

U.S. Department of Homeland
Security
3003 Chamblee-Tucker Road
Atlanta, Georgia 30341




Homeland
Security

August 1, 2005

MEMORANDUM

TO: Patricia G. Arcuri
Acting Regional Director, FEMA Region III

FROM: 
Gary J. Barard
Field Office Director

SUBJECT: City of Portsmouth, Virginia
FEMA Disaster No: 1293-DR-VA
Audit Report No. DA-23-05

The Office of Inspector General audited public assistance funds awarded to the City of Portsmouth, Virginia. 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 \$3.3 million from the Virginia Department of Emergency Management, a FEMA grantee, for debris removal, emergency protective measures, and repair of water drainage systems and other facilities damaged as a result of Hurricane Floyd in September 1999. The award provided 75 percent FEMA funding for 15 large projects and 59 small projects.¹ Audit work was limited to the \$2,461,169 awarded and claimed under the 15 large projects (see Exhibit).

The audit covered the period September 1999 to January 2003. During this period, the City received \$1,845,876 of FEMA funds under the 15 large projects.

We 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 we considered necessary under the circumstances.

¹ Federal regulations in effect at the time of the disaster set the large project threshold at \$47,800.

RESULTS OF AUDIT

The City's claim contained questioned costs of \$46,485 (FEMA share \$34,864) resulting from duplicate charges. This occurred because the City inadvertently claimed the same \$46,485 of contract charges associated with the temporary relocation of its human services department twice; once under Project 791 and again under Project 800. We determined that the charges were allocable to Project 800. Accordingly, we question the \$46,485 of duplicate charges claimed under Project 791.

RECOMMENDATION

We recommend that the Regional Director, in coordination with the grantee, disallow the \$46,485 of questioned costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

We discussed the audit results with City officials on June 21, 2005, and with grantee and FEMA officials on June 22, 2005. City officials concurred with the finding.

Please advise the Atlanta Field Office-Audit Division by October 3, 2005, of the actions taken to implement our recommendation. Should you have any questions concerning this report, please contact me or David Kimble at (770) 220-5242.

City of Portsmouth, Virginia
FEMA Disaster 1293-DR-VA
Schedule of Claimed and Questioned Costs
Large Projects

<u>Project Number</u>	<u>Amount Awarded</u>	<u>Amount Claimed</u>	<u>Amount Questioned</u>
076	\$ 127,652	\$ 127,652	0
330	300,652	300,652	0
332	64,225	64,225	0
338	522,593	522,593	0
357	119,185	119,185	0
399	51,910	51,910	0
475	12,156	12,156	0
602	60,300	60,300	0
604	108,238	108,328	0
657	236,609	236,609	0
725	171,849	171,849	0
738	81,254	81,254	0
779	11,011	11,011	0
791	169,278	169,278	\$46,485
800	<u>424,257</u>	<u>424,257</u>	<u>0</u>
Total	<u>\$2,461,169</u>	<u>\$2,461,169</u>	<u>\$46,485</u>