

U.S. Department of Homeland Security
 Eastern Region
 Office of Emergency Management Oversight
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Homeland Security

March 18, 2010

MEMORANDUM FOR: Robert Ives, Director
 FEMA Florida Recovery Office

FROM: C. David Kimble, Director
 Eastern Regional Office *C. David Kimble*

SUBJECT: *Miami-Dade County Department of Parks and Recreation*
 Public Assistance Identification Number: 086-99086-00
 FEMA Disaster Nos. 1602 and 1609-DR-FL
 Report Number DA-10-09

We audited public assistance funds awarded to the Miami-Dade County Department of Parks and Recreation (Department). The audit objective was to determine whether the Department accounted for and expended Federal Emergency Management Agency (FEMA) funds according to federal regulations and FEMA guidelines.

The Department received public assistance awards totaling \$24 million from the Florida Department of Community Affairs (DCA), a FEMA grantee, for damages related to Hurricanes Katrina and Wilma. The awards provided 100% FEMA funding for emergency protective measures and debris removal. The specifics for each disaster are presented in the table below.

Disaster	Disaster No.	Date of Disaster (Month/Year)	Amount Awarded (Millions)	Large Projects ¹ Awarded	Small Projects Awarded	Federal Funds Received (Millions)
Hurricane Katrina	1602	August 2005	\$ 2.3	3	0	\$ 0.7
Hurricane Wilma	1609	October 2005	21.7	5	2	18.2
Total			\$24.0			\$18.9

We reviewed costs totaling \$22.1 million under the two disasters, which consisted of \$760,000 under Hurricane Katrina and \$21.4 million under Hurricane Wilma (see Exhibit). During fieldwork, we decided to exclude large Project 1434 awarded under Hurricane Katrina from our audit scope because the Department was in the process of making a correction to its claim and had not received any FEMA funds under the project.

¹ Federal regulations in effect at the time of Hurricanes Katrina and Wilma set the large project threshold at \$55,500 and \$57,500, respectively

The audit covered the period August 24, 2005 to June 25, 2008.² During this period, the Department received \$18.9 million of FEMA funds under the projects. At the time of our audit, the Department had not submitted final claims on award expenditures to DCA.

This audit is a follow-up to a review we conducted in early 2007. In that review, we reported deficiencies in the Department's project accounting procedures, and identified ineligible costs incurred for Hurricane Katrina and Wilma activities (OIG Report No. DA-09-01). During this audit, we noted that FEMA had not taken action to resolve the prior reported findings. As a result, some of the same conditions existed during this audit and are included in this report.

We conducted this performance audit under the authority of 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 and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

We judgmentally selected project cost documentation (generally based on dollar value); interviewed Department, DCA, and FEMA personnel; reviewed the Department's grant accounting and procurement policies and procedures; reviewed applicable federal regulations and FEMA guidelines; and performed other procedures considered necessary under the circumstances. We did not assess the adequacy of the Department's internal controls applicable to its grant activities because it was not necessary to accomplish our objective. We did, however, gain an understanding of the Department's grant accounting system and its policies and procedures for administering the activities provided for under the FEMA awards.

RESULTS OF AUDIT

The Department accounted for FEMA funds on a project-by-project basis according to federal regulations for large projects. However, the Department's claim included \$1,876,075 of unsupported and ineligible costs.

A. Supporting Documentation. According to federal regulation 44 CFR 13.20, subgrantees must have accounting procedures sufficient to permit the tracing of funds to a level of expenditures adequate to establish that funds have not been used in violation of the restrictions and prohibitions of applicable statutes. The regulation also requires accounting records to be supported by source documentation such as cancelled checks, paid bills, payroll, time and attendance records, contract and subcontract award documents, etc. We identified \$881,786 of unsupported project charges as discussed below.

1. *Equipment Charges*. The Department claimed \$834,656 for equipment use under Project 9133 (Hurricane Wilma), but did not have adequate documentation to support its claim. The Department maintained records to reflect the type of equipment (i.e. pickup truck, chain saw, chipper brush, etc) and equipment hours used. However, all of the equipment hours were charged to the project based on the workday of the crew leader instead of each crew member. For example, if a crew leader was assigned three types of equipment and worked

² We used June 25, 2008, as our cut-off date since this was the last date that expenditures were incurred under the projects included in our audit scope.

an 11-hour day, then the Department charged 33 hours of equipment use to the project for that particular day. Because the actual hours of equipment use by each crew member was not maintained, we could not validate the \$834,656 of equipment costs charged to the project.

