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RELEASED

# Some Improvements Needed In Administration Of Minirepair Program

B-167790

Department Of Housing and Urban Development  
Corps of Engineers  
Small Business Administration

*BY THE COMPTROLLER GENERAL  
OF THE UNITED STATES*

*913656*

**089927**

DEC 11, 1973



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON DC 20548

B-167790

The Honorable Daniel J. Flood  
House of Representatives

Dear Mr. Flood.

Pursuant to your January 8, 1973, request, we have reviewed the minirepair program which was used in the Wyoming Valley area of Pennsylvania to expedite the housing of disaster victims after Tropical Storm Agnes.

We will release this report only if you agree or publicly announce its contents. This report contains recommendations to the Secretary of Housing and Urban Development. Section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions he has taken on our recommendations to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. Your release of this report will enable us to send the report to the Secretary and the four committees for the purpose of setting in motion the requirements of section 236.

We trust that this report will assist you.

Sincerely yours,

A handwritten signature in black ink that reads "James B. Stacks".

Comptroller General  
of the United States

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ABBREVIATIONS

A-E architect engineer  
FDAA Federal Disaster Assistance Administration  
GAO General Accounting Office  
HUF Department of Housing and Urban Development  
SBA Small Business Administration

COMPTROLLER GENERAL'S REPORT TO  
THE HONORABLE DANIEL J. FLOOD  
HOUSE OF REPRESENTATIVES

SOME IMPROVEMENTS NEEDED IN  
ADMINISTRATION OF MINIREPAIR PROGRAM  
Department of Housing and Urban  
Development  
Corps of Engineers  
Small Business Administration B-167790

D I G E S T

WHY THE REVIEW WAS MADE

Congressman Daniel J. Flood requested GAO to investigate the minirepair program in the Wyoming Valley area of Pennsylvania (See p. 5.)

Background

After the floodwaters from Tropical Storm Agnes subsided, temporary housing for thousands of persons was urgently needed. Therefore the Office of Emergency Preparedness, which was responsible for managing and coordinating Federal disaster relief efforts, established the minirepair program which provides for minimum repairs to make a dwelling unit habitable. Such a program had not been used in previous disaster relief efforts. The Corps of Engineers, Department of the Army, and the Department of Housing and Urban Development (HUD) were originally responsible for administering the program, but the program is now administered solely by HUD. Effective July 1, 1973, the responsibilities of the Office of Emergency Preparedness for managing and coordinating Federal disaster assistance and related personnel were transferred to the then-created Federal Disaster Assistance Administration (FDAA) in HUD. (See p. 5.)

The Corps paid about \$8.6 million, which was reimbursed by FDAA, to repair 2,779 homes in Wyoming Valley under the program. Repairs were made on the basis of a scope of work prepared for each unit. (See pp. 5 and 6.)

FINDINGS AND CONCLUSIONS

Adequacy of work and  
cost of minirepairs

The Corps met with considerable success in using the program to repair homes of flood victims. The program affords eligible victims the opportunity to quickly return to their homes and alleviates some of the need for other more costly types of temporary housing. However, responses to a GAO questionnaire sent to 56 randomly selected homeowners whose houses were repaired under the program showed that

--Some required work was not done.

--Of 35 respondents, 12 were not satisfied with the quality of work.

GAO, accompanied by a HUD construction analyst, visited eight of the respondents' homes and found that their responses were valid. The information

obtained in response to the GAO questionnaire and evaluation of the work done at the eight homes indicated that the Corps' system of inspection was less than satisfactory

The Corps inspected completed repair work, and homeowners were given the opportunity to indicate on the final inspection forms whether they were satisfied or dissatisfied with the work. The Corps would attempt to resolve the problem when dissatisfaction was expressed.

Homeowners, however, did not have a good basis for expressing satisfaction or dissatisfaction with the work because they could not readily compare the work listed in the scope of work with the work performed. Homeowners were not given copies of the scopes or changes to them.

The inspection form, unlike the scope, did not itemize the required repairs. Thus the inspection form did not facilitate comparing the work listed on the scope with that done.

