

STATE OF NORTH CAROLINA

OFFICE OF THE STATE AUDITOR

BETH A. WOOD, CPA

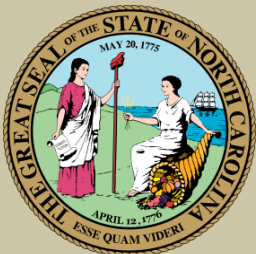


HURRICANE FLORENCE DISASTER RECOVERY FUND

2023 PRELIMINARY FINANCIAL AUDIT

DEPARTMENT OF PUBLIC SAFETY

NOVEMBER 2023



UNBIASED. IMPACTFUL. IRREFUTABLE.



EXECUTIVE SUMMARY

PURPOSE

The purpose of this audit was to determine whether the Department of Public Safety (DPS) **accounted for, allocated, and disbursed** amounts appropriated to the State of North Carolina's Hurricane Florence Disaster Recovery Fund in accordance with Hurricane Florence Recovery legislation.¹

BACKGROUND

In October 2018, the North Carolina General Assembly enacted the Hurricane Florence Emergency Response Act.² The Hurricane Florence Emergency Response Act established the Hurricane Florence Disaster Recovery Fund³ to provide the necessary and appropriate relief and assistance⁴ from the effects of Hurricane Florence. Through a series of legislation, the Hurricane Florence Disaster Recovery Fund provided a total of \$942.4 million in assistance to various entities across the state.

Hurricane Florence Recovery legislation required DPS to administer the Hurricane Florence Disaster Recovery Fund to carry out the provisions of law. DPS was also required to ensure the proper accounting of the Hurricane Florence Disaster Recovery Fund.⁵

Session Law 2018-136 Section 5.19⁶ required the Office of the State Auditor (OSA) to conduct biennial preliminary financial audits of the Hurricane Florence Disaster Recovery Fund.

OSA's September 2021 audit⁷ determined that DPS allocated a total of \$942.4 million in accordance with Hurricane Florence Recovery legislation and disbursed \$782.7 million (83.1%) to recipients⁸ during the period November 1, 2018, through January 31, 2021.

This report details the results of OSA's second preliminary financial audit of the Hurricane Florence Disaster Recovery Fund. It includes DPS's accounting, allocation, and disbursement of Hurricane Florence Disaster Recovery Funds during the period February 1, 2021, through June 30, 2023.

¹ See Appendix A for details regarding legislation affecting the state's Hurricane Florence Disaster Recovery Fund.

² An Act to Enact the Hurricane Florence Emergency Response Act, S. L. 2018-134.

³ An Act to Enact the Hurricane Florence Emergency Response Act, S. L. 2018-134 § 3.1(a).

⁴ The intended purpose and use of Hurricane Florence Recovery Funds are contained in applicable sections of Hurricane Florence Recovery legislation. See Appendix B for summary of intended purpose and uses of funds.

⁵ Per Session Law 2018-134, the Office of State Budget and Management was responsible for maintaining and administering the Hurricane Florence Disaster Recovery Fund. On November 5, 2018, the Office of State Budget and Management issued a memo transferring this responsibility to DPS.

https://files.nc.gov/ncosbm/documents/files/memo20181105_FlorenceBudgetReportingGuidelines.pdf

⁶ As amended by An Act to Provide Additional Disaster Relief in Response to Hurricane Florence, S. L. 2018-138, § 2.14(c).

⁷ https://files.nc.gov/nc-auditor/documents/2021-09/PER-2021-4900_0.pdf?VersionId=ZOpmvTQV1wjvEt38A0RUCr.mMxEs1ywH.

⁸ Included state agencies, institutions of higher education, and a non-profit foundation.

EXECUTIVE SUMMARY (CONCLUDED)

KEY FINDINGS

DPS **accounted for, allocated, and disbursed** amounts appropriated to the State of North Carolina's Hurricane Florence Disaster Recovery Fund in accordance with Hurricane Florence Recovery legislation.

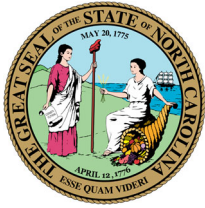
During the period February 1, 2021, through June 30, 2023, DPS disbursed:

- \$86.5 million to state agencies.
- \$1.3 million to an institution of higher education.

As of June 30, 2023, DPS disbursed in total:

- \$773.6 million to state agencies.
- \$62.4 million to institutions of higher education.
- \$34.5 million to a non-profit foundation.

