



Why This Matters

The Federal Emergency Management Agency (FEMA) provides public assistance to state, tribal, and local government, and certain types of private nonprofit organizations so that communities can quickly respond to and recover from major disasters or emergencies declared by the President. We perform audits of FEMA grantees and subgrantees to determine whether costs claimed under the awards are eligible and allowable under Federal regulations and FEMA guidelines. The City received an award of \$12.4 million for damages resulting from Hurricane Wilma, that occurred in October 2005.

DHS Response

FEMA's written response is due within 90 days.

FEMA Should Recover \$7.7 Million of Public Assistance Grant Funds Awarded to the City of Lake Worth, Florida - Hurricane Wilma

What We Determined

FEMA should recover \$7,682,532 of Public Assistance grant funds award to the City. While the City generally accounted for FEMA funds on a project by project basis, it did not comply with Federal procurement requirements when awarding contracts for repairs to its electrical and distribution system valued at \$6,998,095. We also identified \$684,437 of ineligible costs claimed by the City, consisting of \$476,455 that were not adequately supported, \$180,626 of costs covered by insurance, \$8,624 of costs for small project activities that were not completed, and \$18,732 of excessive labor costs.

What We Recommend

We recommend that the Regional Administrator, FEMA Region IV:

- 1) Disallow \$6,998,095 of ineligible costs claimed for contracts that were not procured in accordance with Federal requirements unless FEMA decides to grant an exception for all or part of costs as provided for in 44 CFR 13.36(c), and determines the costs were reasonable.
- 2) Instruct the Florida Division of Emergency Management to remind the City that they are required to comply with Federal procurement standards when acquiring goods and services under FEMA awards.
- 3) Disallow \$476,455 of unsupported project costs.
- 4) Disallow \$180,626 of ineligible cost for activities covered by insurance.
- 5) Disallow \$8,624 of ineligible costs for small project work not completed.
- 6) Disallow \$18,732 of ineligible labor costs.

For Further Information:

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