



Why This Matters

The Office of Inspector General (OIG) serves as an independent body to deter, identify, and address fraud, abuse, mismanagement, and waste in Department of Homeland Security (DHS) programs and operations. To this end, the OIG is responsible for conducting and supervising audits, investigations, and inspections relating to the programs and operations of the Department. The OIG examines, evaluates and, where necessary, critiques these operations and activities, recommending ways for the Department to carry out its responsibilities in the most effective, efficient, and economical manner possible.

DHS Response

Federal Emergency Management Agency (FEMA) officials generally concur with our findings and recommendations.

California Emergency Management Agency (Grantee) officials have indicated that they understand our perspective—in addition to that of the County—and will therefore remain neutral on this issue.

County officials told us that, despite our previous findings/recommendations, they have not adjusted the straight-time labor fringe benefits rates due to their interpretation of Federal rules, and will therefore continue to claim these straight-time labor fringe benefits costs.

For Further Information:

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

LA County Improperly Accounts for Straight-Time Labor Fringe Benefits Costs: Second Interim Report on FEMA PA Grant Funds

What We Determined

We audited FEMA Public Assistance (PA) grant funds awarded to the County for Disaster Number 1577-DR-CA.

Our audit objective was to determine whether the County accounted for and expended FEMA PA grant funds according to Federal regulations and FEMA guidelines.

We determined that County officials did not account for or expend a total of \$111,835 in ineligible straight-time labor fringe benefits costs according to Federal regulations and FEMA guidelines. These costs are ineligible because they are unrelated to the County staff that performed work in response to the Federally-declared Disaster. The County has a history of charging FEMA for unauthorized straight-time labor fringe benefits costs. FEMA concurs that these costs are ineligible, yet has not taken appropriate corrective action to recoup these (questioned) costs. County officials have stated that they have charged, and will continue to charge, these (ineligible) fringe benefits costs based on their interpretation of Federal rules and regulations.

What We Recommend

We recommend that the Regional Administrator, FEMA Region IX: (1) Disallow a total of \$111,835 (Federal share \$83,876) in ineligible fringe benefits costs claimed for Projects 2274 (\$58,976), 2275 (\$29,526), 2996 (\$73,738), 3095 (\$64,781), 3108 (\$112,016), and 3128 (\$62,697); (2) Coordinate with Grantee officials to resolve our (previous) outstanding recommendations to disallow ineligible straight-time fringe benefits (questioned) costs identified in audits DS-05-06 (\$197,347; Federal share \$148,010) and DS-10-07 (\$87,295; Federal share \$65,471), and inform us of the results; (3) Advise the County on the proper method for accounting for eligible fringe benefit costs in relation to Federal regulations, rules, and FEMA guidelines; (4) Review all the other applicable County projects for FEMA Disaster 1577-DR-CA, not included in our audit sample, for additional ineligible straight-time labor fringe benefits costs claimed for Federal reimbursement, and disallow those costs; and (5) Ensure proper internal controls exist that would entail that FEMA officials timely notify the OIG should they reverse their decision on audit recommendations which they have previously accepted/resolved.

Within 90 days of the date of the grant audit report, Management should provide our office with a written response that includes their (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for each recommendation.