



# AUDITOR GENERAL

## WILLIAM O. MONROE, CPA



### DEPARTMENT OF COMMUNITY AFFAIRS

### DIVISION OF EMERGENCY MANAGEMENT

### HURRICANE DISASTER RELIEF AND

### EMERGENCY ASSISTANCE TO INDIVIDUALS

#### Operational Audit

#### SUMMARY

This operational audit focused primarily on the Department of Community Affairs' Division of Emergency Management's (Division) role and responsibilities under agreements with the Federal Emergency Management Agency (FEMA) to provide assistance to individuals that sustained damage from one or more of the four hurricanes that struck Florida in the Fall of 2004. Our audit was performed subsequent to the hurricane events and not under the emergency conditions existing at the time of the disasters. The audit included the period January 2004 through February 2005, and selected actions taken through August 2005. Our audit disclosed that Division procedures could be enhanced, as described below:

**Finding No. 1:** The Division's verification and payment processing procedures for reimbursing FEMA did not provide adequate assurance that amounts were appropriate prior to payment.

**Finding No. 2:** The Division's agreed-upon replacement amount for destroyed automobiles sometimes resulted in FEMA payments to individuals in excess of the pre-disaster value of automobiles.

#### BACKGROUND

The Division is responsible for coordinating emergency planning, preparedness, recovery, and mitigation for all natural and man-made disasters that may occur in the State of Florida. One aspect of these responsibilities includes coordination with efforts of FEMA in

providing disaster relief and emergency assistance. FEMA and the Division established a partnership for the administration of the Other Needs Assistance (ONA) portion of the Individuals and Households Program.<sup>1</sup> On August 13, 2004, FEMA and the Division executed a State Administrative Plan (SAP) to govern the delivery of assistance following Presidential declared major disasters. Under this SAP, the Division on behalf of the State of Florida selected the administrative option whereby FEMA would directly administer and process assistance payments to individuals.

As a result of the four hurricanes that struck Florida in the Fall of 2004, the President issued major disaster declarations. The Division and FEMA entered into four FEMA-State Agreements (Agreement), one for each Presidential declared major disaster. The provisions of each Agreement include a list of areas of the State eligible for Federal assistance and the financial responsibilities of FEMA and the State. In all four Agreements the State of Florida agreed to reimburse FEMA for 25 percent of assistance FEMA provides to individuals for ONA. FEMA was responsible for billing the State on a monthly basis and the State agreed to pay the bill within 30 days of receipt. Under the administrative option discussed above, the cost of State

<sup>1</sup>Section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), 42 United States Code 5174.

level activities associated with processing reimbursements to FEMA for the State's 25 percent share are the sole responsibility of the State.

FEMA provided approximately \$618 million to 471,000 individuals for ONA from September 2004 through June 2005 for losses and damage sustained from Hurricanes Charley (August 11, 2004), Frances (September 3, 2004), Ivan (September 13, 2004), and Jeanne (September 24, 2004).<sup>2</sup> The Division has paid to FEMA approximately 25 percent of this amount, \$155 million as of June 30, 2005.

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## FINDINGS AND RECOMMENDATIONS

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### **FEMA Individuals and Households Assistance Program**

The FEMA Individuals and Households Assistance (IA) Program pays amounts to individuals in areas of a major disaster who sustain damage resulting in a loss that is not otherwise subject to recovery from homeowners or other insurance. The Program pays individuals under two major categories (limited to \$25,600<sup>3</sup> per incident/claimant), Housing Assistance (funded 100 percent by FEMA) and ONA (funded 75 percent by FEMA and 25 percent by the State). Housing Assistance is for uninsured losses for home repair or replacement and rental assistance for temporary housing. ONA is for uninsured loss of personal property, transportation expenses, moving and storage expenses, and the reimbursement of serious need expenses such as medical, dental, and funeral costs.

Individuals who sustain uninsured losses for nonbusiness damage attributable to a hurricane or other natural disaster in a declared county can apply to FEMA for program assistance. Individuals applying for this assistance must supply their name, social security number, a description of the damage, insurance information, the address or directions to the damaged property, and a contact telephone number. Individuals can apply by phone or over the Internet. Also, the applicant must indicate if they are currently able to live

in their residence (home, mobile home, apartment, condominium, boat, or other). Applications are assigned a FEMA application number and entered into the FEMA National Emergency Management Information System (NEMIS).<sup>4</sup> If an inspection is required, within 10 days, the applicant is contacted to set up an appointment time with a FEMA inspector, who will go to the damage site and assess the damage. The inspectors enter information into NEMIS and within 10 more days a decision is made and a letter is written to the applicant. This letter states whether the claim has been approved and the amount to be paid on the claim.