STATE OF NORTH CAROLINA
Office of the State Auditor



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AUDITOR'S TRANSMITTAL

The Honorable Roy Cooper, Governor
Members of the North Carolina General Assembly
Eddie Buffaloe, Jr., Secretary, North Carolina Department of Public Safety
William Ray, Director, Emergency Management
Laura Hogshead, Director, North Carolina Office of Recovery and Resiliency

Ladies and Gentlemen:

We are pleased to submit this performance audit report titled *Hurricane Florence Disaster Recovery Fund – 2023 Preliminary Financial Audit*. The audit objective was to determine whether the Department of Public Safety **accounted for, allocated, and disbursed** amounts appropriated to the State of North Carolina's Hurricane Florence Disaster Recovery Fund in accordance with Hurricane Florence Recovery legislation.

The Department of Public Safety's Secretary reviewed a draft copy of this report. His written comments are included on page 13.

This audit was conducted in accordance with Chapter 147, Article 5A of the North Carolina General Statutes.

We appreciate the courtesy and cooperation received from management and the employees of the Department of Public Safety during our audit.

Respectfully submitted,

A handwritten signature in black ink, reading "Beth A. Wood".

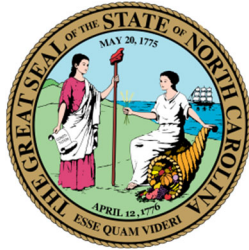
Beth A. Wood, CPA
State Auditor



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BACKGROUND

In September 2018, Hurricane Florence made landfall bringing high winds, dangerous storm surge, and record rainfall that caused historic flooding and numerous fatalities throughout North Carolina.⁹

In October 2018, the North Carolina General Assembly enacted the Hurricane Florence Emergency Response Act (Response Act)¹⁰ in response to the effects of Hurricane Florence on the State of North Carolina.

The Response Act established the Hurricane Florence Disaster Recovery Fund¹¹ to provide the necessary and appropriate relief and assistance¹² from the effects of Hurricane Florence. The Fund is to be maintained as a special fund, administered by the North Carolina Department of Public Safety (DPS),¹³ to carry out the provisions of the law and subsequent acts needed as a result of Hurricane Florence.

Through a series of legislation,¹⁴ the state appropriated approximately \$942.4 million to state agencies, institutions of higher education, and a non-profit foundation through the Hurricane Florence Disaster Recovery Fund as shown in the following illustration:

<div> <div>\$942.4 Million</div> <div></div> </div>					
Hurricane Florence Disaster Recovery Fund Appropriations	Department of Agriculture	Department of Public Safety	Department of Public Instruction	Department of Transportation	Department of Environmental Quality
	\$295.0 Million	\$271.3 Million	\$91.5 Million	\$65.0 Million	\$55.4 Million
	University of North Carolina System	The Golden LEAF Foundation	Office of State Budget and Management	North Carolina Community College System	Department of Health and Human Services
	\$43.2 Million	\$34.5 Million	\$28.2 Million	\$23.4 Million	\$17.0 Million
	Housing Finance Agency	Department of Natural and Cultural Resources	Wildlife Resources Commission	Administrative Office of the Courts	Department of Insurance
	\$10.0 Million	\$5.0 Million	\$1.0 Million	\$1.0 Million	\$0.9 Million

⁹ Office of State Budget and Management's [Hurricane Florence Recovery Recommendations](#).

¹⁰ An Act to Enact the Hurricane Florence Emergency Response Act, S. L. 2018-134.

¹¹ An Act to Enact the Hurricane Florence Emergency Response Act, S. L. 2018-134, § 3.1(a).

¹² The intended purpose and use of Hurricane Florence Recovery Funds are contained in applicable sections of Hurricane Florence Recovery legislation. See Appendix B for summary of intended purpose and uses of funds.

¹³ Per Session Law 2018-134, the Office of State Budget and Management was responsible for maintaining and administering the Hurricane Florence Disaster Recovery Fund. On November 5, 2018, the Office of State Budget and Management issued a memo transferring this responsibility to the Department of Public Safety. https://files.nc.gov/ncosbm/documents/files/memo20181105_FlorenceBudgetReportingGuidelines.pdf.

¹⁴ See Appendix A for details regarding legislation affecting the state's Hurricane Florence Disaster Recovery Fund.

Hurricane Florence Recovery legislation¹⁵ also created the North Carolina Office of Recovery and Resiliency (NCORR) within DPS. NCORR is responsible for:

- Providing general disaster recovery coordination and public information.
- Citizen outreach and application case management.
- Program and construction management services.
- Audit, finance, compliance, and reporting on disaster recovery funds.
- Reporting on the use, oversight, and results achieved by Hurricane Florence Disaster Recovery Funds.

