



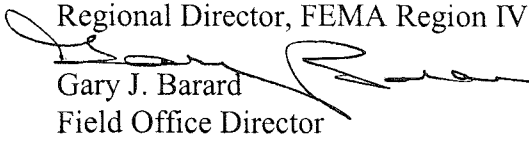
DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General
Atlanta Field Office - Audit Division
3003 Chamblee Tucker Rd
Atlanta, GA 30341

March 24, 2004

MEMORANDUM

TO: Kenneth O. Burris, Jr.
Regional Director, FEMA Region IV

FROM: 
Gary J. Barard
Field Office Director

SUBJECT: City of Raleigh, North Carolina
FEMA Disaster No. 1312-DR-NC
Audit Report No. DA-19-04

The Office of Inspector General (OIG) audited public assistance funds awarded to the City of Raleigh, North Carolina. The objective of the audit was to determine whether the City accounted for and expended FEMA funds according to federal regulations and FEMA guidelines.

The City received an award of \$438,283 from the North Carolina Division of Emergency Management, a FEMA grantee, for debris removal and emergency protective measures necessitated by a severe snowstorm in January 2000. The award provided 75 percent FEMA funding for 2 large projects, as follows:

Project <u>Number</u>	Amount <u>Awarded</u>	Amount <u>Claimed</u>
333	\$ 66,041	\$ 66,041
334	<u>372,242</u>	<u>372,242</u>
Total	<u>\$438,283</u>	<u>\$438,283</u>

The audit covered the period January 2000 to March 2003. During this period, the City received \$328,712 of FEMA funds.

The OIG performed the audit under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. The audit included tests of the City's accounting records, a judgmental sample of expenditures, and other auditing procedures considered necessary under the circumstances.

- C. Unrelated Project Charges. To be eligible for FEMA financial assistance, an item of work must be required as a result of the disaster (44 CFR 206.223). The City's claim, however, included overtime labor costs of \$10,006 for employees who performed duties unrelated to the disaster.

Specifically, the City's claim under debris removal Project 334 included \$7,208 of labor costs for personnel who performed general office activities (working in stock room, answering phones, etc.). Similarly, under emergency services Project 333, the City claimed \$2,798 of labor costs for several policemen that performed routine duties unrelated to the disaster (answering phones, mail distribution, etc.). Accordingly, the OIG questions these charges.

- D. Unauthorized Project Charges. Federal regulation (OMB Circular A-87, Attachment A, C.1) states that for a cost to be allowable under a federal grant program it must be authorized and allocable to the program. However, the City's claim under Project 334 included \$9,460 of unauthorized charges.

Project 334 limited snow and ice removal operations to a 72-hour period beginning January 28, 2000, and ending January 30, 2000. However, the City's claim included charges of \$7,497 for work performed on January 31, 2000. These charges consisted of \$3,194 for labor, \$2,340 for contract work, and \$1,963 for equipment usage. Accordingly, the OIG questions the \$7,497 for work performed outside the 72-hour period authorized under the project.

RECOMMENDATION

The OIG recommends that the Regional Director, in coordination with the grantee, disallow the \$54,208 of questioned costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The results of the audit were discussed with FEMA, grantee, and City officials on November 24, 2003. City officials concurred with the findings.

Please advise the Atlanta Field Office - Audit Division by June 24, 2004, of the actions taken to implement the OIG recommendation. Should you have any questions concerning this report, please contact me or David Kimble at (770) 220-5242.