

Audit Documentation & Recordkeeping



June 26, 2014

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PW Closeout & Audit Process

- Project is 100% Complete, per Dept EDR
- Closeout Forms are generated & submitted to TDEM
- TDEM Audit KickOff Meeting
 - RFI from Auditor
 - RFI Support Gathered from Departments
 - Respond to Auditors with RFI Info Requested
 - Reviews Performed by Auditors
- Findings Meeting
- COH Responses to Findings
- TDEM Audit Report is issued
- Funds Obligated or Deobligated
- Appeals Submitted

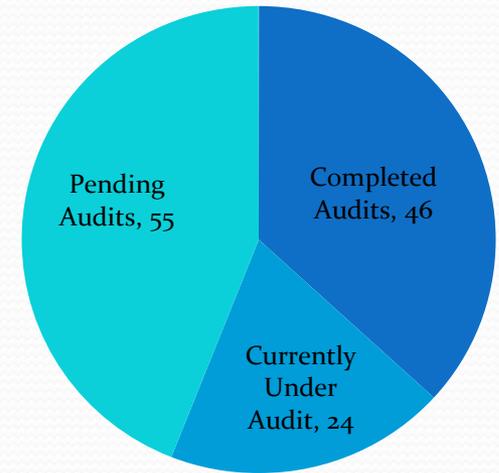
TDEM Auditors

- Horne LLP (also Recovery Officers & Contract Monitoring)
- Ernst & Young
- TDEM Staff Auditors

Status of IKE

- Approximately 2/3rds of Departmental Project Audits still have to be finalized
- 24 PWs are currently being audited
- FEMA IKE Reimbursement totals ~\$180Million
- Some Findings and Deobligations have been communicated by TDEM
- Additional Deobligations are anticipated
- Appeals may not mitigate Deobligations
- ~1 year remaining to complete all IKE project audits, Deadline is Fall of 2015
- OIG Audit is Anticipated

IKE Audit Status



Types of Audit Findings

Procurement/Contract Findings

- Document vendor contract rate changes
- Cost incurred are out of scope compared to the original scope on PW (Project Worksheet)
- Lack of documentation of RFP publication
- MWBEs not included
- Cost or Price analysis not documented
- Lack of award determination
- Failure to follow applicant's own procurement procedures

Types of Audit Findings (continued)

Force Account Equipment & Labor Findings

- Force Account Equipment
 - Idle time claimed
 - No proof of ownership on the equipment
 - Equipment rates are other than what FEMA published
 - No FEMA authorization documented
- Force Account Labor
 - Lack of time sheets
 - Lack of proof of payment

Concerns & Recommendations

- Concerns

- More stringent TDEM/FEMA requirements
- Delayed audit request turn around time
 - Lag time spanning months
- New data discovered after audits are closed
 - We can only submit new data with the appeal

- Recommendations

- Attentiveness to audit process and RFI's from depts.
- Identify additional potential obligations
- Prepositioned Contracts, Ex. Debris Removal

Going Forward

- Audits are requiring full compliance with Federal Guidelines now. Not based on just reasonableness of the cost.
- Contract Monitoring is in effect going forward. Applicants will submit more documentation to TDEM upfront.
- TDEM will withhold some funding until the audit is completed.

Resources

- FEMA Public Assistance Policy Guidance
 - <http://www.fema.gov/public-assistance-policy-and-guidance>
- Texas Department of Emergency Management (TDEM) forms and publications
 - <http://www.txdps.state.tx.us/dem/downloadableforms.htm>
- City of Houston Finance Department
 - http://www.houstontx.gov/finance/acct/general_accounting.html
- City of Houston Emergency Management Plan
 - <http://www.houstonoem.org/external/content/document/4027/1124975/1/COH%20OEM%20Basic%20Plan.pdf>

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