Unless stated otherwise, references to DPS in this report also encompass the responsibilities and activities of NCORR.

Hurricane Florence Recovery legislation¹⁶ required DPS to administer the Hurricane Florence Disaster Recovery Fund to carry out the provisions of the law, and to ensure the proper accounting of the Hurricane Florence Disaster Recovery Fund. Specifically, DPS is required to:

- Allocate and disburse Hurricane Florence Recovery Funds as directed by Hurricane Florence legislation.
- Ensure adherence with reporting requirements established in Hurricane Florence legislation.
- Account for the Hurricane Florence Recovery Fund in accordance with generally accepted accounting principles and the requirements established by the North Carolina Office of the State Controller (OSC).¹⁷

Session Law 2018-136 Section 5.19¹⁸ required the Office of the State Auditor (OSA) to conduct biennial preliminary financial audits of the Hurricane Florence Disaster Recovery Fund.

OSA's September 2021 audit¹⁹ determined that DPS allocated a total of \$942.4 million in accordance with Hurricane Florence Recovery legislation and disbursed \$782.7 million (83.1%) to recipients²⁰ during the period November 1, 2018, through January 31, 2021.

This report details the results of OSA's second preliminary financial audit of the Hurricane Florence Disaster Recovery Fund and included DPS's accounting, allocation, and disbursement of Hurricane Florence Disaster Recovery Funds during the period February 1, 2021, through June 30, 2023.

¹⁵ An Act to Enact the 2018 Hurricane Florence Disaster Recovery Act, S. L. 2018-136, § 5.7(a).

¹⁶ Per Session Law 2018-134, the Office of State Budget and Management was responsible for maintaining and administering the Hurricane Florence Disaster Recovery Fund. On November 5, 2018, the Office of State Budget and Management issued a memo transferring this responsibility to the Department of Public Safety. https://files.nc.gov/ncosbm/documents/files/memo20181105_FlorenceBudgetReportingGuidelines.pdf.

¹⁷ Per OSC guidance provided to DPS in November 2018.

¹⁸ As amended by An Act to Provide Additional Disaster Relief in Response to Hurricane Florence, S. L. 2018-138, § 2.14(c).

¹⁹ https://files.nc.gov/nc-auditor/documents/2021-09/PER-2021-4900_0.pdf?VersionId=ZOpmvTQV1wJvEt38A0RUCr.mMxEs1ywH.

²⁰ Included state agencies, institutions of higher education, and a non-profit foundation.

Key terms discussed in this report include:

Hurricane Florence – The hurricane that made landfall in eastern North Carolina on September 14, 2018.

Hurricane Florence Recovery legislation – The Hurricane Florence Emergency Response Act²¹ and subsequent legislation²² enacted by the State of North Carolina to establish the Hurricane Florence Disaster Recovery Fund and provide necessary and appropriate relief²³ and assistance from the effects of Hurricane Florence.

Hurricane Florence Disaster Recovery Fund – The fund established by the State to provide necessary and appropriate relief and assistance from the effects of Hurricane Florence.

Responsible parties discussed in this report include:

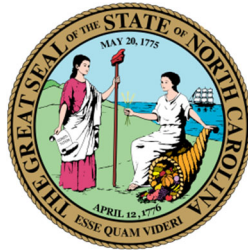
North Carolina Department of Public Safety (DPS) – DPS provides the public safety services for the State including emergency management. The Hurricane Florence Emergency Response Act established the Hurricane Florence Disaster Recovery Fund that is to be maintained as a special fund and administered by DPS to carry out the provisions of the law.

North Carolina Office of Recovery and Resiliency (NCORR) – NCORR is a division of DPS that provides general disaster recovery coordination and public information and is responsible for reporting on the use, oversight, and results achieved by Hurricane Florence Disaster Recovery Funds.

²¹ An Act to Enact the Hurricane Florence Emergency Response Act, S. L. 2018-134.

²² See Appendix A for details regarding legislation affecting the state's Hurricane Florence Disaster Recovery Fund.

²³ The intended purpose and use of Hurricane Florence Recovery Funds are contained in applicable sections of Hurricane Florence Recovery legislation. See Appendix B for summary of intended purpose and uses of funds.