The 2,779 homes in Wyoming Valley were repaired at an average cost of \$2,865 a unit and an average total cost of \$3,092 a unit, including costs for architect-engineer estimates and inspections and followup on unfinished work. Although much of the repair work was done at premium prices, GAO could not conclude that minirepair costs were unreasonably high considering the crisis in Wyoming Valley following Tropical Storm Agnes. (See pp. 7 to 13.)

Federal efforts to preclude duplicate funding ineffective

Disaster legislation requires the Office of Emergency Preparedness (now FDAA) to insure that minirepair

recipients do not receive financing under the Small Business Administration (SBA) disaster loan program for the same repairs.

To avoid duplicate Federal funding, the Corps provided SBA with documents showing the scope of work, all change orders, and the Government cost estimate for each house repaired under the program. Not until December 1972, when work under the program was substantially completed and FDAA had questioned SBA about its failure to take action to preclude duplicate funding, did SBA act.

SBA sent letters to 317 of its borrowers who were also minirepair recipients informing them that SBA funds disbursed for work done under the minirepair program must be returned. Documents showing the original minirepair scope of work and the appropriate Government estimate of the cost were attached to each letter.

The estimate, however, had not been adjusted for changes in scope, if any. Also, although the Corps had notified SBA that only permanent repairs should have been considered for possible duplication of funding, SBA did not distinguish between temporary and permanent minirepairs. Temporary repairs were not considered in determining duplicate funding because it was anticipated that the homeowner would have permanent repairs made later. Furthermore, SBA's use of the Government estimate as the basis for reimbursement was inappropriate because actual minirepair costs to the Government varied significantly from the estimates.

Of the 317 borrowers sent SBA letters, 116 replied, none returned any funds. Most replies commented adversely on the quality and cost of minirepair

work and cited differences between the scope and work done. Many differences cited, however, were due to the fact that SBA sent scopes of work to the borrowers which had not been adjusted for changes in scope and cost. Because of the criticism and controversy generated by its letters, SBA discontinued its attempts to obtain reimbursement.

Lack of effective coordination of the SBA disaster loan program and the minor repair program precluded any assurance that homeowners were not receiving financial assistance under both programs for the same repairs. GAO believes that obtaining reimbursement for duplicate funding for Wyoming Valley victims cannot be done fairly without substantial expenditure of time and money to identify specific repairs and establish their cost. (See pp 15 to 18.)

#### RECOMMENDATIONS

To help insure that repairs, both temporary and permanent, specified in scopes of work are made and to provide greater control over the quality of work, GAO recommends to the Secretary of Housing and Urban Development that

- The homeowner be provided with a copy of the scope of work and change orders.
- The final inspection form list the work done by line item, as it is specified in the scope, to enable inspectors and homeowners to

more readily compare the scopes with the work performed

- The homeowner be given a reasonable opportunity to indicate whether the work done complied with the scope. This would enable HUD to identify those cases needing further investigation. (See p. 13.)

GAO recommends that, to preclude duplicate funding of the same repairs in future disasters, FDAA:

- Establish a standard application form for the various types of assistance provided to victims.
- Monitor the applications to identify applicants for assistance under more than one program. (See p. 18.)

#### AGENCY ACTIONS AND UNRESOLVED ISSUES

HUD advised GAO by letter dated November 8, 1973, that the GAO recommendations to improve control over the program would be adopted.

SBA advised GAO that it would cooperate with HUD and FDAA in devising methods and procedures to obtain the recommended improvements.

The Corps of Engineers concurred with GAO's findings and conclusions and stated that experience gained following Tropical Storm Agnes led to strengthening the Corps' control procedures for administering future disaster relief operations.

## CHAPTER 1

### INTRODUCTION

In June 1972 the rains of Tropical Storm Agnes and the resultant swollen rivers caused devastation throughout the Middle Atlantic States, particularly the Wyoming Valley area of Pennsylvania. In this area alone, 24,000 homes and buildings were destroyed or damaged and 80,000 people were evacuated

The Department of Housing and Urban Development (HUD) was responsible for providing housing for the thousands of displaced persons. HUD's immediate actions were directed to providing private homes and mobile homes as temporary housing. Due to the magnitude of the housing damage and expected delays in providing mobile homes and private leased housing, the Office of Emergency Preparedness established the mini-repair program as an alternate means of providing temporary housing. At that time, the Office was responsible for managing and coordinating Federal disaster relief efforts. Effective July 1, 1973, these responsibilities and related personnel were transferred to the then-created Federal Disaster Assistance Administration (FDAA) in HUD. We have used FDAA to identify the Office of Emergency Preparedness in this report.