During a meeting with Department officials on September 24, 2009, we were told that daily activity reports would be provided to show proper allocation of equipment and crew member hours. Prior to issuance of this report, the Department had not submitted such documentation for our review. Therefore, we question the \$834,656.

2. *Debris Removal Charges.* The Department's claim included \$47,130 of unsupported debris removal charges as follows:

- Under Project 1363, the Department claimed contract charges of \$151,098 for the disposal of 2,816 tons of vegetative debris at a county-owned landfill. However, landfill tickets only supported disposal of 2,436 tons, or \$130,688 of the charges. Also, a contractor billed \$4,818 (Invoice No. 2990) for debris disposal under the project. However, there were no landfill disposal tickets to support the charge. We question the total unsupported charges of \$25,228.
- Under Project 8842, the Department claimed contract costs of \$605,058 for removing stumps county-wide, but had documentation (invoices, cancelled checks, etc.) to support only \$584,690. The unsupported difference of \$20,368 is questioned.
- Under Project 9133, the Department claimed \$551,739 for force account labor used to perform debris removal work, but had documentation to support only \$551,158, or \$581 less than the amount claimed. Similarly, the Department claimed \$841,940 for equipment use under the project, but had documentation to support \$840,987, or \$953 less than the amount claimed. We question the total unsupported project charges of \$1,534.

B. Excess Project Charges. The Department's claim for debris removal activities included excess charges of \$405,261, as follows:

- Under Project 1363, the Department claimed \$497,196 of contract costs for the collection and disposal of 21,505 cubic yards of vegetative debris. The claim was based on contractor billings for a 40 cubic yard truck at 100% capacity. However, our analysis of landfill records revealed that the truck actually disposed of 15,233 cubic yards of debris, or 6,272 less than the amount billed by the contractor. The actual volume of debris hauled to the landfill was determined by converting the daily cubic yards billed by the contractor to tons, which was the measurement used by the landfill to record debris haul-in. We question \$144,148 of contract charges related to the 6,272 excess cubic yards.
- FEMA Regional Guidance (No. R4-RR-PA-07-07-05-01) states that FEMA will reimburse applicants a reasonable cost on a per stump basis for eligible stumps larger than 24 inches in diameter. For eligible stumps with diameters of 24 inches or less, FEMA will reimburse applicants on a cubic yard basis per the *Stump Conversation Table*. The Department's claim under Project 8842 included excess charges of \$136,794 for

stumps removed that were less than 24 inches in diameter and charged on a per stump basis. The calculation of the excess charges is shown in the following table.

Stump Diameter	Qty. of Stumps	Contract Unit Price Rate	Amount Claimed	Stump Conversion (cubic yards)	CY Debris Rate	Eligible Costs	Excess Charges
<12"	203	\$125	\$25,375	123.70	\$23	\$2,845	\$22,530
12"-24"	369	\$350	131,250	738.50	23	16,986	114,264
Total			\$156,625			\$19,831	\$136,794

- Under Project 8842, the Department claimed contract costs of \$137,029 for the disposal of 20,399 cubic yards of debris (stumps). According to landfill records, the actual cubic yards of debris processed for the stumps totaled 10,814 cubic yards, or 9,585 cubic yards less than the amount claimed. Therefore, we question the difference of \$65,654.
- Under Project 8843, the debris removal monitoring contractor billed the Department \$100 per hour for data entry clerks rather than the established hourly contract rate \$42. The difference in billing rates resulted in overcharges totaling \$55,274.
- Under Projects 1363 and 8841, a debris removal contractor billed the Department \$23.50 per cubic yard for its services rather than the established cubic yard contract rate of \$23.00. The \$.50 difference resulted in overcharges totaling \$3,391.

C. Duplicate Charges. The Department's claim included duplicate charges of \$371,595, as follows:

- Under the Stafford Act, the Department receives an administrative allowance based on a statutory formula to cover the cost associated with requesting, obtaining, and administering FEMA awards. Federal regulation 44 CFR 206.228 limits funding for administrative and indirect costs of a subgrantee to that allowance. Under Projects 1363, 8841, 8842 and 8843 the Department withheld 2.25% or \$362,909 from contractor billings to defray costs of its procurement (2.0 %) and mandatory random audits (.25%). The Department claimed the full amount billed by the contractors and not the amount actually paid. The 2.25% retained from the contractors' billings represents cost for administrative activities, which are covered by the statutory administrative allowance. Therefore, we question the \$362,909 of duplicate costs for administrative activities.
- Under Project 1363, a contractor billed (Invoice No. 20Q622) for two load tickets (Nos. 236315 and 236314) to transport vegetative debris to the South Landfill. However, both load tickets included landfill disposal ticket No. 27078 for \$1,055. Therefore, we question the duplicate charge of \$1,055 under load ticket No. 236315.