OBJECTIVE, SCOPE, AND METHODOLOGY

The audit objective was to determine whether the Department of Public Safety (DPS) **accounted for, allocated, and disbursed** amounts appropriated to the State of North Carolina's Hurricane Florence Disaster Recovery Fund in accordance with the Hurricane Florence Recovery legislation.²⁴

The audit scope included DPS's accounting, allocation, and disbursement transactions related to the Hurricane Florence Disaster Recovery Fund during the period February 1, 2021, through June 30, 2023.

OSA's September 2021 audit²⁵ found that DPS accounted for, allocated, and disbursed amounts appropriated to the State of North Carolina's Hurricane Florence Disaster Recovery Fund in accordance with Hurricane Florence Recovery legislation during the period November 1, 2018, through January 31, 2021.

The audit scope **did not include** federal disaster recovery funds or other state disaster recovery funds received from sources other than the Hurricane Florence Disaster Recovery Fund. Further, the following matters **were not included** in the audit scope and objective:

- Compliance with requirements established by Hurricane Florence Recovery legislation.
- Adherence to reporting requirements established by Hurricane Florence Recovery legislation.
- Whether Hurricane Florence Disaster Recovery Funds were spent in accordance with the Hurricane Florence Recovery legislation.²⁶
- Whether programs that received Hurricane Florence Disaster Recovery Funds accomplished their intended purpose.²⁷
- Disbursements to subrecipients, beneficiaries, municipalities, or other secondary entities that did not receive funds directly from Hurricane Florence Disaster Recovery Fund.

Session Law 2018-136 Section 5.19²⁸ also required the Office of the State Auditor to conduct performance audits²⁹ of the Hurricane Florence Disaster Recovery Fund.

To accomplish the audit objective, auditors:

- Reviewed relevant laws and regulations.
- Interviewed Department of Public Safety (DPS) personnel.

²⁴ An Act to Enact the Hurricane Florence Emergency Response Act, S. L. 2018-134 and subsequent legislation. See Appendix A for details regarding legislation affecting the state's Hurricane Florence Disaster Recovery Fund.

²⁵ https://files.nc.gov/nc-auditor/documents/2021-09/PER-2021-4900_0.pdf?VersionId=ZOpmvTQV1wjvEt38A0RUCr.mMxEs1ywH.

²⁶ This is an objective of OSA's performance audit of the Hurricane Florence Disaster Recovery Fund required by Session Law 2018-136 § 5.19.

²⁷ Ibid.

²⁸ As amended by An Act to Provide Additional Disaster Relief in Response to Hurricane Florence, S. L. 2018-138, § 2.14(c).

²⁹ <https://files.nc.gov/nc-auditor/documents/2022-04/PER-2021-4900A.pdf?VersionId=ULuwXIBPbC0xyxDpbjBB24qztxiJHY3L>.

- Reconciled DPS accounting records for allocations and disbursements to the authorizing legislation and accounting requirements established by the North Carolina Office of the State Controller to ensure the Hurricane Florence Disaster Recovery Fund was **accounted for, allocated, and disbursed** in accordance with Hurricane Florence Recovery legislation.
- Examined recipient³⁰ fund requests, memorandums, journal entries, and other documentation supporting all 134 (100%) disbursements from the Hurricane Florence Disaster Recovery Fund to ensure funds were disbursed in accordance with Hurricane Florence Recovery legislation.
- Tested all (100%) Hurricane Florence Disaster Recovery Fund state match³¹ transactions by recalculating state expenditures and comparing them to the required match based on federal expenditures³² recorded to Federal Emergency Management Agency (FEMA) grants.

Because of the test nature and other inherent limitations of an audit, together with limitations of any system of internal and management controls, this audit would not necessarily disclose all performance weaknesses or lack of compliance.

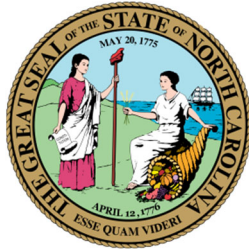
This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in internal controls significant to our audit objectives. As a basis for evaluating internal control, auditors applied the internal control guidance contained in professional auditing standards. However, our audit does not provide a basis for rendering an opinion on internal control, and consequently, we have not issued such an opinion.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

³⁰ Included state agencies and an institution of higher education.

³¹ State match, or cost share, means the state's portion of federally-assisted project costs not paid by federal funds or contributions.

³² According to DPS accounting records as of June 30, 2023.