Under the provisions of the SAP dated August 13, 2004, the Division established dollar amounts for certain types and categories of claims. For example, a \$6,500 fixed lump-sum amount was set for the replacement of a destroyed automobile and a \$7,500 maximum amount was set for funeral expenses for hurricane-related deaths. In addition, the SAP establishes quantity limits for certain ONA miscellaneous items such as generators, chain saws, wet-dry vacuums, dehumidifiers, and air purifiers. For these miscellaneous items, FEMA determines the reimbursement methodology and amounts using a nationwide appraisal firm.

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### **Finding No. 1: Payments to FEMA**

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In accordance with each Agreement, FEMA submits monthly bills to the Division requesting reimbursement for the State's 25 percent share of payments made to individuals under the ONA program. FEMA provides information including the applicant name, registration identification number, and amounts paid for each individual claim. Using the registration identification number, the Division can access NEMIS which provides detailed information to sample and verify paid

<sup>2</sup> Table 1 on pages 4 and 5 includes storm data by county.

<sup>3</sup> For events occurring on or after October 1, 2004, this amount increased to \$26,200.

<sup>4</sup> Weaknesses and limitations of NEMIS were addressed in a September 2005, Department of Homeland Security Internal Audit Report (OIG-05-36 September 2005) on Information Technology. The audit indicated that state users can access NEMIS using stand-alone computers but not directly from their desktops. This has forced some states to use manual or convoluted processes to transfer NEMIS information to their state systems.

claims. Our review of the Division’s verification and payment processing procedures disclosed the following:

- Although the Division had detailed claim information from FEMA, for over seven months it did not perform any sampling or verification procedures on the approximately 471,000 individual claims prior to reimbursing FEMA \$155 million. In May 2005, subsequent to audit inquiry, the Division selected a sample of 3,500 individual claims and conducted phone verifications of these claims. Division personnel indicated that contact was made with approximately 2,000 of the 3,500 individuals. The individuals contacted were asked to confirm both the type and dollar amount of assistance received. The Division indicated that for 10 payments, additional follow-up procedures were required. In August 2005, the Division completed follow-up procedures needed for all 10 payments. As of the close of our field work, the Division had not performed alternative verification procedures for the 1,500 individuals not contacted and had not sampled additional claims.
- Monthly billings from FEMA include credits for refunds. Refunds through June 30, 2005, on monthly billings totaled approximately \$2.1 million. The Division indicated that detailed information (i.e., applicant name, registration identification number, reason for refund, etc.) was not provided by FEMA. As part of determining the appropriateness of the net amount billed, the Division needs a basis for determining the appropriateness of refund amounts.

We recognize that after-the-fact sampling and verification efforts by the Division are not a substitute for effective FEMA<sup>5</sup> controls and procedures over claims inspection and payment. We also acknowledge

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<sup>5</sup> FEMA received criticism in a May 2005, Department of Homeland Security Internal Audit Report (OIG-05-20 May 2005) for the administration of this program in Miami-Dade County. The audit cited lack of oversight of poorly trained contract inspectors and procedures that were unclear, ineffective, and inadequate which caused many of the problems noted by the Department of Homeland Security Inspector General. The audit noted that many of the issues cited were pervasive in FEMA’s administration of the Individuals and Households Assistance Program and could affect the claims process in other counties and in other States. The issues cited above were not under or subject to the control of the Division.

that the financial cost associated with sampling and verification procedures implemented by the Division would be the sole responsibility of the State. However, timely, focused verification efforts by the Division may assist in identifying patterns of erroneous payments and more egregious false claims.

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**Recommendation: The Division should develop and implement verification and payment processing procedures that provide reasonable assurance that reimbursements made to FEMA represent valid obligations of the State. These procedures should incorporate timely sampling of both individual claims payments and applied refunds.**

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**Finding No. 2: Payments for Destroyed Automobiles**

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In each Agreement, the Division agreed to pay FEMA the State’s 25 percent share of all ONA paid claims, including amounts paid for the replacement of automobiles. As stated earlier, the Division in the SAP established \$6,500 as the fixed lump-sum amount to be paid by FEMA for the replacement of destroyed automobiles. As of March 31, 2005, FEMA data indicated that 10,732 claims were paid for automobile repairs and replacements totaling \$10,577,840 for the four hurricanes of 2004.

