OFFICE OF INSPECTOR GENERAL

Aiken County, South Carolina, Effectively Managed FEMA Grant Funds Awarded for Severe 2014 Winter Storm

Homeland Security

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

March 1, 2017

OIG-17-41-D

DHS OIG Highlights

Aiken County, South Carolina, Effectively Managed FEMA Grant Funds Awarded for Severe 2014 Winter Storm

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Why We Did This Audit

Aiken County, South Carolina (County), received a $33.6 million grant award from the South Carolina Emergency Management Division (South Carolina), a Federal Emergency Management Agency (FEMA) grantee, for damages resulting from a severe winter storm, which occurred in February 2014. We audited nine large projects with awards totaling $33.6 million.

What We Recommend

This report contains no recommendations.

For Further Information:
Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov.

What We Found

For the projects we reviewed, the County effectively accounted for and expended FEMA funds according to Federal regulations and FEMA guidelines. County officials accounted for disaster expenditures on a project-by-project basis; procured contracts for disaster work appropriately, and maintained adequate documentation to support the costs.

FEMA Response

Because the audit did not identify any issues requiring further action from FEMA, we consider this audit closed.

OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

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

March 1, 2017

MEMORANDUM FOR: Gracia Szczech
Regional Administrator, Region IV
Federal Emergency Management Agency

Thomas M. Salmon

FROM: Thomas M. Salmon
Assistant Inspector General
Office of Emergency Management Oversight

SUBJECT: *Aiken County, South Carolina, Effectively Managed FEMA Grant Funds Awarded for Severe 2014 Winter Storm*
Audit Report Number OIG-17-41-D

We audited Public Assistance grant funds awarded to Aiken County, South Carolina (County). The County received a Public Assistance grant award of $33.6 million from the South Carolina Emergency Management Division (South Carolina), a Federal Emergency Management Agency (FEMA) grantee, for damages resulting from a severe winter storm, which occurred in February 2014.[1] The award provided up to 85 percent FEMA funding for debris removal activities under FEMA's Debris Removal Pilot Program, and 75 percent FEMA funding for emergency protective measures.[2] The award consisted of nine large projects and one small project.[3] We audited the nine large projects with awards totaling $33.6 million (see appendix A, table 1). At the time of our audit, the County had completed work on all projects in our audit scope and had submitted final expenditure claims to South Carolina for all projects.

[1] The award amount is the gross amount because the County's insurance policies did not cover debris removal and emergency protective measures project costs.
[2] The County elected to participate in FEMA's Alternative Procedures for Debris Removal pilot program authorized under the *Sandy Recovery Improvement Act of 2013* (P.L. 113-2). Under this program, FEMA funded 85 percent of eligible debris removal costs incurred within 30 days of the incident period date, 80 percent for 31–90 days, and 75 percent for 91 or more days.
[3] Federal regulations in effect at the time of disaster set the large project threshold at $120,000 [Notice of Adjustment of Disaster Grant Amounts, 79 Fed. Reg. 10685 (Feb. 26, 2014)].

Background

During the period February 10–14, 2014, a severe winter storm system deposited ice on trees causing downed trees and limbs, and leaning trees and hanging branches (leaners and hangers) on public properties and rights-of-way throughout the County.

Figure 1: Downed Tree Limbs Blocking Road Access in Aiken County, South Carolina

Source: Aiken Standard Newspaper (www.aikenstandard.com)

To remove storm-related debris, the County used a debris removal contractor that it hired from a competitive procurement process before the disaster. On February 24, 2014, the County hired a debris removal monitoring firm on an hourly basis (time-and-material contract) to monitor the storm debris removal activities.

Upon completion of the debris removal work, the County claimed contracts costs totaling $33.3 million to South Carolina for work the two contractors performed.

Results of Audit

For the projects we reviewed, the County effectively accounted for and expended FEMA Public Assistance grant funds according to Federal regulations and FEMA guidelines. County officials accounted for disaster expenditures on a project-by-project basis, procured contracts for disaster work appropriately, and maintained adequate documentation to support the costs.

Discussion with Management and Audit Follow-up

We discussed the results of our audit with the County, South Carolina, and FEMA officials during our audit. We also provided a draft report in advance to these officials and discussed it at the exit conference on December 12, 2016. Because the audit did not identify any issues requiring further action from FEMA, we consider this audit closed.

The Office of Emergency Management Oversight major contributors to this report are David Kimble, Director; Felipe Pubillones, Audit Manager; Helen White, Auditor-in-Charge; and Calbert Flowers, Auditor.

Please call me with any questions at (202) 254-4100, or your staff may contact David Kimble, Director, Eastern Regional Office - South, at (404) 832-6702.

Appendix A
Objective, Scope, and Methodology

We audited Public Assistance funds awarded to the County, FIPS Code 003-99003-00. Our audit objective was to determine whether the County accounted for and expended FEMA grant funds according to Federal regulations and FEMA guidelines for FEMA Disaster 4166-DR-SC. The County received a Public Assistance grant award of $33.6 million from South Carolina, a FEMA grantee, for damages resulting from a February 2014 severe winter storm. The award provided up to 85 percent FEMA funding for debris removal activities under FEMA's Debris Removal Pilot Program, and 75 percent FEMA funding for emergency protective measures. The award consisted of nine large projects and one small project.

We audited all nine large projects with awards totaling $33.6 million (see table 1). The audit covered the period from February 10, 2014, to March 23, 2016, during which the County claimed $33.6 million for the nine projects in our scope. At the time of our audit, the County had completed work on the nine projects, and had submitted a final claim to South Carolina for all project expenditures.

Table 1: Projects Audited

Project Number	FEMA Category of Work[4]	Amount Awarded and Claimed
262	A	$ 1,976,495
317	A	2,459,131
329	A	8,909,357
333	A	1,581,207
344	A	12,628,968
347	A	135,958
365	A	995,936
366	A	4,662,664
377	A	232,074
Totals		**$33,581,790**

Source: FEMA and County records, and Office of Inspector General (OIG) analysis

To accomplish our objective, we interviewed County, South Carolina, and FEMA personnel; gained an understanding of the County's method of

[4] FEMA classifies disaster-related work by type: debris removal (Category A), emergency protective measures (Category B), and permanent work (Categories C through G).

Appendix A (continued)

accounting for disaster-related costs and its procurement policies and procedures; judgmentally selected (generally based on dollar amounts) and reviewed project costs and procurement transactions for the projects in our audit scope; reviewed applicable Federal regulations and FEMA guidelines; and performed other procedures considered necessary to accomplish our audit objective. We did not perform a detailed assessment of the County's internal controls applicable to its grant activities because it was not necessary to accomplish our audit objective.

As part of our standard audit procedures, we also notified our Office of Information Technology Audits of contracts the County awarded under the grant that we reviewed to determine whether the contractors were debarred or whether there were any indications of other issues related to those contractors that would indicate fraud, waste, or abuse. As of the date of this report, the Office of Information Technology Audits' analysis of contracts was ongoing. When it is complete, we will review the results and determine whether additional action is necessary.

We conducted this performance audit between April and December 2016 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 audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objective. To conduct this audit, we applied the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.

Appendix B
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