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Recurring Problems with FEMA's Grants Management Places Billions of Dollars at Risk

A report released today by the Office of Inspector General (OIG), Department of Homeland Security, highlights serious – and recurring - deficiencies in grants management by the Federal Emergency Management Agency (FEMA) that could place billions of taxpayer dollars at risk of fraud, waste and abuse.

The report, [*Summary and Key Findings of Fiscal Year 2015 FEMA Disaster Grant and Program Audits \(OIG-17-13-D\)*](#), includes the results of 63 disaster-related audit reports that OIG issued in fiscal year 2015. OIG made 154 recommendations for improvement in these reports, many of which have been made repeatedly to FEMA in recent years.

Of the \$1.55 billion in FEMA's disaster relief funds OIG audited, \$457 million were questionable costs, such as duplicate payments, unsupported costs, improper contract costs, and unauthorized expenditures. This represents a 29 percent questioned-cost rate, which indicates FEMA's continued failure to manage disaster relief funds adequately.

OIG also found recurring problems with grants management and sub-grantee oversight by state emergency management agencies that are charged with - and compensated for - overseeing FEMA disaster relief funds. For example, the report includes a \$32.4 million sub-grant made by Texas officials to Houston's Riverside General Hospital to repair damage from Hurricane Ike in 2008. Despite the fact that Riverside officials were indicted for Medicare fraud in 2012, FEMA and Texas officials did not ramp up their grant oversight. The audit found that Riverside officials spent \$17.6 million – more than half of their grant - on such illicit items as insurance, legal fees and gift cards.

"The 29 percent questioned-cost rate is very troubling," said Inspector General John Roth. "We are able to audit only a fraction of the grants awarded through the disaster relief fund. Assuming a similar problem exists in the funds we didn't audit, we are looking at a total of \$3 billion every year in improperly spent government funds. FEMA must start holding grant recipients accountable when they improperly spend taxpayer dollars."

Read the full report: [Summary and Key Findings of Fiscal Year 2015 FEMA Disaster Grant and Program Audits \(OIG-17-13-D\)](#)

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