Of the 10,732 claims, 775 vehicle replacement payments were made for \$6,500 each (\$5,037,500). In a May 2005, Department of Homeland Security Inspector General Audit Report,<sup>5</sup> it was noted from a test of 21 payments that 18 were for \$6,500 each. The report noted that 13 of these vehicle replacement payments were for vehicles that had a retail value less than \$6,500 (ranging from \$850 to \$5,500). On May 10, 2005, the Division revised the SAP establishing the new fixed lump-sum replacement amount at \$4,000.

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**Recommendation: The Division should continue to work with FEMA to ensure that the amounts to be paid for destroyed automobiles is reasonable in relation to the pre-disaster value of the automobile.**

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**TABLE 1  
INDIVIDUALS AND HOUSEHOLD PROGRAM PAYMENTS (IN THOUSANDS)  
JULY 2004 THROUGH MARCH 2005**

| County       | Other Needs Assistance |                  |                   |                   |                  |                   |                  |                  |                  |                   |                  |                   |
|--------------|------------------------|------------------|-------------------|-------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|
|              | Hurricane Charley      |                  |                   | Hurricane Frances |                  |                   | Hurricane Ivan   |                  |                  | Hurricane Jeanne  |                  |                   |
|              | Federal                | State            | Total             | Federal           | State            | Total             | Federal          | State            | Total            | Federal           | State            | Total             |
| Alachua      | \$ -                   | \$ -             | \$ -              | \$ 1,452          | \$ 484           | \$ 1,936          | \$ -             | \$ -             | \$ -             | \$ 678            | \$ 226           | \$ 904            |
| Baker        | -                      | -                | -                 | 84                | 28               | 112               | -                | -                | -                | 103               | 34               | 137               |
| Bay          | -                      | -                | -                 | -                 | -                | -                 | 968              | 323              | 1,291            | -                 | -                | -                 |
| Bradford     | -                      | -                | -                 | 751               | 250              | 1,001             | -                | -                | -                | 708               | 236              | 944               |
| Brevard      | 986                    | 329              | 1,315             | 16,082            | 5,361            | 21,443            | 18               | 6                | 24               | 12,510            | 4,170            | 16,680            |
| Broward      | -                      | -                | -                 | 5,877             | 1,959            | 7,836             | -                | -                | -                | -                 | -                | -                 |
| Calhoun      | -                      | -                | -                 | -                 | -                | -                 | 165              | 55               | 220              | -                 | -                | -                 |
| Charlotte    | 18,171                 | 6,057            | 24,228            | 752               | 251              | 1,003             | -                | -                | -                | 466               | 155              | 621               |
| Citrus       | -                      | -                | -                 | 1,196             | 399              | 1,595             | 10               | 3                | 13               | 569               | 190              | 759               |
| Clay         | -                      | -                | -                 | 772               | 257              | 1,029             | 12               | 4                | 16               | 450               | 150              | 600               |
| Collier      | 153                    | 51               | 204               | -                 | -                | -                 | -                | -                | -                | -                 | -                | -                 |
| Columbia     | -                      | -                | -                 | 1,296             | 432              | 1,728             | -                | -                | -                | 622               | 207              | 829               |
| DeSoto       | 8,330                  | 2,777            | 11,107            | 831               | 277              | 1,108             | -                | -                | -                | 1,830             | 610              | 2,440             |
| Dixie        | 23                     | 8                | 31                | 321               | 107              | 428               | -                | -                | -                | 347               | 116              | 463               |
| Duval        | 234                    | 78               | 312               | 1,140             | 380              | 1,520             | 35               | 12               | 47               | 953               | 318              | 1,271             |
| Escambia     | -                      | -                | -                 | -                 | -                | -                 | 34,412           | 11,471           | 45,883           | -                 | -                | -                 |
| Flagler      | 137                    | 46               | 183               | 910               | 303              | 1,213             | 3                | 1                | 4                | 295               | 98               | 393               |
| Franklin     | -                      | -                | -                 | -                 | -                | -                 | 109              | 36               | 145              | -                 | -                | -                 |
| Gadsden      | -                      | -                | -                 | -                 | -                | -                 | 66               | 22               | 88               | -                 | -                | -                 |
| Gilchrist    | -                      | -                | -                 | 438               | 146              | 584               | -                | -                | -                | 223               | 74               | 297               |
| Glades       | 11                     | 4                | 15                | 91                | 30               | 121               | -                | -                | -                | 293               | 98               | 391               |
| Gulf         | -                      | -                | -                 | -                 | -                | -                 | 183              | 61               | 244              | -                 | -                | -                 |
| Hamilton     | -                      | -                | -                 | -                 | -                | -                 | -                | -                | -                | 115               | 38               | 153               |
| Hardee       | 4,613                  | 1,538            | 6,151             | 932               | 311              | 1,243             | -                | -                | -                | 1,508             | 503              | 2,011             |
| Hendry       | 139                    | 46               | 185               | 456               | 152              | 608               | -                | -                | -                | 853               | 284              | 1,137             |
| Hernando     | -                      | -                | -                 | 676               | 225              | 901               | -                | -                | -                | 497               | 166              | 663               |
| Highlands    | 2,293                  | 764              | 3,057             | 926               | 309              | 1,235             | 6                | 2                | 8                | 3,828             | 1,276            | 5,104             |
| Hillsborough | -                      | -                | -                 | 2,310             | 770              | 3,080             | -                | -                | -                | 3,983             | 1,328            | 5,311             |
| Holmes       | -                      | -                | -                 | -                 | -                | -                 | 327              | 109              | 436              | -                 | -                | -                 |
| Indian River | 31                     | 10               | 41                | 7,819             | 2,606            | 10,425            | 14               | 5                | 19               | 10,462            | 3,487            | 13,949            |
