

DEPARTMENT OF HOMELAND SECURITY

Office of Inspector General
Oakland Field Office – Audits Division
1111 Broadway, Suite 1200
Oakland, California 94607-4052

May 16, 2003

MEMORANDUM

TO: Jeff Griffin, Regional Director, FEMA Region IX

FROM: Robert J. Lastrico, Field Office Director

SUBJECT: Ventura County Flood Control District
Ventura, California
Public Assistance Identification Number 111-91042
FEMA Disaster Number 1044-DR-CA
Audit Report Number DO-07-03

The Office of Inspector General (OIG) audited public assistance funds awarded to the Ventura County Flood Control District, Ventura, California (District). The objective of the audit was to determine whether the District expended and accounted for Federal Emergency Management Agency (FEMA) funds according to federal regulations and FEMA guidelines.

The District received an award of \$4 million from the California Office of Emergency Services (OES), a FEMA grantee, primarily for debris removal and repair of water control facilities damaged as a result of flooding that occurred from January 3, 1995, to February 10, 1995. The award provided 75 percent FEMA funding for 19 large projects and 99 small projects.¹ The audit covered the period January 3, 1995, to March 5, 1999, and included a review of 13 large projects with a FEMA award of \$2.5 million. The attached exhibit provides a schedule of the audited projects.

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 FEMA, OES and District accounting records, a judgmental sample of

¹ Federal regulations in effect at the time of the disaster defined a large project as one costing \$43,600 or more and a small project as one costing less than \$43,600.

project expenditures, and other auditing procedures considered necessary under the circumstances.

RESULTS OF AUDIT

The District generally expended and accounted for the \$4 million in public assistance funds according to federal regulations and FEMA guidelines. However, the District’s claim for six projects included \$60,981 in ineligible project costs (FEMA’s share - \$45,736). The District’s claim for these projects included costs associated with the normal and routine cleanup of 27,215 cubic yards of debris from six debris basins.

Project records showed that in an effort to secure federal funding for the projects, the District submitted two appeals to FEMA. For the first appeal, FEMA’s approved funding expressly excluded normal and routine cleanup costs. However, the District challenged FEMA’s methodology for calculating the portion of debris removal eligible for funding and submitted a second appeal. In both appeals, the District provided an Average Annual Debris Potential (AADP²) formula for determining the cubic yards of debris associated with normal and routine cleanup. The formula discussed in the second appeal considered silt and debris removal and cleanup efforts over a 10-year period, and other factors leading to the date of the disaster. The District also proposed that the computed cubic yards be multiplied by the unit cost to arrive at the total cost of debris clean up associated with normal and routine maintenance. FEMA concurred with the District’s second appeal and concluded the formula appeared reasonable.

The OIG’s analysis of the District’s records determined that the District’s claim for six debris basins had not been adjusted for ineligible costs related to normal and routine cleanup costs. Using the District’s own methodology for calculating the cubic yards and the related costs of debris removal associated with normal and routine maintenance, the OIG determined the claim included \$60,981 in ineligible costs. The table below identifies the six projects and questioned costs.

<u>Project Number</u>	<u>FEMA Funding</u>	<u>Eligible District Clean-up Costs *</u>	<u>Questioned Cost</u>
11372	\$ 130,939	\$ 117,838	\$13,101
11373	109,267	107,704	1,563
11374	322,154	302,829	19,325
11388	224,421	221,714	2,707
11398	310,641	296,454	14,187
46587	<u>230,521</u>	<u>220,423</u>	<u>10,098</u>
Total	<u>\$1,327,943</u>	<u>\$1,266,962</u>	<u>\$60,981</u>

² The Average Annual Debris Potential is the theoretical amount of silt and debris deposited during a year, under normal weather conditions.

- * Adjusted for ineligible costs related to normal and routine cleanup based on the AADP computations.

According to Title 44, Code of Federal Regulations, Section 206.223(a)(1), to be eligible for financial assistance, an item of work must be required as a result of a major disaster event. Since the cost of normal and routine debris cleanup at the six debris basins could not be reasonably construed to be within the approved project scope, as discussed in the second appeal approved by FEMA, \$60,981 was questioned.

RECOMMENDATION

The OIG recommends that the Regional Director, FEMA Region IX, in coordination with OES, disallow \$60,981 in questionable costs related to normal and routine cleanup costs.

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW-UP

The OIG discussed the results of this audit with the District and OES officials on March 13, 2003. District and OES officials withheld comments pending receipt of the final report. The OIG also informed Region IX officials of audit results on March 17, 2003.

Pursuant to FEMA Instruction 1270.1, please advise this office by July 14, 2003, of the action taken to implement the recommendation. Should you have any questions concerning this report, please contact me at (510) 627-7019. Key contributors to this assignment were Ravinder Anand and Gregory Suko.

Schedule of Audited Projects
Ventura County Flood Control District
FEMA Disaster Number 1044-DR-CA

<u>Project Number</u>	<u>Project Facility</u>	<u>Amount Awarded</u>	<u>Amount Claimed</u>	<u>Amount Questioned</u>
11372	Fox Debris.Basin	\$ 269,552	\$ 269,552	\$13,101
11373	Gabbert Debris Basin	54,900	54,900	1,563
11374	Arrundel Debris Basin	322,154	322,154	19,325
11376	Coyote Debris Basin	74,684	74,684	0
11388	Warring Debris Basin.	224,421	224,421	2,707
11389	Real Debris Basin	142,027	142,027	0
11397	Ventura River Levee	192,682	192,682	0
11398	Fagan Debris Basin	268,054	268,054	14,187
11399	Adams Debris Basin	330,572	330,572	0
19785	Grimes Canyon Channel	154,754	154,754	0
19786	Pole Creek Channel	137,656	137,656	0
46587	Jepson Debris Basin	195,503	195,503	10,098
46594	Real Debris Basin	127,193	127,193	0
Totals		<u>\$2,494,152</u>	<u>\$2,494,152</u>	<u>\$60,981</u>