RESULTS AND CONCLUSIONS

The Department of Public Safety (DPS) **accounted for, allocated, and disbursed** amounts appropriated to the State of North Carolina's Hurricane Florence Disaster Recovery Fund in accordance with Hurricane Florence Recovery legislation.³³ DPS disbursed \$87.8 million to recipients³⁴ during the period February 1, 2021, through June 30, 2023.

As of June 30, 2023, DPS has allocated a total of \$942.4 million in Hurricane Florence Disaster Recovery Funds and disbursed \$870.5 million (92.4%) to recipients.³⁵

³³ See Appendix A for details regarding legislation affecting the state's Hurricane Florence Disaster Recovery Fund.

³⁴ Included state agencies and an institution of higher education.

³⁵ Included state agencies, institutions of higher education, and a non-profit foundation.



FINDINGS

ALLOCATIONS AND DISBURSEMENTS FROM HURRICANE FLORENCE DISASTER RECOVERY FUND

The Department of Public Safety (DPS) **allocated** \$942.4 million³⁶ from the Hurricane Florence Disaster Recovery Fund to state agencies, institutions of higher education, and a non-profit foundation (recipients) in accordance with Hurricane Florence Recovery legislation. Of this amount, \$87.8 million (9.3%) was **disbursed** during the period February 1, 2021, through June 30, 2023. As of June 30, 2023, a total of \$870.5 million (92.4%) has been **disbursed**.

Hurricane Florence Recovery legislation required DPS to allocate \$942.4 million to recipients as shown in the table below. Hurricane Florence Recovery legislation required that funds only be disbursed from the Hurricane Florence Recovery Fund as needed upon justification by a recipient related to Hurricane Florence recovery efforts.

Auditors tested 134 (100%) of DPS's disbursements to recipients and all (100%) state match³⁷ transactions from February 1, 2021, through June 30, 2023. Auditors found that all disbursements and transactions were properly **accounted for** and **disbursed** in accordance with Hurricane Florence Recovery legislation.

The following table illustrates the total amounts allocated, disbursed, and remaining to be disbursed to recipients as of June 30, 2023:

	Allocated	Disbursed as of January 31, 2021 ³⁹	Disbursed between February 1, 2021 and June 30, 2023	Total Disbursed as of June 30, 2023	Remaining
State Agencies					
Department of Agriculture	\$ 295,000,000	\$ 246,436,141	\$ 14,608,370	\$ 261,044,511	\$ 33,955,489
Department of Public Safety	271,308,946	175,137,446	71,264,375	246,401,821	24,907,125
Department of Public Instruction	91,500,000	89,044,839	(438,497)	88,606,342	2,893,658
Department of Transportation	65,000,000	65,000,000	-	65,000,000	-
Department of Environmental Quality	55,425,000	53,612,553	184,436	53,796,989	1,628,011
Office of State Budget and Management	28,168,000	28,168,000	-	28,168,000	-
Department of Health and Human Services	17,000,000	14,448,234	-	14,448,234	2,551,766
Housing Finance Agency	10,000,000	10,000,000	-	10,000,000	-
Department of Natural and Cultural Resources	5,000,000	5,000,000	-	5,000,000	-
Wildlife Resources Commission	1,050,000	-	876,911	876,911	173,089
Administrative Office of the Courts	1,000,000	-	-	-	1,000,000
Department of Insurance	930,477	256,864	-	256,864	673,613
Total State Agencies	\$ 841,382,423	\$ 687,104,077	\$ 86,495,595	\$ 773,599,672	\$ 67,782,751
Institutions of Higher Education					
University of North Carolina System	43,160,000	41,175,501	-	41,175,501	1,984,499
North Carolina Community Colleges System	23,400,000	19,935,836	1,335,957	21,271,793	2,128,207
Total Institutions of Higher Education	\$ 66,560,000	\$ 61,111,337	\$ 1,335,957	\$ 62,447,294	\$ 4,112,706
Non-Profit Foundation					
The Golden LEAF Foundation	34,500,000	34,500,000	-	34,500,000	-
Totals	\$ 942,442,423	\$ 782,715,414	\$ 87,831,552	\$ 870,546,966	\$ 71,895,457

³⁶ These amounts were all allocated prior to February 1, 2023. No new appropriations or allocations were made during the period February 1, 2021, through June 30, 2023 (scope of this audit).

³⁷ State match, or cost share, means the state's portion of federally-assisted project costs not paid by federal funds or contributions.

The \$71.9 million remaining to be disbursed represents the balance for which recipients have yet to request reimbursement. For example:

- The Department of Agriculture has not requested \$34 million allocated for the Hurricane Florence Agricultural Disaster Program.³⁸ According to the Department of Agriculture, \$8.7 million of this amount has been obligated³⁹ to address restoration of critical drainage networks and to provide state match to local sponsors.
- DPS has not requested \$7.8 million allocated⁴⁰ for the state match⁴¹ related to Federal Emergency Management Agency (FEMA) grants because the funds are contingent upon federal reimbursement and the associated federal expenditures have not yet been expended.

Additionally, DPS has not requested \$11.8 million allocated for disaster housing recovery support for homeowners. According to DPS, these funds will be used to provide gap payments⁴² for homeowners or buy homes in flood-prone areas from homeowners who do not qualify for federal program assistance. However, this amount continues to remain unobligated or spent as of June 30, 2023.

- The Department of Public Instruction (DPI) has not requested \$2.9 million allocated for facility repair or school nutrition equipment replacement. According to DPI, these funds will not be spent because other funds were used to support these costs.
- The Department of Health and Human Services (DHHS) has not requested \$2.2 million allocated to provide prescription medications as part of the Emergency Prescription Assistance Program and to assist counties with Disaster Supplemental Nutrition Assistance Program expenses. According to DHHS, the Emergency Prescription Assistance Program was not activated by FEMA and the Disaster Supplemental Nutrition Assistance Program has ended.
- The North Carolina Community College System (NCCCS) has not requested \$2.1 million allocated for repair and renovation of local community college facilities and to offset revenue shortfalls due to enrollment declines caused by Hurricane Florence. According to NCCCS, \$1.6 million has been obligated for facility repairs for two remaining projects and \$478,356 was returned because it was not needed due to higher-than-expected enrollment revenue.
- The University of North Carolina System has not requested \$1.9 million allocated for facility repair and renovation. According to the University of North Carolina System, these funds will not be spent because other funds were used to support these costs.

³⁸ An Act to Enact the 2018 Hurricane Florence Disaster Recovery Act, S. L. 2018-136, § 4.1; An Act to Provide Additional Disaster Relief in Response to Hurricane Florence, S. L. 2018-138, § 1.3(3).

³⁹ Funds committed to be spent, but not yet expended.

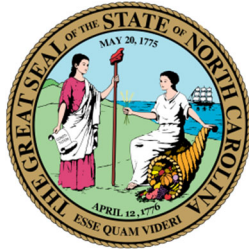
⁴⁰ Session Law 2018-134, § 4.1 (2), Session Law 2018-136, § 4.1, Session Law 2019-250, § 1.1 (1), Session Law 2020-97, § 2.6 (b).

⁴¹ State match, or cost share, means the state's portion of federally assisted project costs not paid by federal funds or contributions.

⁴² Difference between what the homeowner receives for their flood damaged property and what is needed to get them into a similar home outside the floodplain.

- The Department of Environmental Quality (DEQ) has not requested \$1.6 million allocated for coastal beach and dredging needs assessments. According to DEQ, these funds will be used to conduct an analysis of dredge material placement sites in support of an overall statewide coastal dredged material management plan. However, no timeline was provided.
- The Administrative Office of the Courts (AOC) has not requested any of the \$1 million allocated for the replacement of equipment or other disaster-related costs for courthouse closures.⁴³ According to DPS, AOC communicated that it does not have any plans to use its allocation of funds.

⁴³ An Act to Provide Additional Disaster Relief in Response to Hurricane Florence, S. L. 2018-138, § 1.3(9).



