



Why This Matters

The Federal Emergency Management Agency (FEMA) provides public assistance to state, tribal, and local government, and certain types of private nonprofit organizations so that communities can quickly respond to and recover from major disasters or emergencies declared by the President. We perform audits of FEMA grantees and subgrantees to determine whether cost claimed under the awards are eligible and allowable under Federal regulations and FEMA guidelines. Erie County, New York received an award of \$55.4 million for damages caused by a severe lake effect snow and ice storm that occurred on October 12 through 25, 2006.

DHS Response

FEMA's written response is due within 90 days.

FEMA Should Recover \$48 Million of Public Assistance Grant Funds Awarded to Erie County, NY - Severe Weather October 2006

What We Determined

Erie County accounted for FEMA grant funds on a project-by-project basis as required by Federal regulations. However, the County did not reconcile claimed costs with incurred costs at the end of the disaster period, nor did it produce reconciliations when requested. Finally, the County did not consistently expend FEMA funds according to Federal regulations and FEMA guidelines. Of the \$53 million we reviewed, we questioned the County's:

- 1) Contracts for a Lack of Open and Full Competition: The County awarded \$39.4 million of contracts giving preference to local contractors and without proper documentation.
- 2) Unsupported Claimed Costs: The County claimed \$9 million that did not trace to documentation verifying their eligibility for financial assistance.
- 3) Administrative Costs: The County claimed \$33,066 in ineligible direct project costs.
- 4) Duplicate Costs: The County claimed \$10,456 in duplicate Emergency Operations Center Supply Costs.
- 5) Accounting and Grant Management: The New York Division of Homeland Security and Emergency Services, a FEMA grantee, did not adequately monitor County activities.

What We Recommend

We recommend that the Regional Administrator, FEMA Region II:

- 1) Disallow \$39,391,260 in contract project costs, as the manner of procurement included administratively imposed local geographical preferences.
- 2) Disallow \$9,030,634 in unsupported costs.
- 3) Disallow \$33,066 as indirect administrative costs.
- 4) Disallow \$10,456 as duplicate expenditures.
- 5) Work with FEMA Headquarters to develop and enforce policies and procedures to ensure that grantees and subgrantees in the state of New York follow proper Federal procurement procedures when expending public assistance grant funds.
- 6) Work with FEMA Headquarters to develop and enforce policies and procedures to ensure that grantees and subgrantees in the state of New York follow proper accounting practices and procedures when accounting for public assistance grant funds.

For Further Information:

Contact our Office of Public Affairs at (202)254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov