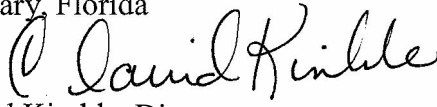




Homeland
Security

November 26, 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 Hurricane Jeanne Activities
Hillsborough County, Florida*
Public Assistance Identification Number: 057-99057-00
FEMA Disasters No. 1561-DR-FL
Report Number DA-08-01

We performed an audit of emergency services and debris removal funds awarded to Hillsborough County, Florida (county), as a result of Hurricane Jeanne in September 2004. The audit objective was to determine whether the county accounted for and expended FEMA funds according to federal regulations and FEMA guidelines.

The county received an award of \$16.8 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 17 large projects¹ and 17 small projects.

We reviewed \$16.2 million of costs incurred under 16 large projects. The audit covered the period September 24, 2004 to November 9, 2006, during which the county claimed costs of \$16,217,497 and received FEMA funds of \$14,635,667 (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.

¹ Federal regulations in effect at the time of the disaster set the large project threshold at \$54,100

RECOMMENDATION

We recommend that the Director of the Florida Long Term Recovery Office, in conjunction with the grantee, disallow the \$336,786 of unsupported costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The audit results were discussed with grantee, county officials and FEMA officials on February 1, 2007. County officials concurred with the findings.

Please advise me by January 25, 2008, of the actions taken to implement the recommendation contained in this report. Should you have any questions, please contact me at (404) 832-6702. Key contributors to this assignment were Salvador Maldonado-Avila and Vilmarie Serrano.

cc: DHS Audit Liaison
FEMA Audit Liaison
Deputy Director, GCRO
Chief Financial Director, Gulf Coast Recovery Office
Regional Director, FEMA Region IV
Public Assistance Office, FEMA Florida Transitional Recovery Office
Chief of Staff, FEMA Florida TRO
Florida State Coordinating Officer
Florida Legislative Auditor
Director of Finance, Gulf Coast Recovery Office

RESULTS OF AUDIT

The county's accounting records did not accurately reflect all costs claimed and reimbursed for debris removal activities. In addition, the county's claim contained \$336,786 (FEMA share \$303,107) of unsupported debris removal charges.

- A. Accounting Records. According to 44 CFR § 13.20(b), grant recipients are required to maintain records that adequately identify the source and application of funds provided for financially-assisted activities. In September 2004, the county sustained damages from hurricanes Frances and Jeanne. The county established expenditure accounts within its accounting system to separately record project costs for the two declared disasters. However, the county claimed and recorded \$14.2 million of Hurricane Jeanne contracted debris removal costs in accounts pertaining to Hurricane Frances. As a result, the accuracy of the county's claim for Hurricane Jeanne, the disaster included in the scope of this audit, could not be readily verified.

The misclassification of expenditures occurred because the county misinterpreted FEMA's disaster-specific guidance regarding the accounting for debris that was not easily distinguishable between the two disaster events. Since the misclassification was not the result of a deficient grant accounting system, this finding contains no recommendation.

- B. Unsupported Debris Removal Charges. According to 44 CFR § 13.20, subgrantees are required to maintain supporting documentation for all charges to FEMA projects. The county claimed contractor costs totaling \$4,355,179 under debris removal Projects 2390, 2391, and 2399, but had documentation (i.e. invoices, cancelled checks, etc.) to support costs of only \$4,018,393. The difference of \$336,786 occurred because the county's claim was based on data contained in a load ticket database that had not been adjusted for credits and erroneous charges made by the debris removal contractor. The unsupported charges and related projects are, as follows:

Project Number	Activity	Amount Claimed	Amount Invoiced By Contractors	Cubic Yards Claimed	Cubic Yards Supported by Contractor Payments	Unsupported Cubic Yards	Questioned Cost
2390	Pickup and Transport	\$3,218,472	\$3,069,209	257,478	245,537	11,941	\$149,263
2391	Final Disposal	492,004	486,770	66,487	65,780	707	5,234
2399	Final Disposal	644,703	462,414	130,243	93,417	36,826	182,289
Total		\$4,355,179	\$4,018,393	454,208	404,734	49,474	\$336,786

Hillsborough County, Florida
FEMA Disaster 1561-DR-FL
Schedule of Awarded, Claimed and Questioned Costs
September 24, 2004 to November 9, 2006

Project Number	Amount Awarded	Amount Claimed	FEMA Funding	Amount Questioned
2390	\$ 4,198,666	\$ 4,198,666	\$3,778,799	\$ 149,263
2391	492,004	492,004	442,803	5,234
2392	88,452	88,452	79,607	
2394	84,003	84,003	84,003	
2395	1,937,446	1,937,446	1,743,701	
2396	202,155	202,155	202,155	
2397	4,286,561	4,286,561	3,857,905	
2399	644,703	644,703	580,233	182,289
2400	389,524	389,524	350,571	
2401	59,696	59,696	59,696	
2430	131,819	131,819	118,637	
4309	106,639	106,639	95,975	
4333	3,351,656	3,351,656	3,016,491	
4404	61,331	53,341	53,341	
4406	65,477	65,477	58,930	
5729	125,355	125,355	112,820	
Total	\$16,225,487	\$16,217,497	\$14,635,667	\$336,786