

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

FEMA Public Assistance Grant Funds Awarded to City
of Orlando, Florida - Hurricane Jeanne

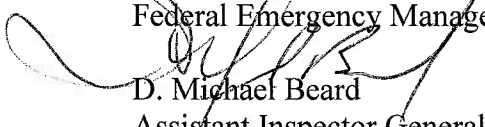




Homeland Security

FEB 22 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
City of Orlando, Florida — Hurricane Jeanne
FEMA Disaster Number 1561-DR-FL
Audit Report Number DA-12-11*

We audited public assistance funds awarded to the City of Orlando, Florida (City) (FIPS Code 095-53000-00). Our 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.

As of February 1, 2011, the City received an award of \$9.9 million from the Florida Division of Emergency Management (State), a FEMA grantee, for damages resulting from Hurricane Jeanne, which occurred in September 2004. The award provided 90% FEMA funding for debris removal activities, emergency protective measures, and permanent repairs to buildings and facilities. The award consisted of 18 large projects and 38 small projects.¹

Our review focused primarily on \$4.3 million awarded under four large projects (see Exhibit, Schedule of Projects Audited). We also performed a limited review of several small projects for project implementation and insurance coverage, which are identified in the body of this report. The audit covered the period September 24, 2004, to August 19, 2011, during which the City received \$3.9 million of FEMA funds. At the time of our audit, the City had not submitted final claims on all 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, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe

¹ Federal regulations in effect at the time of the disaster set the large project threshold at \$54,100.

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

We judgmentally selected project costs (generally based on dollar value); interviewed City, State, and FEMA personnel; 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 the activities provided for under the FEMA award.

RESULTS OF AUDIT

The City generally accounted for and expended FEMA funds according to federal regulations and FEMA guidelines. However, we identified \$51,951 (federal share \$46,756) of costs that should be disallowed by FEMA because they are for losses covered by insurance.

Section 312 of the *Robert T. Stafford Disaster Relief and Emergency Assistance Act*, as amended, prohibits the use of public assistance funds for damages covered by insurance. The City claimed \$51,951 under nine small projects to repair public buildings and park and recreational facilities. We reviewed the City’s insurance policy, which included a detailed Schedule of Properties insured. The Schedule identified the location, building number, address, occupancy, construction structure, and building and personal limit coverage for insured facilities. Using this information and scopes of work authorized on individual project worksheets, we identified \$51,951 of costs claimed for activities covered under the insurance policy. Therefore, we question the \$51,951 of costs covered by insurance, as shown in table 1 below.

Table 1: Project Costs Covered by Insurance

Category Of Work	Project Number	Amount Claimed	Amount Questioned
Public Buildings	213	\$ 1,121	\$ 1,121
Public Buildings	620	2,796	2,796
Public Buildings	3206	3,974	3,974
Public Buildings	4001	2,563	2,563
Public Buildings	5202	5,235	5,235
Park & Recreational Facilities	4106	22,332	22,332
Park & Recreational Facilities	4827	1,500	1,500
Park & Recreational Facilities	5302	2,282	2,282
Park & Recreational Facilities	5310	10,148	10,148
Total	Total	\$51,951	\$51,951

RECOMMENDATION

We recommend that the Regional Administrator, FEMA Region IV:

Recommendation #1: Disallow \$51,951 (federal share \$46,756) of ineligible costs questioned because they are for losses covered by insurance.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOWUP

We discussed the audit results with City, State, and FEMA officials during our audit. We also provided a written summary of our finding and recommendation in advance to these officials and discussed them at the exit conference held on September 21, 2011. City officials withheld comments pending receipt of the 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. To promote transparency, this report will be posted to our website, with the exception of sensitive information identified by your office. Significant contributors to this report were David Kimble, Felipe Pubillones, Salvador Maldonado-Avila, Larry Jones, and Angelica Esquerdo.

Should you have questions concerning this report, please contact me at (202) 254-4100 or David Kimble at (404) 832-6702.

cc: Administrator, FEMA
Audit Liaison, FEMA Florida Recovery Office
Audit Liaison, FEMA Region IV
Audit Liaison, FEMA (Job Code G-11-027)
Audit Liaison, DHS

**Schedule of Projects Audited
September 24, 2004, to August 19, 2011
City of Orlando, Florida
FEMA Disaster Number DR-1561-FL**

Project Number	Amount Awarded	Amount Claimed/Reviewed	Amount Questioned
Large Projects:			
1796	\$1,489,686	\$1,489,686	\$ 0
5220	1,955,355	1,955,355	0
5245	791,963	791,963	0
3983	122,812	122,812	0
Subtotal	\$4,359,816	\$4,359,816	0
Small Projects:			
213	\$ 1,121	\$ 1,121	1,121
620	2,796	2,796	2,796
3206	3,974	3,974	3,974
4001	2,563	2,563	2,563
5202	5,235	5,235	5,235
4106	22,332	22,332	22,332
4827	1,500	1,500	1,500
5302	2,282	2,282	2,282
5310	10,148	10,148	10,148
Subtotal	\$51,951	\$51,951	\$51,951
Total	\$4,411,767	\$4,411,767	\$51,951

ADDITIONAL INFORMATION AND COPIES

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