

Spotlight

Department of Homeland Security



Office of Inspector General

April 2013 DD-13-08

Why This Matters

ARK Valley Electric Cooperative received a \$48.5 million award from the Kansas Division of Emergency Management (KDEM), a Federal Emergency Management Agency (FEMA) grantee, for damages resulting from severe winter storms that occurred December 6 through 19, 2007. FEMA provides such assistance to State, Tribal, and local governments, 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.

DHS Response

FEMA officials agreed with most of our findings and recommendations, but disagreed with Recommendation 1. FEMA's written response is due within 90 days.

For Further Information:

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

FEMA Should Disallow \$4.1 Million of the \$48.5 Million Public Assistance Grant Awarded to ARK Valley Electric Cooperative, Kansas

What We Determined

ARK Valley Electric Cooperative (Cooperative) generally accounted for and expended Federal Emergency Management Agency (FEMA) grant funds according to Federal regulations and FEMA guidelines. However, the Cooperative did not follow Federal procurement standards or use written contracts in awarding \$4.1 million for Architectural and Engineering work to three contractors. We also determined that the Kansas Division of Emergency Management (KDEM) did not adequately manage the Cooperative's subgrant activity as required by Federal regulations.

What We Recommend

We recommend that the Regional Administrator, FEMA Region VII: (1) Disallow \$4.1 million of improperly procured contract costs as ineligible, unless FEMA grants an exemption for all or part of the costs and (2) Require KDEM to develop and implement procedures to monitor subgrant activities adequately and to ensure that subgrantees follow Federal procurement standards.