



Why This Matters

The Federal Emergency Management Agency (FEMA) provides public assistance to state, tribal, and local government, and certain types of private nonprofit organizations so that communities can quickly respond to and recover from major disasters or emergencies declared by the President. We perform audits of FEMA grantees and subgrantees to determine whether costs claimed under the awards are eligible and allowable under Federal regulations and FEMA guidelines. The City of Lake Worth, Florida, (City) received awards totaling \$12.2 million for damages resulting from Hurricanes Frances and Jeanne, which occurred in September, 2004.

DHS Response

FEMA's written response is due within 90 days.

FEMA Should Recover \$470,244 of Public Assistance Grant Funds Awarded to the City of Lake Worth, Florida - Hurricanes Frances and Jeanne

What We Determined

FEMA should recover \$470,244 of grant funds awarded to the City. While the City generally accounted for FEMA funds on a project by project basis, it did not comply with Federal procurement requirements when awarding contracts valued at \$4,519,772 for repairs to their electrical and distribution system. The City's claim also included \$470,244 of ineligible costs, consisting of \$385,890 of costs that were not adequately supported, \$38,390 of excessive labor costs, \$21,289 of costs covered by insurance, \$8,570 of costs for small project activities that were not completed, and \$16,105 of costs for nondisaster activities.

What We Recommend

We recommend that the Regional Administrator, FEMA Region IV:

- 1) Instruct the State to remind the City that they are required to comply with Federal procurement standards when acquiring goods and services under FEMA awards.
- 2) Disallow \$385,890 (Federal share \$348,775) of unsupported project costs.
- 3) Disallow \$38,390 (Federal share \$28,792) of ineligible labor costs.
- 4) Disallow \$21,289 (Federal share \$19,160) of ineligible costs for activities covered by insurance.
- 5) Disallow \$8,570 (Federal share \$7,713) of ineligible costs for small project work not completed.
- 6) Disallow \$16,105 (Federal share \$14,495) of ineligible costs for nondisaster activities.

For Further Information:

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