

13 Instructions for Calculating Repair vs. Replacement Costs

This Excel spreadsheet consists of two tabs. The first tab is merely a demonstration of how the incorrect repair vs. replacement costs were figured for an actual case reviewed by the Department of Homeland Security Office of the Inspector General. In this audit, the DHS OIG questioned \$1.136 million dollars because the repair vs. replacement formula was applied incorrectly.

The second tab is a simple worksheet that allows an agency to double check the calculations before moving ahead to replace a facility that should be only repaired instead of replaced.

With this worksheet, only the unshaded cells can receive data.

Data Entry:

In cells A4 through A6, enter up to three types of damage. For instance a structure may be damaged by an earthquake or a flood and then subsequently, in the same disaster, also damaged by fire, or a combination of flooding and wind damage, etc.

In cells B4 through B6, enter the dollar amount for repairing each type of damage, but only the direct damage repair and no other costs. If the work done by others shows dollar amounts associated with any of the items shaded in blue, enter those amounts, but notice that these items will not carry over to column C, since they are not allowed costs for this formula. Even though they may be actually eligible items for FEMA funding, these costs cannot be part of the formula calculations.

In cells B18 through B27, enter the costs for items as shown in the calculations done by others. Note that the default amounts in Cells B18 through B25 are identical to the same items above in cells B7 through B14. If these cost are different, simply delete the auto-fill data and replace with the new amounts.

In cells B26 and B27, enter only the costs for new construction and new fixed equipment, such as elevators..

Cells B33 and D33 will show the incorrect percentage and the correct percentage as determined by the calculations defined in FEMA Disaster Assistance Policy DAP 9524.4.

Using this worksheet will help determine the accuracy of the determination to repair or replace the facility in question.