The minirepair program provides for minimum repairs to make a house habitable and thus alleviate the demand for temporary housing. The Corps of Engineers, Department of the Army, and HUD were originally responsible for administering the program, this responsibility is now vested solely in HUD.

The Corps paid about \$8.6 million for minirepair work in the Wyoming Valley and about \$3.2 million for work in other flood-ravaged areas of Pennsylvania and New York. FDAA reimbursed the Corps for these costs. The work was done by contractors hired by the Corps.

By letter dated January 8, 1973, Congressman Daniel J. Flood requested us to investigate the minirepair program in the Wyoming Valley area. In accordance with arrangements we made with his office, we limited our review to 56 minirepair projects

## SCOPE OF REVIEW

Our review was directed to examining policies, procedures, and criteria relating to the costs and the performance of the minirepair program. We reviewed records and interviewed officials of the Corps, Small Business Administration (SBA), and HUD. Of 2,779 minirepair projects in the Wyoming Valley, we randomly selected 56 and received replies from 35 persons whose homes were repaired. Accompanied by a construction analyst from HUD, we visited 8 of the 35 projects.

## CHAPTER 2

### ADEQUACY OF WORK AND COST OF MINIREPAIRS

#### MINIREPAIR POLICIES AND PROCEDURES

On July 17, 1972, FDAA prepared criteria for the Federal agencies participating directly in flood-recovery operations. These criteria included:

- The cost of temporary repairs to render housing habitable should not exceed \$3,000 for any single dwelling and an average of \$1,500 for all single dwellings or apartments.
- The temporary repairs must require skilled labor and be limited to power, water, sewerage, security, and safety repairs beyond the normal capability of the average homeowner.

On July 27, 1972, the Corps provided similar, but more specific, information to flood victims about the type of repair work to be done. After the program began, the Corps defined "temporary repairs"--such as repair or replacement of doors, windows, flooring, and stairs--as those necessary to provide safety and security. Heating, electrical, plumbing, and insulation repairs were designated as permanent.

On November 10, 1972, FDAA revised the cost limits to provide that the cost of repairs to a house could exceed \$3,500 for 5 percent of all houses repaired but that the average cost for all houses could not exceed \$3,000.

HUD and the Corps implemented the following procedures for administering the minirepair program.

HUD was responsible for determining the initial eligibility of each applicant requesting minirepairs by determining that his residence was uninhabitable. HUD then forwarded to the Corps the names and addresses of applicants whose homes were determined to be uninhabitable.

An architect-engineer (A-E) firm, under contract to the Corps, reviewed the applicant's housing unit to identify the

type and extent of minimum repairs necessary to make it habitable and to prepare an estimate of the repair costs. Units for which the estimated repair costs exceeded the established limits were ineligible for minirepair, and the Corps instructed these applicants to apply to HUD for other forms of temporary housing

About 3,570 flood victims in Wyoming Valley applied for assistance under the program. HUD determined that the residences of about 3,400 of these applicants were uninhabitable and forwarded their applications to the Corps. Approximately 600 applicants either withdrew their applications or were determined ineligible by the Corps primarily because estimated repair costs exceeded the limits or because the applicants could not be located.

Upon the Corps' determination that applicants were eligible for minirepair, the Corps and the applicants agreed, in writing, on the scope of work. Housing units were grouped into packages varying from a few units to several hundred. A contract to repair all the units in a package or several packages was then awarded to a contractor.

Pursuant to the Disaster Relief Act of 1970 (42 U.S.C. 4414), preference was to be given to local contractors-- organizations, firms, and individuals who resided or did business primarily in Pennsylvania. Consequently, of the 20 contractors awarded contracts for minirepairs in the Wyoming Valley area, 16 were local.

The Corps inspected housing units as the work progressed and after it was completed. The A-E firm also inspected some units after the repair work was completed. At final inspection, applicants were given the opportunity to indicate on the final inspection form whether the work was satisfactory or unsatisfactory. The Corps would attempt to resolve the problem when dissatisfaction was expressed.

