



### 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 costs claimed under the awards are eligible and allowable under Federal regulations and FEMA guidelines. Kenergy Corporation (Kenergy), located in Henderson, Kentucky, received an award of \$31.2 million for damages resulting from a January 2009 severe winter storm.

### DHS Response

FEMA's written response is due within 90 days.

## FEMA Should Recover \$3.8 Million of Public Assistance Grant Funds Awarded to Kenergy Corporation, Henderson, Kentucky

### What We Determined

Although Kenergy generally accounted for FEMA funds according to Federal regulations and FEMA guidelines, its claim included \$1,989,277 for contract work that did not meet Federal procurement requirements and FEMA guidelines. In addition, Kenergy's claim included \$1,783,219 of questionable costs, which consisted of \$1,023,446 for excessive equipment and contract costs; \$406,985 for ineligible project charges; \$23,813 for costs not adequately supported; \$266,564 for costs that were non-disaster related; \$42,306 for credits not applied; and \$20,105 for costs covered by insurance.

### What We Recommend

The report contained nine recommendations to the Regional Administrator, FEMA Region IV, for recovering the \$1,989,277 of ineligible contract work, the \$1,783,219 of questioned costs, and improving the Kentucky Division of Emergency Management's oversight of FEMA Public Assistance grants.

### For Further Information:

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