| Jackson      | -                      | -                | -                 | -                 | -                | -                 | 378              | 126              | 504              | -                 | -                | -                 |
| Jefferson    | -                      | -                | -                 | -                 | -                | -                 | -                | -                | -                | 57                | 19               | 76                |
| Lafayette    | -                      | -                | -                 | -                 | -                | -                 | -                | -                | -                | 27                | 9                | 36                |
| Lake         | 286                    | 95               | 381               | 1,777             | 592              | 2,369             | 8                | 3                | 11               | 2,054             | 685              | 2,739             |
| Lee          | 7,732                  | 2,577            | 10,309            | 866               | 289              | 1,155             | 34               | 11               | 45               | -                 | -                | -                 |
| Leon         | -                      | -                | -                 | -                 | -                | -                 | 85               | 28               | 113              | -                 | -                | -                 |
| Levy         | 46                     | 15               | 61                | 585               | 195              | 780               | -                | -                | -                | 242               | 81               | 323               |
| Liberty      | -                      | -                | -                 | -                 | -                | -                 | 42               | 14               | 56               | -                 | -                | -                 |
| Madison      | -                      | -                | -                 | -                 | -                | -                 | -                | -                | -                | 178               | 59               | 237               |
| Manatee      | 337                    | 112              | 449               | 481               | 160              | 641               | 3                | 1                | 4                | 1,293             | 431              | 1,724             |
| Marion       | -                      | -                | -                 | 4,278             | 1,426            | 5,704             | 70               | 23               | 93               | 3,201             | 1,067            | 4,268             |
| Martin       | -                      | -                | -                 | 6,380             | 2,127            | 8,507             | 8                | 3                | 11               | 6,819             | 2,273            | 9,092             |
| Miami-Dade   | -                      | -                | -                 | 13,385            | 4,462            | 17,847            | -                | -                | -                | -                 | -                | -                 |
| Monroe       | 43                     | 14               | 57                | -                 | -                | -                 | -                | -                | -                | -                 | -                | -                 |
| Nassau       | -                      | -                | -                 | 94                | 31               | 125               | -                | -                | -                | 79                | 26               | 105               |
| Okaloosa     | -                      | -                | -                 | -                 | -                | -                 | 4,778            | 1,593            | 6,371            | -                 | -                | -                 |
| Okeechobee   | 17                     | 6                | 23                | 2,301             | 767              | 3,068             | 12               | 4                | 16               | 4,738             | 1,579            | 6,317             |
| Orange       | 10,977                 | 3,659            | 14,636            | 7,947             | 2,649            | 10,596            | 28               | 9                | 37               | 7,692             | 2,564            | 10,256            |
| Osceola      | 7,039                  | 2,346            | 9,385             | 3,312             | 1,104            | 4,416             | 3                | 1                | 4                | 3,504             | 1,168            | 4,672             |
| Palm Beach   | -                      | -                | -                 | 28,807            | 9,602            | 38,409            | 79               | 26               | 105              | 23,103            | 7,701            | 30,804            |
| Pasco        | 168                    | 56               | 224               | 1,179             | 393              | 1,572             | 17               | 6                | 23               | 1,665             | 555              | 2,220             |
| Pinellas     | -                      | -                | -                 | 714               | 238              | 952               | -                | -                | -                | 1,990             | 663              | 2,653             |
| Polk         | 12,481                 | 4,160            | 16,641            | 6,322             | 2,107            | 8,429             | 32               | 11               | 43               | 18,584            | 6,195            | 24,779            |
| Putnam       | -                      | -                | -                 | 2,597             | 866              | 3,463             | -                | -                | -                | 1,724             | 575              | 2,299             |
| Santa Rosa   | -                      | -                | -                 | -                 | -                | -                 | 19,560           | 6,520            | 26,080           | -                 | -                | -                 |
| Sarasota     | 496                    | 165              | 661               | 395               | 132              | 527               | -                | -                | -                | 746               | 249              | 995               |
| Seminole     | 4,252                  | 1,417            | 5,669             | 3,467             | 1,156            | 4,623             | 30               | 10               | 40               | 1,908             | 636              | 2,544             |
| St. Johns    | 47                     | 16               | 63                | 922               | 307              | 1,229             | 10               | 3                | 13               | 494               | 165              | 659               |
| St. Lucie    | -                      | -                | -                 | 15,740            | 5,247            | 20,987            | 24               | 8                | 32               | 19,720            | 6,573            | 26,293            |
| Sumter       | -                      | -                | -                 | 834               | 278              | 1,112             | -                | -                | -                | 1,130             | 377              | 1,507             |
| Suwannee     | -                      | -                | -                 | 264               | 88               | 352               | -                | -                | -                | 282               | 94               | 376               |
| Taylor       | -                      | -                | -                 | -                 | -                | -                 | 36               | 12               | 48               | 42                | 14               | 56                |
| Union        | -                      | -                | -                 | 184               | 61               | 245               | -                | -                | -                | 105               | 35               | 140               |
| Volusia      | 7,740                  | 2,580            | 10,320            | 14,305            | 4,768            | 19,073            | 24               | 8                | 32               | 3,323             | 1,108            | 4,431             |
| Wakulla      | -                      | -                | -                 | -                 | -                | -                 | 29               | 10               | 39               | -                 | -                | -                 |
| Walton       | -                      | -                | -                 | -                 | -                | -                 | 934              | 311              | 1,245            | -                 | -                | -                 |
| Washington   | -                      | -                | -                 | -                 | -                | -                 | 131              | 44               | 175              | -                 | -                | -                 |
| <b>Total</b> | <b>\$ 86,782</b>       | <b>\$ 28,926</b> | <b>\$ 115,708</b> | <b>\$ 162,248</b> | <b>\$ 54,082</b> | <b>\$ 216,330</b> | <b>\$ 62,683</b> | <b>\$ 20,895</b> | <b>\$ 83,578</b> | <b>\$ 145,993</b> | <b>\$ 48,665</b> | <b>\$ 194,658</b> |

