




Homeland Security

February 24, 2011

MEMORANDUM FOR: Major P. (Phil) May, Regional Administrator
 FEMA Region IV

FROM: C. David Kimble, Director 
 Eastern Regional Office

SUBJECT: *Broward Sheriff's Office – Disaster Activities Related to
 Hurricanes Frances and Katrina*
 Public Assistance Identification Number 011-03F38-00
 FEMA Disaster Nos. 1545 and 1602-DR-FL
 Report Number DA-11-09

We audited public assistance funds awarded to the Broward Sheriff's Office (Sheriff's Office), in Broward County, Florida. The audit objective was to determine whether the Sheriff's Office accounted for and expended Federal Emergency Management Agency (FEMA) funds according to federal regulations and FEMA guidelines.

The Sheriff's Office received a public assistance award totaling \$3.2 million from the Florida Division of Emergency Management (FDEM)¹, a FEMA grantee, for damages related to Hurricanes Frances and Katrina. The awards provided 100% FEMA funding for Frances and 100% FEMA funding for Katrina for emergency protective measures and repairs to permanent facilities. The specifics for each disaster are presented in the table below:

Disaster	Disaster No.	Disaster Date	Amount Awarded	Large ² Projects Awarded	Small Projects Awarded
Hurricane Frances	1545	Sept. 2004	\$2,828,759	2	0
Hurricane Katrina	1602	Aug. 2005	\$415,249	3	2
Total			\$3,244,008	5	2

We reviewed costs totaling \$2.8 million under the two disasters, which consisted of \$2.6 million under Hurricane Frances and \$274,823 under Hurricane Katrina (See Exhibit).

¹ The Florida Division of Emergency Management is administratively housed within the Florida Department of Community Affairs.

² Federal regulations in effect at the time of Hurricanes Frances and Katrina set the large project threshold at \$54,100 and \$55,500, respectively.

The audit covered the period of September 4, 2004, to July 26, 2010, during which the Sheriff's Office received \$2.8 million of FEMA funds. At the time of our audit, the Sheriff's Office had not submitted final claims on project expenditures to the FDEM.

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 and 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.

We reviewed judgmentally selected project cost documentation (generally based on dollar value); interviewed Sheriff's Office, FDEM, and FEMA personnel; reviewed the Sheriff's Office grant accounting and procurement policies and procedures; reviewed applicable federal regulations and FEMA guidelines; and performed other procedures considered necessary under the circumstances to accomplish our objective. We did not assess the adequacy of the Sheriff's Office internal controls applicable to its grant activities because it was not necessary to accomplish our objective. We did, however, gain an understanding of the Sheriff's Office grant accounting system and its policies and procedures for administering the activities provided for under the FEMA awards.

RESULTS OF AUDIT

The Sheriff's Office grant accounting system did not account for large project expenditures on a project-by-project basis or provide a means to readily trace project expenditures to source documents. We also concluded that \$19,670 (FEMA Share \$17,896) of costs claimed for overtime fringe benefits were excessive.

- A. Grant Accounting. According to 44 CFR 13.20(a)(2), fiscal control and accounting procedures of the state and its subgrantees must be sufficient to permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of restrictions and prohibitions of applicable statutes. Further, 44 CFR 206.205(b) requires that large project expenditures be accounted for on a project-by-project basis. The Sheriff's Office established separate cost codes within its accounting system to record expenditures for the disaster. However we were unable to trace expenditures on a project-by-project basis. As a result, the eligibility of project expenditures could not be readily validated.

The Sheriff's Office did maintain separate file folders that contained invoices, time sheets, equipment usage records, and receipt and expenditure records related to the FEMA projects. We used those records to perform the audit.

- B. Fringe Benefits. The Sheriff's Office claimed overtime fringe benefits totaling \$574,145 for police and fire rescue personnel who performed emergency protective measures under the two disasters. However, the claims were overstated as a result of an error in the payroll system used to calculate the cost of the benefits. We determined the claim should have been \$554,475 or \$19,670 less as discussed in the following bullets.

- Under Hurricane Frances, \$517,834 of overtime fringe benefits were claimed under Project 3377 based on a flat rate of 26.18%. However, we determined actual overtime fringe benefit rates ranged from 15.04% to 17.65%. Using a revised payroll register provided by the human resources department, we computed eligible costs to be \$500,095 or \$17,739 less than the amount claimed. This amounted to an error rate of 3.43% (\$17,739/\$517,834).
- Under Hurricane Katrina, \$56,311 of overtime fringe benefits were claimed under Projects 409 and 411. As noted in the preceding bullet, we determined an error rate of 3.43% in the calculation of overtime fringe benefit rates for Hurricane Frances. Applying this error rate to the total overtime fringe benefits claimed for Katrina, we calculated eligible costs to be \$54,380 or \$1,931 less than the amount claimed. The affected projects and amount questioned are identified in the table below.

Project Number	Fringe Benefits Claimed	Aggregate Error Rate	Amount Questioned
409	\$41,334	3.43%	\$1,417
411	14,977	3.43%	514
	\$56,311		\$1,931

RECOMMENDATIONS

We recommend that the Regional Administrator, FEMA Region IV, in coordination with the FDEM:

Recommendation #1: Instruct the Sheriff’s Office to separately account for large project costs on a project-by project basis that facilitates the tracing of project expenditures, as required by federal regulation (Finding A).

Recommendation #2: Disallow \$19,670 (FEMA Share \$17,896) of ineligible overtime fringe benefits (Finding B).

DISCUSSION WITH MANAGEMENT AND AUDIT FOLLOW UP

We discussed the audit results with the Sheriff's Office, FEMA, and FDEM officials during our audit. We also provided written summaries of our findings and recommendations in advance to these officials and discussed them at an exit conference held on December 14, 2010. Sheriff's Office officials agreed with our findings.

Please advise me by May 24, 2011 of actions taken or planned to implement the recommendations contained in this report, including target completion dates for any planned actions. Should you have any questions concerning this report, please contact me at (404) 832-6702, or Felipe Pubillones, Audit Manager, at (404) 832-6705. Key contributors to this assignment were Felipe Pubillones, Oscar Andino, and Carlos Aviles.

cc: Mary Lynne Miller, Deputy Regional Administrator
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EXHIBIT

Broward Sheriff's Office
FEMA Disaster No. 1545 and 1602-DR-FL
Schedule of Amount Awarded, Claimed, and Questioned
September 9, 2004 to July 26, 2010

Hurricane Frances – Disaster No. 1545

Project Number	Amount Awarded	Amount Claimed	Amount Questioned
3377	\$ 2,566,028	\$2,566,028	\$ 17,739
Sub-Total	\$ 2,566,028	\$2,566,028	\$ 17,739

Hurricane Katrina – Disaster No. 1602

409	\$ 202,639	\$ 202,639	\$ 1,417
411	72,184	72,184	514
Sub Total	274,823	274,823	1,931
Total	\$2,840,851	\$2,840,851	\$19,670