

# Spotlight

Department of Homeland Security



## Office of Inspector General

April 2013 OIG-13-73

### Why This Matters

The American Recovery and Reinvestment Act of 2009, as amended (Recovery Act) appropriated \$610 million to the Federal Emergency Management Agency (FEMA) for emergency food and shelter programs, grants for public transit and port security assistance, and non-federal fire station construction. On September 27, 2009, FEMA awarded 14 grants totaling \$2,518,986 to Kinder Morgan Liquid Terminals LLC (Kinder Morgan) to install transportation worker identification credential readers. It is important to ensure that the costs claimed are allowable, allocable, and reasonable to prevent improper payments.

### DHS Response

FEMA concurred with the recommendation. FEMA will request that regional staff add Kinder Morgan to the current year planned financial monitoring schedule. Through financial monitoring, FEMA will be able to provide recommendations, corrective actions, and support to Kinder Morgan as they relate to internal controls, quarterly reporting, and reporting expenditures.

### 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)

## Costs Claimed by Kinder Morgan Liquid Terminals LLC under Port Security Grants Awarded by FEMA

### What We Determined

The objective of this audit was to determine whether costs claimed by Kinder Morgan were allowable, allocable, and reasonable according to the funding agreements and applicable Federal requirements. In addition, we examined the support for expenditures and jobs data contained in the quarterly recipient reports submitted to "FederalReporting.gov" and in the financial status reports submitted to FEMA. We determined that project costs of \$1,071,891 were allowable, allocable, and reasonable. We also determined that Kinder Morgan had complied with the Recovery Act requirements for submitting quarterly reports to the Federal Government. However, we noted instances of incorrect expenditure data in the quarterly reports submitted to FederalReporting.gov and in the financial status reports submitted to FEMA. The report contained one recommendation.

### What We Recommend

FEMA's grant officer ensure that Kinder Morgan institutes sufficient controls over quarterly reporting to make sure that expenditures are accurately reported.