Source: Data provided by Federal Emergency Management Agency

**TABLE 1 (CONTINUED)**  
**INDIVIDUALS AND HOUSEHOLD PROGRAM PAYMENTS (IN THOUSANDS)**  
**JULY 2004 THROUGH MARCH 2005**

| County       | Combined Totals for all Four 2004 Hurricanes |  |   |  |   |
|--------------|--|--|---|--|---|
|              | Total Federal<br>Other Needs<br>Assistance   | Total State<br>Other Needs<br>Assistance | Combined Total<br>Other Needs<br>Assistance | Total Federal<br>Housing<br>Assistance | Combined Total<br>Individuals and<br>Households Program |
| Alachua      | \$ 2,130                                     | \$ 710                                   | \$ 2,840                                    | \$ 3,845                               | \$ 6,685  |
| Baker        | 187  | 62                                       | 249   | 424                                    | 673   |
| Bay          | 968  | 323                                      | 1,291                                       | 1,572                                  | 2,863   |
| Bradford     | 1,459  | 486                                      | 1,945                                       | 2,105                                  | 4,050   |
| Brevard      | 29,596                                       | 9,866                                    | 39,462                                      | 29,605                                 | 69,067  |
| Broward      | 5,877  | 1,959                                    | 7,836                                       | 6,278                                  | 14,114  |
| Calhoun      | 165  | 55                                       | 220   | 311                                    | 531   |
| Charlotte    | 19,389                                       | 6,463                                    | 25,852                                      | 17,183                                 | 43,035  |
| Citrus       | 1,775  | 592                                      | 2,367                                       | 2,909                                  | 5,276   |
| Clay         | 1,234  | 411                                      | 1,645                                       | 1,697                                  | 3,342   |
| Collier      | 153  | 51                                       | 204   | 219                                    | 423   |
| Columbia     | 1,918  | 639                                      | 2,557                                       | 3,719                                  | 6,276   |
| DeSoto       | 10,991                                       | 3,664                                    | 14,655                                      | 10,389                                 | 25,044  |
| Dixie        | 691  | 231                                      | 922   | 1,879                                  | 2,801   |
| Duval        | 2,362  | 788                                      | 3,150                                       | 3,254                                  | 6,404   |
| Escambia     | 34,412                                       | 11,471                                   | 45,883                                      | 38,649                                 | 84,532  |
| Flagler      | 1,345  | 448                                      | 1,793                                       | 1,162                                  | 2,955   |
| Franklin     | 109  | 36                                       | 145   | 207                                    | 352   |
| Gadsden      | 66   | 22                                       | 88  | 166                                    | 254   |
| Gilchrist    | 661  | 220                                      | 881   | 1,379                                  | 2,260   |
| Glades       | 395  | 132                                      | 527   | 727                                    | 1,254   |
| Gulf         | 183  | 61                                       | 244   | 229                                    | 473   |
| Hamilton     | 115  | 38                                       | 153   | 289                                    | 442   |
| Hardee       | 7,053  | 2,352                                    | 9,405                                       | 8,096                                  | 17,501  |
| Hendry       | 1,448  | 482                                      | 1,930                                       | 1,650                                  | 3,580   |
| Hernando     | 1,173  | 391                                      | 1,564                                       | 2,288                                  | 3,852   |
| Highlands    | 7,053  | 2,351                                    | 9,404                                       | 7,100                                  | 16,504  |
| Hillsborough | 6,293  | 2,098                                    | 8,391                                       | 10,515                                 | 18,906  |
| Holmes       | 327  | 109                                      | 436   | 792                                    | 1,228   |
| Indian River | 18,326                                       | 6,108                                    | 24,434                                      | 20,249                                 | 44,683  |
| Jackson      | 378  | 126                                      | 504   | 747                                    | 1,251   |
| Jefferson    | 57   | 19                                       | 76  | 206                                    | 282   |
| Lafayette    | 27   | 9  | 36  | 97                                     | 133   |
| Lake         | 4,125  | 1,375                                    | 5,500                                       | 7,019                                  | 12,519  |