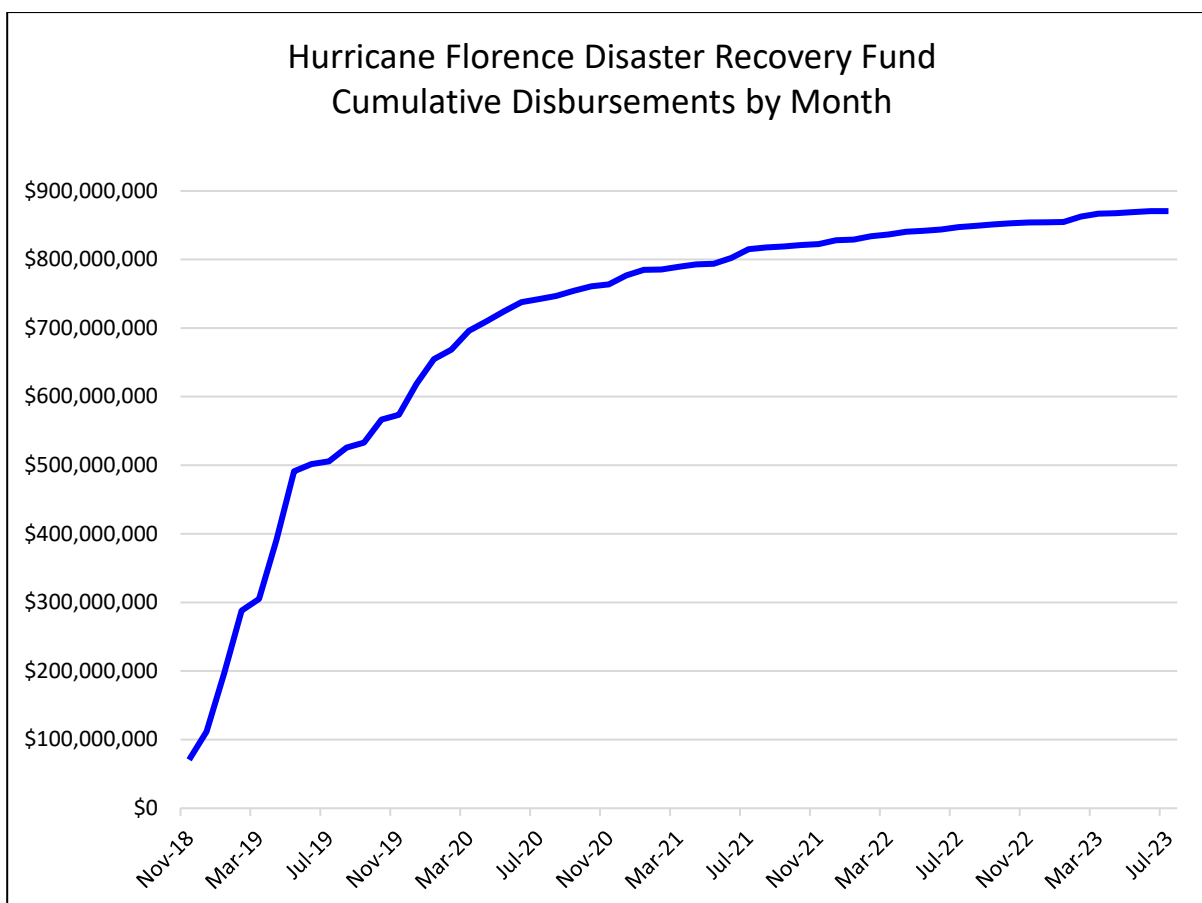
APPENDICES

Hurricane Florence Disaster Recovery Fund - Summary Schedules

The State of North Carolina appropriated approximately \$942.4 million to the Hurricane Florence Disaster Recovery Fund through the following series of legislation:

Laws Relevant to the Hurricane Florence Disaster Recovery Fund		Date Enacted	Net Appropriations
Session Law 2018-134	Hurricane Florence Emergency Response Act	10/3/2018	\$ 56,500,000.00
Session Law 2018-136	2018 Hurricane Florence Disaster Recovery Act	10/16/2018	398,430,477.00
Session Law 2018-138	Additional Disaster Relief in Response to Hurricane Florence	12/3/2018	299,800,000.00
Session Law 2019-224	2019 Disaster Recovery Act	9/18/2019	89,103,000.00
Session Law 2019-250	Funds for Disaster Relief	11/18/2019	70,812,336.00
Session Law 2020-97	Provide Funding for Disaster Recovery	9/4/2020	27,796,610.00
			\$ 942,442,423.00

The following chart illustrates the cumulative disbursements by month from the Hurricane Florence Recovery Fund for the period November 1, 2018, through June 30, 2023:



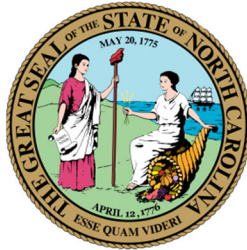
Source: DPS accounting data and auditor analysis

APPENDIX B

The following table illustrates the total amount appropriated to each recipient and the intended purpose and use of funds to provide necessary and appropriate relief from the effects of Hurricane Florence:

