

U.S. Department of Homeland Security
Eastern Region
Office of Disaster Assistance Oversight
10 Tenth Street, Suite 750
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Homeland
Security

December 11, 2006

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

FROM: C. David Kimble
Director
Eastern Regional Office

A handwritten signature in black ink that reads "C. David Kimble".

SUBJECT: *Interim Review of Hurricane Wilma Activities
City of Coral Gables, Florida
FEMA Disaster No. 1609-DR-FL
Report Number: DA-07-06*

We performed an interim review of emergency services and debris removal costs associated with Hurricane Wilma activities for the city of Coral Gables, Florida. The objective of the review was to determine whether the city was properly accounting for disaster-related costs and whether such costs were eligible for funding under FEMA's public assistance program. We analyzed the city's disaster grant accounting system, reviewed its disaster costs and contracting policies and procedures, and interviewed FEMA, city, and contractor officials.

The city received an award of \$14.3 million from the Florida Department of Community Affairs, a FEMA grantee, for emergency protective measures and debris removal activities. The award provided FEMA funding for 6 large¹ projects and 4 small projects. We limited our review to the \$14.1 million awarded under the 6 large projects, as follows:

Project	Approved Scope of Work	Amount Awarded
1012	Debris Collection, Hauling, and Disposal	\$ 872,284
1013	Debris Collection, Hauling, and Disposal	10,449,096
2709	Debris Collection, Hauling, and Disposal	921,138
3960	Emergency Protective Measures	957,955
4134	Emergency Protective Measures	818,774
4830	Emergency Protective Measures	98,564
Total		\$14,117,811

¹ Federal regulations in effect at the time of the disaster set the large project threshold at \$57,500.

As of May 11, 2006, the cut-off date of our review, the city had recorded \$13.8 million in project expenditures and had received \$10,139,843 of FEMA funds.

RESULTS OF REVIEW

We determined that the city had an effective system for accounting for disaster-related costs. A separate cost account had been established to record project expenditures and accounting entries could be systematically traced to supporting source documents. Also, the city's contracts for debris removal activities were awarded according to federal procurement regulations.

However, the city's claim under several projects included \$365,633 of excessive force account equipment costs resulting from idle equipment time. The city claimed \$380,552 (13,053 hours of use) for vehicles used by city workers to monitor the activities of debris removal contractors. The claim was based on the time the vehicles were checked out daily from the city's motor pool, which typically ranged from 10 to 12 hours a day. However, once the workers arrived at their assigned work sites, the vehicles generally remained idle until monitoring activities were completed for the day and the vehicles were returned to the motor pool. FEMA guidelines (Public Assistance Policy Digest, October 2001, p. 46) states that equipment rates are applied only to the time the equipment is actually working, and that standby time and idle time are not eligible.

Using motor pool mileage data obtained from the city, we determined that the vehicles were in actual operation for a total of 817 hours, or 12,236 hours less than claimed. To calculate the 817 hours of use, we first determined the total miles each vehicle was driven during the debris monitoring operation, which occurred during October 23, 2005 to January 29, 2006. We then converted each vehicle's mileage into hours of use (rounded up to the nearest whole hour) using an assumption that the vehicle, while in operation, was driven at an average speed of 35 miles per hour. The resulting hours of use were then multiplied by the applicable FEMA Schedule of Equipment rate² to arrive at the eligible cost. Using this methodology, we calculated that the city was eligible for reimbursement of \$14,920 for the 817 hours that the vehicles were in actual operation. Accordingly, we question the difference of \$365,633 related to the 12,236 hours that the vehicles were idle, as follows:

Project Number	Amount Claimed (Equipment Use)	Amount Questioned
2709	\$ 355,612	\$342,424
3960	19,844	18,849
4134	5,097	4,360
Total	\$380,553	\$365,633

²On many occasions, city workers used dump trucks and flatbed trucks for transportation purposes because no smaller vehicles were available. This same situation occurred in the city's debris removal operation under Hurricane Katrina. Under that disaster, FEMA approved a reduced equipment rate of \$19.90 an hour (about 50 percent less than usual) as reasonable operating costs for the vehicles since they were not used for their intended purposes (lifting and hauling). We used the same rate of \$19.90 to calculate eligible costs for dump trucks and flatbeds used for transportation purposes under Hurricane Wilma.

RECOMMENDATION

We recommend that the Director of the Florida Long Term Recovery Office, in conjunction with the grantee, disallow the \$365,633 of questioned costs.

MANAGEMENT DISCUSSION AND FOLLOW-UP

We discussed the results of our review with FEMA, grantee, and city officials on October 26,2006. City officials concurred with our finding.

Please advise me within 30 days of actions you take or plan to implement the recommendation. Your response should be sent to:

U.S. Department of Homeland Security
Office of Inspector General - Audit
The Millennium Midtown
10 Tenth Street, N.E., Suite 750
Atlanta, Georgia 30309

Should you have any questions concerning this report, please contact me at (404) 832-6700.

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