

U.S. Department of Homeland Security
Central Regional Office
Office of Emergency Management Oversight
3900 Karina Street, Room 224
Denton, Texas 76208



**Homeland
Security**

August 17, 2009

MEMORANDUM FOR: Janet Odeshoo, Acting Regional Administrator
FEMA Region V

Tonda L. Hadley

FROM: Tonda L. Hadley, Director
Central Regional Office

SUBJECT: *City of Kettering, Ohio*
FEMA Disaster Number 1484-DR-OH
Hazard Mitigation Grant Program

Audit Report Number DD-09-14

We audited Hazard Mitigation Grant Program (HMGP) funds awarded to the City of Kettering, Ohio (City). Our audit objective was to determine whether the City accounted for and expended Federal Emergency Management Agency (FEMA) funds according to federal regulations and FEMA guidelines.

The City received an award of \$2,014,000 from the Ohio Emergency Management Agency (OEMA), a FEMA grantee, to acquire 20 residential properties located in a designated special flood hazard area (HMGP Project 1484-17R). The OEMA award provided 75% FEMA funding available under FEMA Disaster 1484 declared on August 1, 2003. The audit covered the period from grant award in February 2005 to grant close-out in May 2008. During this time, the City claimed \$1,840,219 for direct project costs, which was \$173,781 less than the original award. We audited the City's acquisition, demolition, and program management costs under the award, which totaled \$1,782,054 or 96.7% of total grant expenditures.

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, 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.

Our audit methodology consisted of reviewing the City's compliance with federal procurement standards, reviewing judgmentally selected samples (generally based on dollar values) of the City's claimed costs; conducting interviews of FEMA, OEMA, and City officials; and performing other

auditing procedures we considered necessary to accomplish the audit objective. We did not assess the adequacy of the City'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 City's accounting system for HMGP costs.

RESULTS OF AUDIT

The City accounted for and expended FEMA funds according to federal regulations and FEMA guidelines.

DISCUSSION WITH MANAGEMENT

We discussed the audit results with FEMA, OEMA, and City officials on July 16, 2009. These officials agreed with the audit results. Because the audit did not identify issues requiring further action from FEMA, we consider this audit closed. Should you have questions concerning this report, please contact me or Moises Dugan, Audit Manager, at (940) 891-8900.

cc: Audit Liaison, FEMA (Job Code DG9C03)
Audit Liaison, FEMA Region V