

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

The California Department of Parks and Recreation  
Sacramento, California, Successfully Managed FEMA's  
Public Assistance Grant Funds



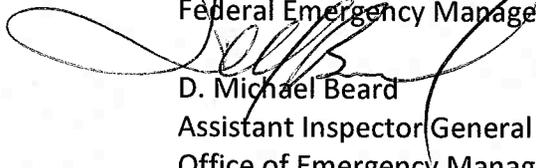


**OFFICE OF INSPECTOR GENERAL**  
Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

November 14, 2012

MEMORANDUM FOR: Nancy Ward  
Regional Administrator, Region IX  
Federal Emergency Management Agency

FROM:   
D. Michael Beard  
Assistant Inspector General  
Office of Emergency Management Oversight

SUBJECT: *The California Department of Parks and Recreation  
Sacramento, California, Successfully Managed  
FEMA's Public Assistance Grant Funds  
FEMA Disaster Number 1646-DR-CA  
Audit Report Number DS-13-01*

We audited Public Assistance (PA) grant funds awarded to the California Department of Parks and Recreation, (Department), Public Assistance Identification Number 000-U8RA6-00. Our audit objective was to determine whether the Department accounted for and expended Federal Emergency Management Agency (FEMA) grant funds according to Federal regulations and FEMA guidelines.

The Department received a PA award of \$670,251 from the California Emergency Management Agency (Cal EMA), a FEMA grantee, for damages resulting from severe storms, flooding, mudslides, and landslides, which occurred from March 29 to April 16, 2006.<sup>1</sup> The award provided 75 percent FEMA funding for four large and eight small projects.<sup>2</sup> The audit covered the period from March 29, 2006, to October 12, 2012. We audited two large projects that incurred charges totaling \$280,112. We also performed a limited review of three small projects and two large projects to identify unused funds that should be put to better use (see Exhibit, Schedule of Audited Projects). As of the date of this report, Cal EMA had completed its review and FEMA was reviewing the Department's final claim.

We conducted this performance audit between July 18 and October 12, 2012, 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

<sup>1</sup> At the time of the disaster, the grantee's name was the Governor's Office of Emergency Services, which became part of Cal EMA on January 1, 2009.

<sup>2</sup> Federal regulations in effect at the time of the disaster set the large project threshold at \$57,500.



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audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions. To conduct this audit we applied the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.

We interviewed FEMA, Cal EMA, and Department officials; reviewed judgmentally selected project costs (generally based on dollar value); and performed other procedures considered necessary to accomplish our audit objective. 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 audit objective. We did, however, gain an understanding of the Department’s method of accounting for disaster-related costs and its policies and procedures.

**RESULTS OF AUDIT**

The Department successfully managed FEMA’s PA grant funds. Department officials generally expended and accounted for PA funds according to Federal grant regulations and FEMA guidelines for the two projects we audited, and can return \$254,145 in unused funds.

**Funds Not Used**

Department officials said that during the FEMA closeout, they will not be claiming cost reimbursements for three small and three large projects totaling \$254,145 (see table 1).

**Table1. Summary of Funds Not Used**

Project Number	Project Award Amount	Project Charges Claimed	Funds Not Used
Small Projects			
145	\$12,364		\$12,364
260	48,969		48,969
372	46,655		46,655
Large Projects			
368	60,000		60,000
413	211,549	\$169,218	42,331
603	103,413	59,587	43,826
<b>Total</b>	<b>\$482,950</b>	<b>\$228,805</b>	<b>\$254,145</b>



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Federal regulations stipulate the following:

- Federal appropriations laws and the Statement of Federal Financial Accounting Standards (SFFAS) require Federal agencies to record obligations in the accounting records on a factual and consistent basis.<sup>3</sup> That is, the agency must increase or decrease obligated funds when probable and measurable information becomes known (7 Government Accountability Office-Policy and Procedures Manual § 3.5.D; B-300480, April 9, 2003, and SFFAS Number 5, paragraphs 19, 24, 25, and 29). Agencies must document both the initial recordings and the adjustments to recorded obligations.
- Final payment of the Federal share for small projects will be made to the grantee upon approval of the Project Worksheet. The grantee must certify that all such projects were completed in accordance with FEMA approvals. The Federal payment for small projects shall not be reduced if all of the approved funds are not spent to complete a project. However, failure to complete a project may require that the Federal payment be refunded (44 CFR 206.205 (a)).

