

Association of Government Accountants – Austin Chapter
Capping Report on FY 12 Audits of FEMA Disaster Grants by Tonda Hadley
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Tonda Hadley is the Director of the Central Regional Office for Office of Emergency Management Oversight, under the Office of Inspector General, U.S. Department of Homeland Security. Her offices in Dallas and New Orleans are responsible for auditing FEMA disaster grants in FEMA Regions V, VI, and VIII, which together encompasses 15 states. Hadley has been a member of AGA for 25 years.

Luncheon Highlights:

A. Office of Emergency Management Oversight

1. EMO was created after Hurricane Katrina, and is a cash cow for the Department of Homeland Security.
2. FEMA's priority is saving lives, while EMO's priority is to make sure grant funds are spent according to Federal regulations and FEMA policies.
3. A common misconception is that because it's a disaster, the rules for spending grant funds do not have to be followed.
4. Unlike other oversight groups, EMO goes out to disasters and actively tries to prevent the issues that come up in FEMA audits. EMO and FEMA have different priorities during a disaster.

B. The Capping Report

1. Capping reports have been prepared for the last four years. The Capping report reports the magnitude of the money spent on disasters that happen during the year as well as audit findings and recommendations. This report has become influential at the national level.
2. In 2012, EMO audited 59 FEMA disaster grant reports, which accounted for 82% of all awarded grant funds, and made 187 recommendations.
3. There are four types of findings in the Capping Report:
 - a. Ineligible work or costs
 - b. Funds put to better use
 - c. Unsupported costs
 - d. Grants management and administrative issues

C. EMO Field Work

1. EMO auditors investigate to see if FEMA is making the proper party pay for disaster costs. If FEMA is the proper party, and the cost to repair exceeds 50% of the cost to replace, then FEMA will replace disaster damages.
2. EMO auditors understand that it is difficult to control the costs of 100% disasters. Working a disaster also helps EMO see the damage first hand because repair costs are often inflated.
3. EMO auditors talk to citizens to understand the cause of the damage to understand the reasoning behind cost decisions.
4. FEMA waives approximately 97% of procurement findings in an audit; however, FEMA must have OMB approval to waive an entire grant category.