| Lee          | 8,632  | 2,877                                    | 11,509                                      | 11,456                                 | 22,965  |
| Leon         | 85   | 28                                       | 113   | 153                                    | 266   |
| Levy         | 873  | 291                                      | 1,164                                       | 2,103                                  | 3,267   |
| Liberty      | 42   | 14                                       | 56  | 159                                    | 215   |
| Madison      | 178  | 59                                       | 237   | 1,006                                  | 1,243   |
| Manatee      | 2,114  | 704                                      | 2,818                                       | 2,666                                  | 5,484   |
| Marion       | 7,549  | 2,516                                    | 10,065                                      | 10,421                                 | 20,486  |
| Martin       | 13,207                                       | 4,403                                    | 17,610                                      | 14,690                                 | 32,300  |
| Miami-Dade   | 13,385                                       | 4,462                                    | 17,847                                      | 13,172                                 | 31,019  |
| Monroe       | 43   | 14                                       | 57  | 55                                     | 112   |
| Nassau       | 173  | 57                                       | 230   | 219                                    | 449   |
| Okaloosa     | 4,778  | 1,593                                    | 6,371                                       | 5,656                                  | 12,027  |
| Okeechobee   | 7,068  | 2,356                                    | 9,424                                       | 8,396                                  | 17,820  |
| Orange       | 26,644                                       | 8,881                                    | 35,525                                      | 36,445                                 | 71,970  |
| Osceola      | 13,858                                       | 4,619                                    | 18,477                                      | 22,357                                 | 40,834  |
| Palm Beach   | 51,989                                       | 17,329                                   | 69,318                                      | 65,696                                 | 135,014   |
| Pasco        | 3,029  | 1,010                                    | 4,039                                       | 7,918                                  | 11,957  |
| Pinellas     | 2,704  | 901                                      | 3,605                                       | 4,751                                  | 8,356   |
| Polk         | 37,419                                       | 12,473                                   | 49,892                                      | 44,514                                 | 94,406  |
| Putnam       | 4,321  | 1,441                                    | 5,762                                       | 5,243                                  | 11,005  |
| Santa Rosa   | 19,560                                       | 6,520                                    | 26,080                                      | 21,975                                 | 48,055  |
| Sarasota     | 1,637  | 546                                      | 2,183                                       | 1,198                                  | 3,381   |
| Seminole     | 9,657  | 3,219                                    | 12,876                                      | 8,398                                  | 21,274  |
| St. Johns    | 1,473  | 491                                      | 1,964                                       | 1,759                                  | 3,723   |
| St. Lucie    | 35,484                                       | 11,828                                   | 47,312                                      | 37,843                                 | 85,155  |
| Sumter       | 1,964  | 655                                      | 2,619                                       | 2,802                                  | 5,421   |
| Suwannee     | 546  | 182                                      | 728   | 1,320                                  | 2,048   |
| Taylor       | 78   | 26                                       | 104   | 266                                    | 370   |
| Union        | 289  | 96                                       | 385   | 517                                    | 902   |
| Volusia      | 25,392                                       | 8,464                                    | 33,856                                      | 23,527                                 | 57,383  |
| Wakulla      | 29   | 10                                       | 39  | 59                                     | 98  |
| Walton       | 934  | 311                                      | 1,245                                       | 2,264                                  | 3,509   |
| Washington   | 131  | 44                                       | 175   | 410                                    | 585   |
| <b>Total</b> | <b>\$ 457,706</b>                            | <b>\$ 152,568</b>                        | <b>\$ 610,274</b>                           | <b>\$ 546,370</b>                      | <b>\$ 1,156,644</b>                                     |