Department officials explained that of the three small projects, another Federal agency completed Project 372, and the Department was unable to obtain the required permits for Projects 145 and 260.

Of the three large projects, the Department was not able to develop an alternate repair solution for Project 368 within the time approved by FEMA. The Department completed Projects 413 and 603 under budget, and will not incur further costs.

Deobligating unneeded funds in a timely manner—

- Releases funds to cover cost overruns on other projects associated with the disaster;
- Provides a more accurate status of PA program costs for a disaster; and
- Is consistent with appropriations law and SFFAS Number 5, which requires accurate recording, and support of obligations/liabilities in FEMA's accounting system.

Therefore, FEMA should deobligate \$254,145 in unneeded PA funds for Projects 145, 260, 368, 372, 413, and 603, and put those funds to better use. The Department had no

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<sup>3</sup> U.S. Government Accountability Office's Principles of Federal Appropriations Law, 3rd edition, volume II, February 2006, chapter 7, section B: Criteria for Recording Obligations (31 U.S.C. § 1501).



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comment on the finding. Additionally, the Department submitted closeout documentation identifying unused funds, which is consistent with the recommendations made in this report.

**RECOMMENDATION**

We recommend that the FEMA Region IX Administrator:

**Recommendation:** Deobligate \$254,145 (Federal share \$190,609) from Projects 145, 260, 368, 372, 413, and 603 and put those Federal funds to better use.

**DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOWUP**

We discussed the results of this audit with Department officials during our audit, and have included their comments in this report, as appropriate. We also provided a written summary of our finding and recommendation in advance to the Department officials on October 12, 2012; the Department did not require an exit conference. Department officials agreed with the finding. FEMA and Cal EMA officials withheld further comment until after we issue our final 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 the recommendation. Also, please include responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendation. Until we receive and evaluate your response, we will consider the recommendation 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. We will post the report on our website for public dissemination.

Major contributors to this report are Humberto Melara, Western Region Audit Director; Louis Ochoa, Audit Manager; Renee Gradin, Auditor-in-Charge; Paul Sibal, Auditor; and Elizabeth Finn, Program Analyst.

Please call me with any questions, or your staff may contact Humberto Melara, Western Region Audit Director at (510) 637-1463.



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**EXHIBIT**

**Schedule of Audited Projects**  
**March 29, 2006, to October 12, 2012**  
**California Department of Parks and Recreation**  
**FEMA Disaster Number 1646-DR-CA**

<b>Project Number</b>	<b>Project Award Amount</b>	<b>Project Charges Claimed and Reviewed</b>	<b>Project Costs Recommended for Deobligation</b>
145*	\$12,364		\$12,364
260*	48,969		48,969
368	60,000		60,000
372*	46,655		46,655
413	211,549	\$169,218	42,331
603	103,413	59,587	43,826
697	77,647	110,894	
<b>Total</b>	<b>\$560,597</b>	<b>\$339,699</b>	<b>\$254,145</b>

\*Small project.



## **APPENDIX A**

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Director, Recovery Division, Region IX  
Deputy Director, Recovery Division, Region IX  
Audit Liaison, Region IX  
Audit Followup Coordinator

#### **Grantee (California Emergency Management Agency)**

Secretary  
Executive Assistant to the Secretary  
Chief of Staff  
Audit Liaison

#### **State (California)**

California State Auditor, Bureau of State Audits

#### **Subgrantee (California Department of Parks and Recreation)**

Secretary, California Natural Resources Agency  
Director, California Department of Parks and Recreation  
Deputy Director, Park Operations  
Special Programs Manager, Facilities Management Division

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