The inspections to ascertain whether minirepair recipients were satisfied with the work were not always effective, however. Of the 56 homeowners included in our selection of minirepair projects, 16 did not sign the final inspection form. The main reason cited by the Corps was that the homeowner was not available during the final inspection.

Also the homeowner could not readily compare the work listed in the scope of work with that done. Homeowners were not given copies of the scopes or change orders. The inspection form, unlike the scope, did not itemize the repairs originally agreed on. Thus the inspection form did not facilitate comparing the work listed in the scope with that done.

#### ADEQUACY OF CONTRACT WORK

We sent questionnaires and finalized scopes of work to 56 randomly selected minirepair recipients. We asked each recipient to cross out any item of work on the scope that had not been done by the contractor and to return the questionnaire and scope. According to the Corps' records for 56 units, the contractors were required to do work on the identified items in the scope, and 55 units had been inspected and certified as completed. The Corps records did not include the final inspection report for one unit.

Of the 56 questionnaires, 35, or 62.5 percent, were returned. Of the 35 respondents, 29 replied as to whether the work listed on the scopes had been done. Of the 29 replies, 17 identified items in the scope which had not been done.

We also requested the selected recipients to express their satisfaction or dissatisfaction with the work done, to identify unsatisfactory work, and to make additional comments concerning the program. A summary of their opinions on the work follows.

|                | <u>Number</u> |
|----------------|---------------|
| Satisfactory   | 20            |
| Unsatisfactory | 12            |
| No opinion     | <u>3</u>      |
| Total          | <u>35</u>     |

Accompanied by a HUD construction analyst, we visited eight homes where the homeowner was available and agreed to show us the minirepair work. In responding to our questionnaire, three of the eight homeowners had expressed satisfaction with the work done under the program and five had expressed dissatisfaction. Our visits showed that the responses to the eight questionnaires were valid

As shown above most recipients responding to our questionnaire considered the work satisfactory and some respondents expressed appreciation for the assistance provided under the program. Of the 12 recipients who considered the work unsatisfactory, most were dissatisfied with general-type repairs, such as repair or replacement of doors, windows, flooring, and stairs, as shown below.

| <u>Type of repair</u> | <u>Number of times cited as unsatisfactory</u> |
|-----------------------|--|
| General               | 10   |
| Heating               | 5  |
| Electrical            | 3  |
| Plumbing              | 1  |

Although the Corps considered general repairs as temporary to make the dwelling safe and secure with the intent that the homeowner would replace the items, the adverse comments concerning these repairs indicate less-than-satisfactory workmanship. Some examples were

- cracked boards used to repair stairs,
- doorframe damaged during installation of doors,
- new doors damaged during installation of hardware, and
- doors cut too short.

After work under the program was substantially completed, the Corps in November 1972 awarded a contract to provide maintenance and service to all homes repaired under the program to resolve homeowner complaints or deficiencies reported by city building inspectors. This service was provided for about 2 months. The contract and purchase orders for materials amount to \$38,800.

#### COST OF MINIREPAIRS

Following the flood it became a matter of public exigency to house displaced persons as soon as possible.

The Corps awarded 69 negotiated minirepair contracts to 20 contractors for repairs to 2,779 homes at a total cost of

\$7,961,600, an average of \$2,865 a unit. Excluding the cost of Corps personnel, about \$8.6 million was spent on the mini-repair program in the Wyoming Valley--an average cost of \$3,092 a unit. The \$8.6 million included:

|                               | <u>Amount</u>          |
|-------------------------------|------------------------|
| A-E estimates and inspections | \$ 572,000             |
| Contractor repair work        | 7,983,400              |
| Follow up on unfinished work  | <u>38,800</u>          |
| <br>Total                     | <br><u>\$8,594,200</u> |

Included in the cost of contractor repair work are the cost of a separate contract to insulate 52 homes already under minirepair contract (\$14,300) and the cost of terminating three repair contracts for the convenience of the Government (\$7,500). Appendix I shows the number of contracts awarded to each contractor and the number and cost of units repaired by each contractor.

Corps records showed that, for most of the contracts, the Corps solicited requests for proposals from more than one contractor. A Corps official told us that four contractors were each awarded a contract without the Corps' soliciting proposals from other contractors for the houses to be repaired. Corps records showed that award of these contracts to the four contractors was made because the Corps concluded that local contractor capability was not sufficient to complete all the required repairs under the program in the timely manner necessitated by the urgency of the housing situation in Wyoming Valley.