Recipient	Allocation	Intended Purpose and Use of Funds
<u>State Agencies</u>		
Department of Agriculture	\$295,000,000	Provides State match for federal farmer assistance, purchase of bulldozers and tractor plows, assist farmers with recovery activities such as hay relief, pasture renovation, and non-field farm road repair.
Department of Public Safety	\$271,308,946	Establishes N.C. Office of Recovery and Resiliency (NCORR) and provides State match for federal disaster assistance programs. Also provides disaster housing recovery support including homeowner buyouts, relocations, and provide gap funding to move families out of the flood plain. Assists financially distressed local governments via grants and loans with immediate cash flow assistance, and provides grants to non-profit organizations that offer shelters, housing repairs, and other emergency services. Supports various DPS programs including Search and Rescue, Flood Insurance Pilot Program, and installation of river gauges.
Department of Public Instruction	\$91,500,000	Repair or replace damaged public-school facilities, furnishings, food, and food equipment, and to supplement or replace lost compensation of school lunch employees.
Department of Transportation	\$65,000,000	Provides State match for federal transportation assistance.
Department of Environmental Quality	\$55,425,000	Provides State match and grants for Coastal Storm Damage Mitigation Fund and the Federal Emergency Watershed Protection Program. Also provides commercial fishing assistance to compensate commercial fisherman for equipment and income losses. Assists with surveys of beaches and channels for hurricane related damage and cleanup of water and wastewater infrastructure. Provides grants to Surry County for various creek and river projects.
Office of State Budget Management	\$28,168,000	Grants to counties, cities, and towns for repair and renovation for various disaster recovery projects.
Department of Health and Human Services	\$17,000,000	Support the increased demand for behavioral health services, offset increases in nursing and staffing expenses, and provide medications and medical supplies for uninsured residents. Assist counties in matching administrative expenses incurred operating the Disaster Supplemental Nutrition Assistance Program. Supports the mosquito abatement program and provides assistance to prevent homelessness for individuals displaced by Hurricane Florence.
Housing Finance Agency	\$10,000,000	Assist with the development of affordable housing and to repair damaged single-family homes and existing properties in impacted counties.
Department of Natural and Cultural Resources	\$5,000,000	Support for the Fort Fisher Aquarium.

Recipient	Allocation	Intended Purpose and Use of Funds
Wildlife Resource Commission	\$1,050,000	Study, inspect, investigate, and remove derelict and abandoned water vessels.
Administrative Office of the Courts	\$1,000,000	Replacement of equipment or other disaster related costs for courthouse closures.
Department of Insurance	\$930,477	Provides financial assistance to volunteer fire departments for repairs of damages that were not covered by federal assistance or insurance policy proceeds.
<u>Institutions of Higher Education</u>		
University of North Carolina System	\$43,160,000	Repair and renovation of damaged facilities at UNC Wilmington, UNC Pembroke, and Fayetteville State University. Assist post-secondary students with paying for tuition, fees, and emergency expenses. Study flooding and resiliency against future storms in Eastern North Carolina.
North Carolina Community College System	\$23,400,000	Repair and renovation of local community college facilities. Assist community colleges with the loss of revenues due to enrollment declines. Assist post-secondary students with paying for tuition, fees, and emergency expenses.
<u>Non-Profit Foundation</u>		
The Golden LEAF Foundation	\$34,500,000	Provides support to repair or replace local government infrastructure, facilities, vehicles, and equipment. Provides grants to non-profits to administer loans to small businesses affected by Hurricane Florence.



RESPONSE FROM DEPARTMENT OF PUBLIC SAFETY



NC Department of Public Safety
PREPARE. PREVENT. PROTECT.

Roy Cooper, Governor

Eddie M. Buffaloe Jr., Secretary

October 30, 2023

The Honorable Beth A. Wood, State Auditor
Office of the State Auditor
2 South Salisbury Street
20601 Mail Service Center
Raleigh, North Carolina 27699-0601

Dear State Auditor Wood:

In response to your recent correspondence regarding the completion of the 2023 Hurricane Florence Disaster Recovery Fund Preliminary Financial audit, The Department of Public Safety agrees with your findings that DPS accounted for, allocated, and disbursed amounts appropriated to the State of North Carolina's Hurricane Florence Disaster Recovery Fund in accordance with the Hurricane Florence Recovery legislation.

We appreciate the professionalism conveyed by your staff during this audit, and we look forward to future engagement.

Sincerely,

A blue ink signature of Eddie M. Buffaloe, Jr. is written over a horizontal line.

Eddie M. Buffaloe, Jr.
Secretary

cc: Jane Ammons Gilchrist, Chief of Staff
Casandra Skinner Hoekstra, Chief Deputy for Administration
Melissa B. Earp, Chief Financial Officer
Laura Hogshead, NCORR Executive Director



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North Carolina Office of the State Auditor at:
919-807-7666



This audit required 589.5 hours of auditor effort at an approximate cost of \$80,172.