\$8,877,371	\$79,564	\$1,560,182	\$10,517,117
Local Match/State Share	2,959,124	26,521	520,061	3,505,706
Total Source of Funds	<u>11,836,495</u>	<u>\$106,085</u>	<u>\$2,080,243</u>	<u>\$14,022,823</u>
Application of Funds				
Federal Share	\$8,877,371	\$79,564	\$1,542,006	\$10,498,941
Local Match/State Share	2,845,111	21,469	525,548	3,392,128
Total Application of Funds	<u>\$11,722,482</u>	<u>\$101,033</u>	<u>\$2,067,554</u>	<u>\$13,891,069</u>
Balance of Federal Funds on Hand	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$18,176</u>	<u>\$18,176</u>

Schedule of Source and Application of Funds
Vermont Emergency Management Agency
Disaster Assistance Grant Program
As of September 30, 2002

Disaster Number 1307 – Declaration Date: November 10, 1999 – Severe Storm Damage and Power Outages

	Public Assistance	Individual & Family	Hazard Mitigation	Totals
Award Amounts				
Federal Share	\$1,010,653	\$0	\$123,252	\$1,133,905
Local Match/State Share	336,884	0	41,084	377,968
Total Award Amount	\$1,347,537	\$0	\$164,336	\$1,511,873
Source of Funds				
Federal Share	\$1,010,653	\$0	\$19,882	\$1,030,535
Local Match/State Share	336,884	0	6,627	343,511
Total Source of Funds	\$1,347,537	\$0	\$26,509	\$1,374,046
Application of Funds				
Federal Share	\$1,010,653	\$0	\$19,639	\$1,030,292
Local Match/State Share	318,057	0	19,690	337,747
Total Application of Funds	\$1,328,710	\$0	\$39,329	\$1,368,039
Balance of Federal Funds on Hand	\$ 0	\$ 0	\$ 243	\$ 243

Schedule of Source and Application of Funds
Vermont Emergency Management Agency
Disaster Assistance Grant Program
As of September 30, 2002

Disaster Number 1336 – Declaration Date: July 27, 2000 – Severe Storms and Flooding

	Public Assistance	Individual & Family	Hazard Mitigation	Totals
Award Amounts				
Federal Share	\$2,509,110	\$0	\$335,466	\$2,844,576
Local Match/State Share	836,370	0	111,822	948,192
Total Award Amount	\$3,345,480	\$0	\$447,288	\$3,792,768
Source of Funds				
Federal Share	\$2,243,065	\$0	\$76,163	\$2,319,228
Local Match/State Share	747,688	0	25,388	773,076
Total Source of Funds	\$2,990,753	\$0	\$101,551	\$3,092,304
Application of Funds				
Federal Share	\$2,243,065	\$0	\$76,163	\$2,319,228
Local Match/State Share	712,976	0	46,172	759,148
Total Application of Funds	\$2,956,041	\$0	\$122,335	\$3,078,376
Balance of Federal Funds on Hand	\$ 0	\$ 0	\$ 0	\$ 0

Schedule of Source and Application of Funds
 Vermont Emergency Management Agency
 Disaster Assistance Grant Program
 As of September 30, 2002

Disaster Number 1428 – Declaration Date: July 12, 2002 – Flood and Storm Damage

	Public Assistance	Individual & Family	Hazard Mitigation	Totals
Award Amounts				
Federal Share	\$1,222,728	\$187,500	\$0	\$1,410,228
Local Match/State Share	407,576	62,500	0	470,076
Total Award Amount	<u>\$1,630,304</u>	<u>\$250,000</u>	<u>\$0</u>	<u>\$1,880,304</u>
Source of Funds				
Federal Share	\$0	\$0	\$0	\$ 0
Local Match/State Share	0	0	0	0
Total Source of Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Application of Funds				
Federal Share	\$973,140	\$84,553	\$0	\$1,057,693
Local Match/State Share	319,705	22,816	0	342,521
Total Application of Funds	<u>\$1,292,845</u>	<u>\$107,369</u>	<u>\$0</u>	<u>\$1,400,214</u>
Balance of Federal Funds on Hand	<u>(\$973,140)</u>	<u>(\$84,553)</u>	<u>\$ 0</u>	<u>(\$1,057,693)</u>



FEMA

JUL 5 2005

Mr. Gary Berard
Department of Homeland Security
Office of Inspector General
Atlanta Field Office-Audit Division
3003 Chamblee Tucker Road
Atlanta, GA 30341

Dear Mr. Berard:

Attached please find the State of Vermont response to the draft audit findings to the OIG audit of the state of Vermont Disaster Grant program. Region I has reviewed this response and concurs with its recommendations. The Region provides no additional comments at this time. We request that you consider these recommendations when you compile the final report.

If you have any questions or need assistance, please feel free to contact me or Chris Lynch at (617) 832-4795.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenneth L. Horak".

Kenneth L. Horak
Acting Regional Director

Enclosure

Cc: Acting Deputy RD
Division Directors

STATE OF VERMONT
DEPARTMENT OF PUBLIC SAFETY

CC!
C. Lynch
J. Carleton

103 South Main Street
Waterbury, VT 05671-2101
<http://www.dps.state.vt.us/vem/>



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VERMONT EMERGENCY MANAGEMENT

June 3, 2005

Mr. Kenneth Horak
Acting Director
DHS/Federal Emergency Management Agency
Region I
99 High Street, 6th Floor
Boston, MA 02109

Dear Mr. Horak:

Vermont Emergency Management and officials with the Department of Children and Families reviewed the audit of the Individual and Family Grant Program conducted by the firm of Soza and Company. As indicated at the exit interview, Vermont officials find that the report is accurate.

We must caution that the findings, if read literally, do not reflect Vermont's true efforts at administering the IFG Program. The explanations included in the report for not meeting mandated deadlines to complete grant award activity, pages 8 and 9 of the Soza Report, should be taken into account. We also note that there were only two findings requiring corrective action.

Vermont Emergency Management and the Division of Children and Families, administrator of the Individual Assistant Program for Vermont, did review these findings and submit the following plan of correction for both.

Untimely completion of IFG Grant award activity and final reports:

Vermont will establish procedures to ensure that all grant award activity, including eligibility determinations, disbursements, appeals and final reports meet federal Stafford act deadlines.

IA officials will also work with administrative personnel to ensure that all administrative activities and final reports are submitted with the established 90 days period following completion of all grant-award activity.

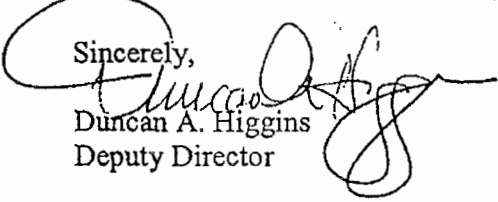
Finally, Vermont will work with FEMA Region I IA staff to ensure timely training of State staff assigned to the IA Program.

I believe this letter closes out the IA final audit report from Soza and Company conducted for the Individual Assistance Program.

If we can be of further assistance, please feel free to contact us.

Sincerely,

Duncan A. Higgins
Deputy Director

A handwritten signature in cursive script, appearing to read "Duncan A. Higgins", is written over the typed name and title. The signature is fluid and includes a large loop at the end.