The Corps audited the four contracts after award but before completion to determine that cost data used in negotiating the contracts was valid. The audit reports indicated that the contractors' records were reviewed to the extent available at the time of audit and that the Corps was satisfied that the cost data was valid.

The contract amount for each of the four contracts was negotiated on the basis of the total cost to repair all houses included in the contract. Consequently, contractor prices for the repair of individual dwellings were not available. The four contractors repaired 1,451 homes.

Sixteen contractors repaired the other 1,328 houses under 65 contracts. Contractor bid prices were available for each of these homes. The Corps generally used the Government estimate as a guide for determining whether the quotations received from the contractors were reasonable. When proposals were solicited from more than one contractor, the average cost to repair homes ranged from 8 percent less to 14 percent more than the Government estimate. For the four contracts awarded without soliciting other bids, the average cost to repair homes ranged from 28 percent to 103 percent more than the Government estimate.

Corps officials believed the costs for the four contracts were not excessive. The Corps cited increased labor costs due to extensive overtime as the primary reason why the costs of the four contracts awarded without soliciting other proposals significantly exceeded the Government estimate. For example, according to Corps records, the Government estimate for the largest of the four contracts was based on a labor rate of \$9 an hour compared with a rate of \$14 to \$16 an hour actually experienced by the contractor. In addition to paying repair costs, the Corps paid the four contractors \$288,900 to reimburse them for some of the costs they incurred in moving into the Wyoming Valley and establishing an operational organization to make the minirepairs.

The increased costs of repairing flood-damaged property in Wyoming Valley appear to be attributable to one or more of the following.

- The unprecedented demand for repair contractors created by the massive destruction in the valley and the relative scarcity of contractors resulted in repair work being done at premium prices.
- The pressure to complete repair work as soon as possible and thereby alleviate the victims' adverse housing situation resulted in extensive overtime and increased labor costs.
- The depletion of materials inventories in the area necessitated the ordering of materials from more distant suppliers than normal resulting in higher shipping costs and consequently high material costs.

## CONCLUSIONS

The Corps met with considerable success in using the minirepair program to repair homes of flood victims. The program affords eligible victims the opportunity to quickly return to their homes and alleviates some of the need for other more costly temporary housing. The average total cost per unit of \$3,092 for the program compares favorably with the \$9,350 average cost of a mobile-home group site and with the \$7,210 average cost of a mobile-home private site reported by FDAA for Pennsylvania.

However, the responses to our questionnaire and our visits to eight minirepair projects indicate a need to improve the inspection process to identify and correct problems with minirepair work. The inspection system was less than satisfactory because work certified as complete was not always done. Had the Corps exercised tighter control over the inspection process, the problem of required work not being done would have been minimized. In addition, the quality of some work, particularly temporary repairs, was less than satisfactory. We recognize that temporary repairs, such as replacing doors and windows, were provided to make the dwelling safe and secure with the intent that the homeowners would later replace them. However, we believe that, if reasonable standards of workmanship had been practiced, the quality of work would have met with greater acceptance.

Much of the repair work was done at premium prices. However, because of the crises in Wyoming Valley following Tropical Storm Agnes, we could not conclude that minirepair costs were unreasonably high.

## RECOMMENDATIONS TO THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

To help insure that repairs specified in scopes of work are made and to provide greater control over the quality of work, we recommend that

- The homeowner be provided with a copy of the scope of work and subsequent change orders.
- The final inspection form list the work done by line item, as it is specified in the scope, to enable

inspectors and homeowners to more readily compare the scopes with the work done

--The homeowner be given a reasonable opportunity to indicate whether the work done complied with the scope This would enable HUD to identify those cases needing further investigation

#### AGENCY ACTIONS

HUD advised us by letter dated November 8, 1973, that our recommendations to improve control over the program would be adopted. (See app II.)

SBA advised us by letter dated September 27, 1973, that it would cooperate with HUD and FDAA in devising methods and procedures to obtain the recommended improvements (See app III.)

By letter dated September 28, 1973, the Corps concurred with our findings and conclusions and stated that experience gained following Tropical Storm Agnes led to strengthening its control procedures for administering future disaster relief operations. (See app IV.)

