



Highlights of [GAO-05-514](#), a report to congressional requesters

FEDERAL EMERGENCY MANAGEMENT AGENCY

Crisis Counseling Grants Awarded to the State of New York after the September 11 Terrorist Attacks

Why GAO Did This Study

To help alleviate the psychological distress caused by the September 11, 2001, attacks the Federal Emergency Management Agency (FEMA) awarded the state of New York two grants totaling \$154.9 million to provide crisis counseling and public education. Because of questions about whether the program, called Project Liberty, had spent all the funds it received from the federal government, GAO was asked to determine (1) the extent to which the program expended the funds awarded from the federal government, (2) whether the federal government had an effective process in place to determine the amount of funds to provide the program, (3) whether the federal government had adequate financial oversight of the program, and (4) steps taken by the federal government and New York State to assess the program's effectiveness.

What GAO Recommends

GAO makes eight recommendations to (1) help ensure proper and timely expenditure of the remaining grant funds, (2) strengthen federal financial oversight of future crisis counseling program grants, and (3) help ensure that lessons learned from Project Liberty will be used to help improve future crisis counseling programs. FEMA and SAMHSA generally concurred with GAO's recommendations, but took issue with our characterization of SAMHSA's oversight.

www.gao.gov/cgi-bin/getrpt?GAO-05-514.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Linda Calborn at (202) 512-8341 or calbornl@gao.gov.

What GAO Found

For the period September 11, 2001, through September 30, 2004, Project Liberty reported that it had expended approximately \$121 million, or three-quarters of the \$154.9 million in grants awarded by FEMA, leaving a remaining balance of \$33.9 million. The majority of the remaining balance, approximately \$32 million, related to unresolved issues involving the adequacy of supporting documentation for the New York City Department of Education's (NYC DOE) expense claims. As of March 31, 2005, city and state officials told GAO they had accepted alternative forms of supporting evidence related to \$5.2 million in NYC DOE expenses; however, this alternative evidence provides only limited assurance of the propriety of the claimed amounts. It is unclear whether similar alternative sources of evidence will be accepted for the remaining \$26.8 million in NYC DOE expense claims.

FEMA assisted state officials in developing estimated funding needs for Project Liberty immediately after the terrorist attacks. By necessity, these initial budgets were developed using estimates established during the initial stages of the disaster. However, FEMA never required Project Liberty to prepare adjusted budgets to reflect new information or subsequent changes to the program. As a result, FEMA did not have realistic budget information to assess how city and state officials were planning to spend Project Liberty grant funds.

FEMA assigned primary responsibility for oversight and monitoring to the Substance Abuse and Mental Health Services Administration (SAMHSA) through an interagency agreement. Although SAMHSA had procedures in place to monitor Project Liberty's delivery of services, it performed only limited monitoring of financial information reported by Project Liberty about the cost of those services. For example, while SAMHSA received periodic financial reports from Project Liberty, it did not perform basic analyses of expenditures in order to obtain a specific understanding of how the grant funds were being used and, as noted above, did not have updated budget information to gauge how actual spending compared to budgets. As a result, SAMHSA was not in a position to exercise a reasonable level of oversight to ensure that funds were being used efficiently and effectively in addressing the needs of those affected by the September 11 attacks.

Both the state of New York and the federal government have taken steps to assess how Project Liberty delivered services. These assessments were ongoing as of March 2005. FEMA plans to consider lessons learned from Project Liberty when conducting its own internal review of the crisis counseling program.