

Department of Homeland Security **Office of Inspector General**

FEMA Region VII Direct Administrative Costs for
Harrison County, Missouri

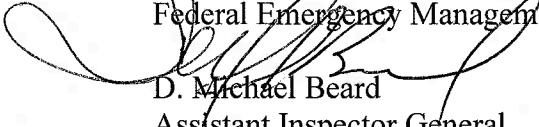




Homeland Security

APR 11 2012

MEMORANDUM FOR: Beth A. Freeman
Regional Administrator, Region VII
Federal Emergency Management Agency

FROM: 
D. Michael Beard
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *FEMA Region VII Direct Administrative Costs for
Harrison County, Missouri*
FEMA Disaster Number 1708-DR-MO
Audit Report Number DD-12-09

We are currently auditing Federal Emergency Management Agency (FEMA) public assistance funds awarded to a subgrantee in the State of Louisiana.¹ We are conducting this performance audit pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards.

As part of our audit, we retrieved data from FEMA's Enterprise Data Warehouse to identify direct administrative costs FEMA approved for subgrantees under disasters declared between August 29, 2005, and November 12, 2007 (the effective date of FEMA's implementation of amended management cost regulations). We identified one project that FEMA Region VII approved that included \$40,800 of direct administrative costs for Harrison County, Missouri (Public Assistance Identification Number 081- 99081-00).

We discussed the direct administrative costs for Project 656 with FEMA Region VII officials and requested that they determine specifically what activities the administrative costs covered. The officials responded that the costs were charged to the project in error and that all administrative costs are covered by the sliding scale administrative allowance. According to 44 CFR 207.9(b)(2) and (c)(2), for disasters declared before November 13, 2007, direct administrative costs are covered by a sliding scale and no indirect costs are eligible, respectively. Therefore, the \$40,800 of direct administrative

¹ Cameron Parish, Louisiana.

costs charged to Project 656 is ineligible because it duplicates costs already covered by the administrative allowance. FEMA Region VII officials agreed with this finding.

RECOMMENDATION

We recommend the Regional Administrator, FEMA Region VII:

Recommendation #1: Disallow \$40,800 of ineligible direct administrative costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOWUP

We discussed our finding and recommendation with FEMA officials and have included their comments in this report as appropriate. We also provided a draft report in advance to these officials and discussed it at an exit conference held on March 23, 2012. FEMA officials agreed with our finding and recommendation.

Within 90 days of the date of this memorandum, please provide our office with a written response that includes your (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for the recommendation. Also, please include responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendation. Until your response is received and evaluated, the recommendation will be considered open and unresolved.

Consistent with our responsibility under the *Inspector General Act*, we are providing copies of our report to appropriate congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination. Significant contributors to this report were Tonda Hadley, Paige Hamrick, and Tai Cheung.

Should you have questions concerning this report, please contact me at (202) 254-4100 or Tonda Hadley at (214) 436-5200.

cc: Administrator, FEMA
Director, Risk Management and Compliance, FEMA Office of Chief Financial Officer
Audit Liaison, FEMA Region VII
Audit Liaison, FEMA (Job Code G-12-20)
Audit Liaison, DHS

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