## CHAPTER 3

### PROBLEMS ENCOUNTERED IN PRECLUDING DUPLICATE BENEFITS

#### POLICIES AND PROCEDURES

SBA made about 28,000 low-interest disaster loans, forgiving the first \$5,000, for repair or replacement of personal and real property in Wyoming Valley. The Corps, under the minirepair program, also provided assistance for repair of flood-damaged real property.

Section 208(a) of the Disaster Relief Act of 1970 (42 U.S.C. 4418) requires that the Office of Emergency Preparedness (now FDAA) insure that no person will receive financial assistance for a loss for which he has received assistance under any other program.

On July 17, 1972, FDAA required that SBA be furnished information on the Federal expenditures under the minirepair program to avoid duplicate Federal funding of the same repairs. On October 24, 1972, FDAA, HUD, SBA, and the Corps signed a memorandum of agreement whereby the Corps agreed to furnish SBA and HUD the following information for each house repaired under the minirepair program.

- Name and address of applicant.
- Scope of work and all change orders.
- The Government cost estimate

After the program began, the Corps defined "temporary repairs"--such as repair or replacement of doors, windows, flooring, and stairs--as those necessary to provide safety and security. Heating, electrical, plumbing, and insulation repairs were designated as permanent. The Corps notified SBA that only the cost of permanent repairs should be considered in precluding duplication of Federal benefits, that is, SBA should not provide any financing for those items which were permanently repaired for the homeowner under the minirepair program.

FEDERAL EFFORT TO PRECLUDE  
DUPLICATE FUNDING INEFFECTIVE

Although the Corps sent SBA copies of the scopes of work and other information in accordance with its memorandum of agreement, SBA filed the information without taking any action. Not until December 1972, when work under the mini-repair program was substantially completed and FDAA had questioned SBA about its failure to take action to preclude duplicate funding, did SBA act.

SBA sent letters to 317 of its borrowers who were also minirepair recipients informing them that SBA funds disbursed for work done under the minirepair program must be returned. Documents showing the minirepair scope and the appropriate Government estimate of the cost were attached to each letter. The estimate, however, was an initial estimate that had not been adjusted for changes in scope, if any. Also, SBA made no distinction between permanent and temporary repairs in the letters and scopes sent to the borrowers.

Furthermore, SBA's use of Government estimates as the basis for reimbursement was inappropriate because actual minirepair costs to the Government varied significantly from the estimates as shown in the following examples

|                   | <u>Government<br/>estimate</u> | <u>Government<br/>cost</u> | <u>Difference</u> |
|-------------------|--------------------------------|----------------------------|-------------------|
| Example A         |                                |                            |                   |
| Temporary repairs | \$ 720                         | \$1,150                    | \$ 430            |
| Permanent repairs | <u>1,175</u>                   | <u>700</u>                 | <u>-475</u>       |
| Total             | <u>\$1,895</u>                 | <u>\$1,850</u>             | <u>\$- 45</u>     |
| Example B         |                                |                            |                   |
| Temporary repairs | \$ 700                         | \$1,271                    | \$ 571            |
| Permanent repairs | <u>1,930</u>                   | <u>1,575</u>               | <u>-355</u>       |
| Total             | <u>\$2,630</u>                 | <u>\$2,846</u>             | <u>\$ 216</u>     |

The SBA letters generated much confusion and controversy in Wyoming Valley about the possible return of SBA loan funds to SBA. Of the 317 borrowers sent SBA letters, 116 replied, none returned any funds. Most of the replies commented

adversely on the quality and cost of minirepair work and cited differences between the scope and the work done. Many of the differences cited, however, were due to the fact that SBA sent to the borrowers scopes which had not been adjusted for changes in scope and cost. Because of the criticism and controversy generated by the SBA letters, SBA discontinued its attempts to obtain reimbursement.

### CONCLUSIONS

Lack of effective coordination of the SBA disaster loan program and the minirepair program precluded any assurance that homeowners were not receiving financial assistance from each program for the same repairs.

We believe that obtaining reimbursement for duplicate funding of Wyoming Valley recipients cannot be done fairly without substantial expenditure of time and money to identify specific repairs and establish their cost. To identify duplicate payments at this time, SBA would have to examine, on a case-by-case basis, the work done under minirepair and compare it, according to its best judgment, with the work done with SBA funds.