- Under Project 9133, charges totaling \$7,631 were duplicated. This consisted of \$1,300 for overtime labor charges and fringe benefits, \$4,135 for force account equipment, and \$2,196 for rental equipment. The duplicate labor and force account equipment charges occurred because the Department inadvertently added the same overtime and equipment charges twice per employee. The duplicate rental equipment charges occurred because the Department claimed the rental costs twice — once on a schedule of rental equipment used and again on a schedule of labor charges. We questioned the duplicate charges of \$7,631.

D. Non-Disaster Project Charges. Federal regulation 44 CFR 206.223 states that an item of work must be the result of a major disaster event to be eligible for FEMA financial assistance. The Department claimed \$217,433 of charges that were unrelated to the disasters as follows:

- The Department claimed \$805,278 under Project 8841 for the disposal of 14,874 tons of processed vegetative debris at county landfills, but provided landfill tickets to support only 10,908 tons of debris, or 3,966 less. Once this matter was brought to the attention of Department officials, they provided additional disposal landfill tickets, which covered the period of October 2005 through June 2006. However, the additional documentation contained disposal tickets classified as domestic trash rather than hurricane-related debris. Therefore, we question \$214,250 of charges related to the 3,966 tons of debris that was non-disaster related.
- A debris removal contractor billed \$36,248 (Invoice No. 10Q622) under Project 1363 to collect and dispose of 1,576 cubic yards of vegetative debris. However, the billing contained 94 cubic yards of debris collected from an unknown recreational park noted on the load tickets as “Landscape”. Department officials did not provide any other evidence to support the charges as disaster-related. Therefore, we question \$3,183 related to the 94 cubic yards.

RECOMMENDATIONS

We recommend that the Director of the FEMA Florida Recovery Office, in conjunction with DCA:

Recommendation #1. Disallow the \$881,786 of unsupported equipment and debris removal charges (Finding A).

Recommendation #2. Disallow the \$405,261 of excessive debris removal charges (Finding B).

Recommendaiton #3. Disallow the \$371,595 of duplicate project charges (Finding C).

Recommendaiton #4. Disallow the \$217,433 of non-disaster charges (Finding D).

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The audit results were discussed with the FEMA and DCA officials on November 18, 2009, and with Department officials on November 19, 2009. Department officials partially concurred with our findings and indicated that they needed additional time to review and/or locate documentation to support our findings. Their comments, where appropriate, have been incorporated into the body of this report.

Please advise me by May 17, 2010, of the actions taken or planned to implement the recommendations contained in this report, including target completion dates for any planned actions. Should you have any questions concerning this report, please contact me at (404) 832-6702, or Felipe Pubillones, Audit Manager, at (404) 832-6705. Key contributors to this assignment were Felipe Pubillones, Oscar Andino, Nadine Ramjohn, Vilmarie Serrano, Carlos Aviles, and Amos Dienne.

cc: Regional Administrator, FEMA Region IV
Audit Liaison, FEMA Region IV
Audit Liaison, FEMA

Department of Parks and Recreation
Miami Dade County, Florida
Schedule of Amount Awarded, Reviewed, and Questioned
October 19, 2005 to November 29, 2007

Project Number	Amount Awarded	Amount Reviewed	Amount Questioned
<i>Hurricane Katrina – Disaster No. 1602</i>			
1363	\$ 667,812	\$ 759,718	\$ 187,405
1425	65,078	-0-	-0-
Total	\$ 732,890	\$ 759,718	\$ 187,405
<i>Hurricane Wilma – Disaster No. 1609</i>			
8841	\$ 6,288,673	\$ 6,511,269	\$ 345,290
8842	9,151,925	9,490,180	436,345
8843	3,400,000	3,179,007	63,214
8893	379,421	379,421	-0-
9133	2,459,303	1,828,922	843,821
Total	\$21,679,322	\$21,388,799	\$1,688,670
Grand Total	\$22,412,212	\$22,148,517	\$1,876,075