



### 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

FEMA officials told us that they will withhold their comments on our findings until after they review their records and those documents associated with the District's final claimed costs.

California Governor's Office of Emergency Services (State) and District officials partially concurred with our findings.

### For Further Information:

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

## FEMA Should Recover \$258,488 of Public Assistance Grant Funds Awarded to the Graton Community Services District, California

### What We Determined

We audited Federal Emergency Management Agency (FEMA) Public Assistance grant funds awarded to the Graton Community Services District of Graton, California (District), Public Assistance Identification Number 097-UGBU4-00.

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

We determined that the District did not properly account for or expend \$258,488 according to Federal regulations and FEMA guidelines. This amount represents about 6 percent of the \$4,113,669 the District claimed. We also determined that: (1) District officials did not recover \$20,542 in insurance proceeds until after we advised them of their oversight; and the District did not deduct the proceeds from its initial claim, as FEMA requires; and (2) the District included administrative costs in its claim for engineering costs that FEMA covers through its statutory administrative allowance, and so the District cannot claim them separately as direct project expenses.

These findings occurred, in part, because State officials did not consistently ensure that District officials were aware of and complied with applicable Federal regulations and FEMA guidelines.

### What We Recommend

We recommend that the Regional Administrator, FEMA Region IX: (1) disallow \$241,755 (Federal share \$181,316) of ineligible contract costs that do not comply with Federal procurement regulations and are excessive and unreasonable, unless the District can provide adequate documentation to support these costs; (2) review all engineering costs the District claimed and disallow (or reallocate) those costs that are not eligible engineering services; (3) disallow \$13,500 (Federal share \$10,125) in ineligible project costs that the statutory administrative allowance covers; (4) disallow \$3,233 (Federal share \$2,425) in ineligible costs that are not related to the disaster; (5) ensure the District and State accurately reflect in its final claim the \$20,542 in insurance proceeds; (6) advise the State to instruct its subgrantees to pursue all insurance proceeds for which they are entitled and deduct such proceeds from their final claims; (7) review all costs claimed as engineering to determine engineering costs versus those costs eligible under the statutory administrative allowance, and instruct the District and State to claim all applicable costs under that allowance and exclude all other costs that are not direct project costs from the District's final claim; and (8) direct the State to improve its oversight and coordination of Federal grant funding.

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.