Source: Data provided by Federal Emergency Management Agency

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### OTHER MATTERS

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The limitations in the FEMA NEMIS, as disclosed by the September 2005, Department of Homeland Security Internal Audit Report (OIG-05-36), significantly hinders the Department's ability to perform needed verification and monitoring responsibilities. To facilitate Federal and State cooperation in this matter, copies of this report have been provided to Federal stakeholders including, the Governmental Accountability Office and the Department of Homeland Security.

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### OBJECTIVES, SCOPE, AND METHODOLOGY

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Our audit focused on the Department of Community Affairs' Division of Emergency Management's role and responsibilities under agreements with the Federal Emergency Management Agency (FEMA) to provide assistance to individuals that sustained damage from one or more of the four hurricanes that struck Florida in the Fall of 2004. The objectives of the audit were:

- To evaluate the effectiveness of the Division's verification and payment assessing procedures for making reimbursements to FEMA.
- To evaluate the extent to which the Division had complied with controlling laws, administrative rules, and other guidelines.

In conducting our audit, we interviewed Division personnel, observed selected operations, reviewed Division records, and completed various analyses and procedures. Our audit included the examination of various documents (as well as events and conditions) applicable to the period January 2004 through February 2005, and selected actions take through August 2005. The scope of our audit did not extend to the examination of FEMA controls or a review of the NEMIS.

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### AUTHORITY

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Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



William O. Monroe, CPA  
Auditor General

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### MANAGEMENT RESPONSE

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In a letter dated January 13, 2006, the Secretary of the Department concurred with our findings and recommendations and described corrective actions already taken or planned for future implementation. The letter is included in its entirety at the end of this report as Appendix A.

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of State agencies. This operational audit was made in accordance with applicable *Government Auditing Standards* issued by the Comptroller General of the United States. This audit was conducted by Ben H. Cox, CPA, and supervised by David R. Vick, CPA. Please address inquiries regarding this report to David R. Vick, CPA, Audit Manager, via e-mail at [davidvick@aud.state.fl.us](mailto:davidvick@aud.state.fl.us) or by telephone at (850) 487-9100.

