



DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General
Atlanta Field Office - Audit Division
3003 Chamblee Tucker Rd
Atlanta, GA 30341

May 30, 2003

MEMORANDUM

TO: Kenneth O. Burris, Jr.
Regional Director, FEMA Region IV

FROM: Gary J. Barard
Field Office Director

SUBJECT: Manatee County, Florida
FEMA Disaster No. 1195-DR-FL
Audit Report No. DA-12-03

The Office of Inspector General (OIG) audited public assistance funds awarded to Manatee County, Florida. The objective of the audit was to determine whether the County accounted for and expended FEMA funds according to federal regulations and FEMA guidelines.

The County received an award of \$6.4 million from the Florida Department of Community Affairs, a FEMA grantee, to remove debris, provide emergency protective measures, and repair water drainage systems and other facilities damaged as a result of severe storms in January 1998. The award provided 75 percent FEMA funding for 9 large projects and 21 small projects.¹ The audit covered the period January 1998 to March 2003. During this period, the County claimed \$6,539,588 (see Exhibit) and received \$3,718,753 of FEMA funds.

The OIG performed the audit under the authority of the Inspector General Act of 1978, as amended, and according to generally accepted government auditing standards. The audit included tests of the County's accounting records, a judgmental sample of expenditures, and other auditing procedures considered necessary under the circumstances.

RESULTS OF AUDIT

The County's claim included questioned costs of \$116,101 (FEMA share \$87,076) resulting from unrelated project charges and project work that was not implemented.

¹According to FEMA regulations, a large project costs \$47,100 or more and a small project costs less than \$47,100.

- A. Unrelated Project Charges. The County's claim included \$95,669 of unrelated project charges. Project 48388 provided for the removal of disaster-related sediment from McLewis Bayou. However, the County's claim under the project included \$75,631 of costs associated with installing sediment boxes, designed to reduce future sediment accumulation in the bayou, which were not in the approved scope of work. Accordingly, the OIG questions the \$75,631.

Also, the County claimed \$162,654 under Project 48386 for the removal of disaster-related sediment from Bowlees Creek. The claim was based on the removal of 8,661 cubic yards of sediment at \$18.78 per cubic yard. However, the claim included \$20,038 of costs associated with removing non-disaster related sediment. The OIG noted that the County periodically dredged the creek to remove accumulated sediment, and that the last dredging was done approximately six months prior to the disaster. Accordingly, based on a County engineering study that indicated an average of 0.35 cubic yards of sediment accumulation per acre annually, the OIG determined that 1,067 cubic yards of non-disaster related sediment was removed from the creek and charged to the FEMA award. The OIG questions the \$20,038 (1,067 x \$18.78).

- B. Project Work Not Implemented. The County's award under small Project 49002 included \$20,432 to install 24 inches of durock, a water-resistant wallboard material, in a flood damaged building to reduce future losses. However, County officials advised that the durock was not installed. Federal regulation (44 CFR 206.205) states that failure to complete work under a project may require that the federal payment be refunded. Accordingly, the OIG questions the \$20,432.

RECOMMENDATION

The OIG recommends that the Regional Director, in coordination with the grantee, disallow the \$116,101 of questioned costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The OIG discussed the results of the audit with FEMA, grantee, and County officials on April 25, 2003. County officials concurred with the findings.

Pursuant to FEMA Instruction 1270.1, please advise the Atlanta Field Office by July 28 2003, of the actions taken to implement the OIG's recommendation. Should you have any questions concerning this report, please contact me or David Kimble at (770) 220-5242.

Manatee County, Florida
FEMA Disaster No. 1195-DR-FL
Schedule of Claimed and Questioned Costs

Large Projects

| <u>Project Number</u> | <u>Amount Awarded</u> | <u>Amount Claimed</u> | <u>Amount Questioned</u> |
|---------------------------|---------------------------|---------------------------|------------------------------|
| 44356 | \$ 82,916 | \$ 82,916 | |
| 44357 | 168,615 | 168,615 | |
| 44358 | 433,141 | 433,141 | |
| 44359 | 280,630 | 280,630 | |
| 48951 | 4,583,471 | 4,583,471 | |
| 48386 | 373,151 | 373,151 | \$ 20,038 |
| 48387 | 62,510 | 62,510 | |
| 48388 | 126,955 | 126,955 | 75,631 |
| 48389 | <u>111,405</u> | <u>111,405</u> | |
| Sub-total | <u>\$6,222,794</u> | <u>\$6,222,794</u> | <u>\$ 95,669</u> |

Small Projects

| | | | |
|----------------------------|--------------------|--------------------|------------------|
| 49002 | 29,432 | 29,432 | 20,432 |
| All other projects (25) | <u>190,366</u> | <u>190,366</u> | <u>0</u> |
| Sub-total | <u>316,794</u> | <u>316,794</u> | <u>20,432</u> |
| Total | <u>\$6,539,588</u> | <u>\$6,539,588</u> | <u>\$116,101</u> |