

# Spotlight

Department of Homeland Security



## Office of Inspector General

February 2012 DS-12-03

### Why This Matters

The Office of Inspector General (OIG) serves as an independent body to deter, identify, and address fraud, abuse, mismanagement, and waste in Department of Homeland Security (DHS) programs and operations. To this end, the OIG is responsible for conducting and supervising audits, investigations, and inspections relating to the programs and operations of the Department. The OIG examines, evaluates and, where necessary, critiques these operations and activities, recommending ways for the Department to carry out its responsibilities in the most effective, efficient, and economical manner possible.

### DHS Response

FEMA and District officials agreed that FEMA's decision to replace the Building was based on incorrect (and incomplete) information. However, both parties believe that replacement was nevertheless warranted. District officials believe that repairing the original building was not a viable option due to the extent of damage it incurred. FEMA officials believe that correcting their calculations would justify the replacement (rather than repair) of the Building, and that the majority of the additional square footage was the result of (potentially ineligible) building improvements, not codes and standards. FEMA officials acknowledged that this calculation contradicts District officials' documentation and position on this matter.

### For Further Information:

Contact our Office of Public Affairs at (202)254-4100, or email us at [DHS-OIG.OfficePublicAffairs@dhs.gov](mailto:DHS-OIG.OfficePublicAffairs@dhs.gov)

## FEMA Public Assistance Grant Funds Awarded to Paso Robles Joint Unified School District, California

### What We Determined

We audited public assistance (PA) grant funds awarded to Paso Robles Joint Unified School District, California (District) for Federal Emergency Management Agency (FEMA) Disaster Number 1505-DR-CA.

Our audit objective was to determine whether the District accounted for and expended FEMA grant funds according to federal regulations and FEMA guidelines.

Of the \$19,074,741 in project charges we reviewed, District officials did not expend or account for \$13,106,345 according to federal regulations and FEMA guidelines. Specifically, we questioned (1) \$12,958,864 of ineligible costs due to the replacement, rather than repair, of the Flamson Middle School Building, (2) \$2,736,887 in improper procurement costs (as part of the \$12,958,864 in aforementioned questioned costs), (3) \$145,481 in ineligible costs associated with the use of grant-funded modular buildings that were used for non-disaster-related purposes, and (4) \$2,000 in unsupported costs.

### What We Recommend

We recommended that the FEMA Region IX Administrator, in coordination with the California Emergency Management Agency (the grantee) (1) disallow \$12,958,864 (federal share \$9,719,148) in ineligible replacement costs charged to Project 245, (2) establish policies and procedures that require FEMA personnel to review and revise project cost estimates calculated within Part A of the Cost Estimating Format for repair vs. replacement eligibility determinations if additional information becomes available prior to construction, (3) disallow \$2,736,887 (federal share \$2,052,665) in ineligible procurement costs charged to Project 245 as part of the total amount recommended for disallowance in Finding A, (4) either (1) disallow the net book value of \$145,481 (federal share \$109,111) for Project 175 as a result of noncompliance with federal rules, regulations, and guidelines requiring FEMA to be compensated for the applicable value of the three modular buildings from the time in which they were no longer needed for disaster-related purposes; or (2) timely determine the fair market value of the modular buildings to determine the monetary value owed FEMA and proceed to expeditiously recoup that amount of funding, and (5) disallow \$2,000 (federal share \$1,500) in unsupported costs for Project 175.

Within 90 days of the date of the grant audit report, Management should provide our office with a written response that includes their (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for each recommendation.