The Corps provided SBA with estimates of the cost of minirepair work, but use of these estimates would be inappropriate because cost of the repairs to the Government varied significantly from the estimates. Also Government unit costs for 1,451 houses repaired under four minirepair contracts were not available because the amount for each of these contracts was negotiated on the basis of the total cost to repair all houses included in the contract.

SBA would have to contact the borrower and seek to obtain receipts of SBA loan expenditures in attempting to determine whether duplicate funding existed. The SBA appraisals of real property damage and loan authorizations--the bases for determining the amount of SBA funds to be provided to borrowers--were broadly written, and, in our opinion, SBA would probably be precluded from adequately and readily identifying similar work done under the minirepair program.

Duplicate funding can best be prevented when an application is being reviewed for approval. We believe the use of a standard application form for the various types of

assistance provided to victims is necessary to preclude duplicate funding. Copies of all such applications should be sent to FDAA so that applicants for assistance under more than one program can be identified and their applications closely reviewed to preclude duplicate funding.

RECOMMENDATIONS TO THE SECRETARY  
OF HOUSING AND URBAN DEVELOPMENT

We recommend that, to preclude duplicate funding in future disasters, FDAA

- Establish a standard application form for the various types of assistance provided to victims.
- Monitor the applications to identify applicants for assistance under more than one program

AGENCY ACTIONS

HUD advised us by letter dated November 8, 1973, that our recommendations to preclude duplicate funding in future disasters would be adopted. (See app. II.)

SBA advised us by letter dated September 27, 1973, that it would cooperate with HUD and FDAA in devising methods and procedures to obtain the recommended improvements. (See app. III )

By letter dated September 28, 1973, the Corps concurred with our findings and conclusions and stated that experience gained following Tropical Storm Agnes led to strengthening its control procedures for administering future disaster relief operations. (See app IV.)

MINIREPAIR CONTRACTORS, NUMBER OF CONTRACTS,  
CONTRACT AMOUNT, AND NUMBER OF UNITS

| <u>Contractor</u>                        | <u>Number of<br/>contracts</u> | <u>Number of<br/>units</u> | <u>Amount</u>      |
|--|--------------------------------|----------------------------|--------------------|
| Morrison-Knudsen Co., Inc.               | 1                              | 791                        | \$3,108,827        |
| L. Pugh Contractors, Inc.                | 22                             | 410                        | 953,930            |
| Atlas Heating and Cooling<br>PBS, Inc.   | 1                              | 296                        | 871,844            |
| C. J. Pettinato & Sons,<br>Inc.          | 1                              | 221                        | 631,725            |
| B & C Construction Co ,<br>Inc.          | 7                              | 144                        | 327,323            |
| H. N. Gardner Co.                        | 1                              | 143                        | 418,206            |
| Safeway Construction Co.,<br>Inc.        | 4                              | 98                         | 208,341            |
| United Realty                            | 4                              | 90                         | 214,500            |
| Tom Flynn Co., Inc.                      | 3                              | 81                         | 155,929            |
| Mutual Construction Co.                  | 3                              | 71                         | 155,095            |
| Cognetti & Vaccaro                       | 4                              | 69                         | 164,646            |
| John N. Beemer Co.                       | 3                              | 65                         | 123,890            |
| Jack Plotkin & Son                       | 1                              | 63                         | 130,507            |
| Brislin Construction Co.                 | 3                              | 52                         | 117,808            |
| Cappelli & Maloney Con-<br>struction Co. | 2                              | 52                         | 82,315             |
| Philadelphia Light & Gas<br>Service      | 1                              | 45                         | 92,880             |
| Thomas R. Morrow                         | 1                              | 27                         | 59,220             |
| Maloney Construction Co.                 | 2                              | 23                         | 54,015             |
| M & M Lumber Company                     | 1                              | 20                         | 48,495             |
|  | <u>4</u>                       | <u>18</u>                  | <u>42,094</u>      |
|  | <u>69</u>                      | <u>2,779</u>               | <u>\$7,961,590</u> |

APPENDIX II



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D C 20410

November 8, 1973

Honorable Elmer B. Staats  
Comptroller General  
of the United States  
441 G Street, N. W.  
Washington, D. C. 20548

Dear Mr. Staats:

Thank you for the opportunity to review your report titled "Some Improvements Needed in the Administration of the Mini-Repair Program," which was forwarded to us by Associate Director B. E. Birkle.