This report and audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone ((850) 487-9024); or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).

APPENDIX A  
MANAGEMENT RESPONSE



STATE OF FLORIDA  
**DEPARTMENT OF COMMUNITY AFFAIRS**

*"Dedicated to making Florida a better place to call home"*

JEB BUSH  
Governor

THADDEUS L. COHEN, AIA  
Secretary

January 13, 2006

Mr. William O. Monroe  
Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. Monroe:

On December 15, 2005, the Department of Community Affairs received two findings from an audit completed by your staff for the Individual and Households Program (IHP). The IHP is one of the programs offered by the Federal Emergency Management Agency (FEMA) following a Presidentially declared disaster. This audit covered the period from January, 2004 through February, 2005, with selected actions through August, 2005.

The IHP program is administered and managed by FEMA. The State opts to not have management of the program, given its enormity and heavy reliance on manpower. Instead, the State depends on FEMA to manage and administer the program, with a limited amount of State oversight. The State then is obligated to reimburse FEMA the 25 percent non-federal share, given the IHP program requires a 25 percent non-federal match to the 75 percent federal share.

Our responses to the findings follow:

**Recommendation 1:** The Division should develop and implement verification and payment processing procedures that provide reasonable assurance that reimbursements made to FEMA represent valid obligations of the State. These procedures should incorporate timely sampling of both individual claims payments and applied refunds.

**Response:** Despite the administrative limitations and tremendous work loads of the staff, the audit only revealed a minimal error rate regarding individual claims. As a result, re-examining payments can cost the State more monies and risk the potential of slowing down payments.

The Division will continue to review and revise as necessary, its verification of the process. This verification process involves contacting applicants for each disaster and determining if they have actually received FEMA financial assistance within the ONA (Other Needs Assistance) program. ONA is a component program of the Individual and Households program. This program requires a State match which the State has agreed to provide to FEMA.

**2555 SHUMARD OAK BOULEVARD • TALLAHASSEE, FLORIDA 32399-2100**  
Phone: 850.488.8466/Suncom 278.8466      FAX: 850.921.0781/Suncom 291.0781  
Internet address: <http://www.dca.state.fl.us>

CRITICAL STATE CONCERN FIELD OFFICE  
2796 Overseas Highway, Suite 212  
Marathon, FL 33050-2227  
(305) 289-2402

COMMUNITY PLANNING  
2555 Shumard Oak Boulevard  
Tallahassee, FL 32399-2100  
(850) 488-2356

EMERGENCY MANAGEMENT  
2555 Shumard Oak Boulevard  
Tallahassee, FL 32399-2100  
(850) 413-9969

HOUSING & COMMUNITY DEVELOPMENT  
2555 Shumard Oak Boulevard  
Tallahassee, FL 32399-2100  
(850) 488-7956

**APPENDIX A (CONTINUED)**  
**MANAGEMENT RESPONSE**

Mr. William Monroe  
January 13, 2006  
Page 2

The Division will work with FEMA to document the procedures that FEMA utilizes in determining the monthly invoice that is sent to the State for payment of the State's 25 percent match.

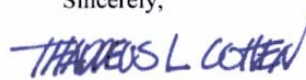
Further, the Division will work with FEMA to develop a reporting mechanism that shows how refunds are determined and applied to the current billing in as much detail as practical.

**Recommendation 2:** The Division should continue to work with FEMA to ensure that the amounts to be paid for destroyed automobiles is reasonable in relation to the pre-disaster value of the automobile.

**Response:** FEMA used a default system whereby applicants who were eligible for automobile replacement were given the default value, regardless of the cost of the vehicle. This was done in order to expedite the repayment of the victims during times of great need. Using the default values is allowable under the federal system.

To rectify this, the State is developing a revised State Management Plan (SAP) that will address the automatic use of default values for not only vehicle, but any other item eligible for reimbursement under the IHP program. This plan is under development and will be forwarded to the Auditor General's attention once it is completed. This SAP will require policy decisions as to the legitimacy of sacrificing speed for accuracy. We are reviewing policy to determine if items eligible under the ONA program should be discontinued, such as generators.

Sincerely,



Thaddeus L. Cohen, A.I.A.  
Secretary