



## Inspector General Insights

**Background:** On September 10, 2017, Hurricane Irma made landfall on Marco Island as a Category 3 storm, requiring the opening of emergency shelters housed and managed by the District School Board of Collier County (the District).

**Objective:** Board staff requested the Clerk's Office to review the District's requested reimbursable costs, with the objective of evaluating the accuracy and eligibility of expenses according to Federal regulations and FEMA guidelines for Hurricane Irma (FEMA Disaster Number DR-4337-FL). Additionally, we reviewed for compliance with §163.01 F.S., Florida Interlocal Cooperation Act of 1969 and the Amended Interlocal Agreement between the Board of County Commissioners of Collier County, Florida and the District School Board of Collier County, Florida for Disaster Preparedness, effective June 12, 2007.

**Scope:** The District submitted a \$3.04 million invoice for shelter expenses to the Collier Board of County Commissioners (BCC), and the BCC submitted the final invoice to FEMA for reimbursement. There is no direct reporting relationship of the District to the BCC, so we did not evaluate any controls in this engagement. Accordingly, we did not obtain all the information and explanations that we would normally require for the purpose of our review.

**Observations:** We reviewed the \$3.04 million invoice submitted by the District for the Hurricane Irma-related shelter costs, questioned \$880,410.49 in costs and ultimately withheld payment for \$770,931.77 in ineligible costs (taxpayer savings) that did not comply with Federal grant requirements or were otherwise inaccurate as detailed below:

Total Transactions	Description	Total Costs Audited	Questioned Costs	Taxpayer Savings
7075	Original Invoice Submitted from CCPS	\$ 3,038,486.72		
	Finding 1, Non-shelter Costs		\$ 577,825.73	\$ 552,783.29
	Finding 2, Duplicate Costs		\$ 113,496.65	\$ 113,496.65
	Finding 3, Ineligible Cabinet Staff Costs		\$ 61,981.40	\$ 61,981.40
	Finding 4, Cost Plus Percentage of Costs		\$ 72,582.13	\$ 17,266.93
	Finding 5, Ineligible Donated Goods		\$ 14,417.46	\$ 14,417.46
	Finding 6, Calculation Errors and Unsupported Costs		\$ 40,107.12	\$ 10,986.04
<b>7075</b>		<b>\$ 3,038,486.72</b>	<b>\$ 880,410.49</b>	<b>\$ 770,931.77</b>

**Recommendations & Actions:** In Finding 3, a total of \$61,981.40 in compensation for cabinet personnel/executive directors was excluded from payment. The School District and the County subsequently created a new interlocal agreement dated October 9, 2018 that allows for the payment of cabinet-level personnel.

In order to remain compliant with FEMA regulations, the School District will need to ensure adherence to FEMA's three-pronged eligibility criteria from FEMA Public Assistance Program and Policy Guide (PAPPG) V3.1, Cost Eligibility, which indicates that:

*"...second-level supervisors and above are usually exempt employees and are not directly involved in the performance of a specific project, in this case, direct management of the shelters. Therefore, they are not eligible for overtime, unless the Applicant:*

1. *Demonstrates that the employee was directly involved with a specific project;*
2. *Normally charges that individual's time to specific projects regardless of Federal funding; and*
3. *Incurs overtime costs for the employee in accordance with a labor policy that meets the criteria in Chapter 2:V.A.1."*

**Conclusion:** Subsequent to our review, the Florida Division of Emergency Management (FDEM) reviewed the invoice submitted by the County for the Hurricane Irma-related shelter costs, and ultimately withheld payment to the BCC for \$64,808.47. The ineligible amounts consist of amounts previously questioned, but later paid by the County, as the District represented that they believed the amounts would be found eligible by FEMA (note the difference between the questioned costs and final taxpayer savings columns in the previous table).

The amounts ineligible are as follows:

- Sales Tax, Catastrophe mark up, and profit markup amounts totaling \$41,152.10, which was previously questioned on Finding #4, cost-plus-percentage-of-costs;
- Retroactive payments for shelter supplements, totaling \$19,762.74, which was questioned on Finding #6, calculation errors or unsupported costs;
- Calculation errors and duplicate entries on labor, totaling \$3,893.63.

On November 12, 2020, the County provided written notification to the District of the costs that FDEM found to be ineligible, and billed the District for the ineligible amounts. The District remitted a check to the County for the ineligible amount on December 23, 2020.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	Findings
7075	\$ 3,038,486.72	\$ 880,410.49	\$ 770,931.77	6