The mini-repair program was used for the first time in the disaster relief efforts following Tropical Storm Agnes. As with any new program, it was not executed perfectly. I appreciate the comments and suggested ways to improve the mini-repair program in future major disasters contained in your report.

Members of the staff of the Federal Disaster Assistance Administration (FDAA) have had the opportunity to meet with Messrs. Pullen and Correira of your agency, and have reached agreement on a number of minor editorial and linguistic changes. Accordingly, I shall limit my comments to the specific recommendations for corrective actions.

The subject report is generally an accurate and fair evaluation of the mini-repair program. The recommendations contained in the report have either been adopted entirely or in part. Specifically, a Bid Specification and Inspection Sheet will be utilized to outline by line item the scope of work to be performed by the contractor. The owner of the property to be repaired and the inspector will both sign the document once agreement has been reached. The owner will retain a copy of this form and will receive copies of any subsequent change orders.

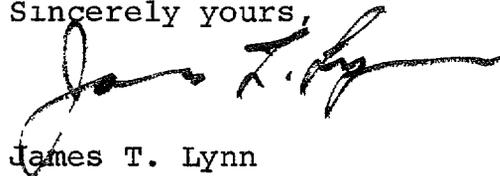
Upon completion of the work, the final inspection will be made utilizing the same form and the owner will have an opportunity to certify that the work has been completed to his satisfaction, or indicate any discrepancies by specific line item(s).

Subsequently, this department will provide a copy of the Bid Specification and Inspection Sheet, along with change orders, to the appropriate agency (SBA or FmHA). These forms will indicate the actual costs of permanent work performed, not the estimates on which the contract had been awarded.

A single application form for all types of assistance has been under review for some time, but work has been suspended in view of numerous legislative changes currently under consideration. Once the direction of the Federal disaster assistance effort is determined, we will proceed with the development of a single application form. In prior consultations, all of the agencies involved have endorsed this concept.

Your report and our program review have both pointed to the basic soundness of the mini-repair program. Therefore, we plan to emphasize the mini-repair program where feasible since it has been shown to be cost effective, involves a quicker time frame of completion, and reduces the requirements of long-term management that are a part of any mobile home housing response.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James T. Lynn", written over a printed name.

James T. Lynn



U S GOVERNMENT  
SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D C 20416

OFFICE OF THE ADMINISTRATOR

SEP 27 1973

Mr Donald C. Pullen  
Assistant Director  
General Government Division  
General Accounting Office  
Washington, D. C 20548

Dear Mr Pullen

This is in regard to your letter of August 31, 1973, requesting our comments on your draft report titled "Some Improvements Needed In Administration of Mini-Repair Program" (B-167790)

We have reviewed the report and since all of the recommendations are for the consideration of the Secretary of Housing and Urban Development and the Federal Disaster Assistance Administration, our only comment is that we will cooperate with these agencies in devising methods and procedures to obtain the improvements that you have recommended

We appreciate the opportunity to review and comment on this report, and if we can be of any further assistance, please advise

Sincerely,

A handwritten signature in black ink that reads "Thomas S. Kleppe".

Thomas S Kleppe  
Administrator

"20 YEARS OF SERVICE"



DEPARTMENT OF THE ARMY  
OFFICE OF THE UNDER SECRETARY  
WASHINGTON, D C 20310

28 SEP 1973

Mr. Wilbur D. Campbell  
Assistant Director  
Comptroller General of the United States  
Washington, D. C. 20548

Dear Mr. Campbell.

The Secretary of Defense and the Secretary of the Army have asked that I reply to your letter of 31 August 1973, which inclosed for comment your draft report, "Some Improvements Needed in Administration of Mini-Repair Program" (B-167790). (OSD Case #3702)

The Corps of Engineers has reviewed the draft report and concurs with the findings and conclusions. The experience gained following Tropical Storm Agnes has led to strengthening of the Corps' control procedures for administering future disaster relief operations.

Sincerely,

A handwritten signature in cursive script that reads "Charles R. Ford".

Charles R. Ford  
Chief  
Office of Civil Functions