

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

FEMA Public Assistance Grant Funds
Awarded to the City of Pompano Beach, Florida -
Hurricane Wilma



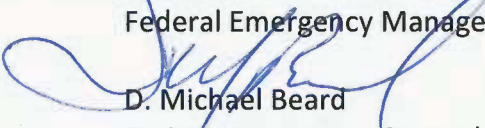


OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

MAY 1 2012

MEMORANDUM FOR: Major P. (Phil) May
Regional Administrator, Region IV
Federal Emergency Management Agency

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

SUBJECT: *FEMA Public Assistance Grant Funds Awarded to the
City of Pompano Beach, Florida – Hurricane Wilma*
FEMA Disaster Number 1609-DR-FL
Audit Report Number DA-12-16

We audited public assistance funds awarded to the City of Pompano Beach, Florida, (City) (FIPS Code 011-58050-00). Our audit objective was to determine whether the City accounted for and expended Federal Emergency Management Agency (FEMA) grant funds according to federal regulations and FEMA guidelines.

The City received a public assistance award of \$10.3 million from the Florida Division of Emergency Management (State), a FEMA grantee, for damages resulting from Hurricane Wilma, which occurred in October 2005. The award provided 100% FEMA funding for debris removal, emergency protective measures, and repairs to facilities and buildings. The award consisted of 14 large projects and 13 small projects.¹

We reviewed costs totaling \$8.3 million claimed under one large project and three small projects (see Exhibit, Schedule of Projects Audited). The audit covered the period from October 24, 2005, to July 20, 2011, during which the City received \$8.2 million of FEMA funds under the projects reviewed. At the time of the audit, work under the projects was complete, but the City had not submitted a final claim on project expenditures to the State.

We conducted this performance audit pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient,

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



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appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objective. We conducted this audit by applying the statutes, regulations, and FEMA policies in effect at the time of the disaster.

We interviewed FEMA, State, and City officials; judgmentally selected project costs (generally based on dollar value); reviewed the City's procurement policies and procedures; reviewed applicable federal regulations and FEMA guidelines; and performed other procedures considered necessary to accomplish our audit objective. We did not assess the adequacy of the City's internal controls applicable to its grant activities because it was not necessary to accomplish our audit objective. However, we gained an understanding of the City's method of accounting for disaster-related costs and its policies and procedures for administering activities provided for under the FEMA award.

RESULTS OF AUDIT

The City generally accounted for and expended FEMA grant funds according to federal regulations and FEMA guidelines. However, we identified \$29,683 of ineligible project charges for small projects that were not completed.

According to 44 CFR 206.205(a), failure to complete work under a small project may require that the federal payment be refunded. In addition, FEMA's *Public Assistance Guide* (FEMA 322, April 1999, p. 114), states that a grant recipient has 18 months from the disaster declaration date to complete work under permanent repair projects. The State may grant extensions for an additional 30 months under extenuating circumstances, and FEMA may grant extensions beyond the State's authority appropriate to the situation. It has been 76 months since Hurricane Wilma hit the City of Pompano Beach, Florida.

The City received \$58,375 of FEMA funding under three small projects to complete permanent repairs to damaged facilities. However, the City could not provide evidence to show that \$29,683 of the items listed in the projects' scope of work had been completed. Because FEMA had not granted a time extension beyond the State's Authority (48 months), we question the \$29,683 as shown in table 1.



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Table 1: Small Projects Not Completed

Project Number	Category of Work	Amount Awarded/Received	Amount Questioned
1537	G	\$ 25,007	\$11,436
6166	G	10,105	1,840
6279	E	23,263	16,407
Total		\$58,375	\$29,683

RECOMMENDATION

We recommend that the Regional Administrator, FEMA Region IV:

Recommendation #1: Disallow \$29,683 of ineligible costs claimed for work not completed under small projects.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOWUP

We discussed the audit results with City, State, and FEMA officials during our audit. We also provided written summaries of our findings and recommendations in advance to these officials and discussed them at an exit conference held on February 24, 2012. City officials withheld comments pending receipt of the final report.

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 each 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 recommendations 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 David Kimble, William Johnson, Oscar Andino, Jerry Aubin, and Calbert Flowers.

Please call me with any questions, or your staff may contact David Kimble at (404) 832-6702.



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cc: Administrator, FEMA
Audit Liaison, FEMA Region IV
Audit Liaison, FEMA (Job Code G-12-001)
Audit Liaison, DHS



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Exhibit

**Schedule of Projects Audited
October 28, 2005, to July 20, 2011
City of Pompano Beach, Florida
FEMA Disaster Number 1609-DR-FL**

Project Number	Amount Awarded	Amount Questioned
Large Projects:		
2484	\$8,199,967	\$0
Small Projects:		
1537	\$25,007	\$11,436
6166	10,105	1,840
5774	23,263	16,407
Subtotal	\$58,375	\$29,683
Total	\$8,258,342	\$29,683

ADDITIONAL INFORMATION AND COPIES

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