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April 27, 2023

MEMORANDUM

TO: Joseph V. Cuffari, PhD
Inspector General
Department of Homeland Security

FROM: Bruce W. Friedman
Senior Vice President, Finance & Controller

Yvonne Walker
Vice President, Emergency Food and Shelter Program

RE: DHS Report OIG-23-20

United Way Worldwide (UWW) appreciates the opportunity to share the following comments regarding the Department of Homeland Security Office of Inspector General's (DHS OIG) report concerning administration and oversight of the humanitarian relief funding provided to the Federal Emergency Management Agency's (FEMA) under the American Rescue Plan Act (ARPA) of 2021. We appreciate DHS OIG's overall mission and the time and effort spent in conducting this investigation and issuing the resultant report. Our request is that you consider these comments and include them with the published audit.

UWW serves as Secretariat and Fiscal Agent for FEMA's Emergency Food and Shelter Program (EFSP). The EFSP is governed by a National Board that is chaired by FEMA. UWW takes its roles and responsibilities as the Secretariat and Fiscal Agent for the National Board seriously and is committed to the EFSP's mission in providing life-sustaining resources to those in need, including communities experiencing hunger and homelessness and individuals and families encountered by DHS at the southern border. As Secretariat and Fiscal Agent, UWW provides daily administration of the program, including the ARPA humanitarian funding according to relevant regulations and guidance developed by FEMA and the National Board. UWW staff provides technical assistance and guidance to local communities based on the guidance, as necessary.

UWW has read the report and notes that FEMA has concurred with the two recommendations in the report and has committed to undertaking certain actions in response. UWW understands the importance of ensuring all funds provided to the EFSP are appropriately administered and accounted for and will continue to abide by the direction of FEMA and the National Board, including following their direction in the implementation of their response to the report.

Below are a few comments and updates UWW would like to share as they relate to the two recommendations made by your office.

DHS OIG Recommendations

Recommendation No. 1: We recommend the FEMA Administrator ensure that the EFSP National Board resolve the \$7.4 million in questioned costs and incorporate controls in the *American Rescue Plan Act of 2021 Humanitarian Relief Funding and Application Guidance* to minimize future reimbursements of unsupported costs. Additionally, the FEMA Administrator should ensure the labor hour reimbursements made to the COVID-19 testing contractor are appropriately supported.

UWW Comment: United Way Worldwide echo's FEMA's response to Recommendation No. 1 and wishes to add further information regarding the ongoing efforts to address the questioned costs.

The majority of the questioned costs arose in connection with advance funding paid to a Local Recipient Organization (the "LRO") under the humanitarian funding for Fiscal Year 2021 (which was available for expenditure through April 30, 2022). UWW understands that the LRO entered into a contract with a vendor to provide COVID-19 testing prior to the National Board issuing the revised guidance in September 2022 (the "Humanitarian Relief Funding Guidance Addendum, Fiscal Year 2022").

To meet the new standards as issued in the 2022 Guidance, UWW, as the National Board's Fiscal Agent, has requested the LRO provide a final report including spreadsheets and logs (count of individuals served). Once this report is received and reviewed, UWW will request substantiating documentation including, but not limited to, invoices reflecting the dates of service, the costs charged by the COVID-19 testing contractor and an accounting of staffing underlying the invoices.

Once all necessary information is received, all payments made to the LRO in connection with this contract will be reviewed by UWW in accordance with the FY 2022 Guidance. To the extent that the contractor's information does not align with the National Board's FY 2022 Guidance and/or the underlying records do not support the funding it received, then UWW, in concert with FEMA and the National Board, will ensure appropriate steps are taken to resolve any questioned costs which may include a written request to the LRO to submit additional information and/or a written request to the LRO for recoupment of any ineligible amount paid to the contractor.

Recommendation No. 2: We recommend the FEMA Administrator ensure the EFSP National Board implements oversight measures to enforce the *American Rescue Plan Act of 2021 Humanitarian Relief Funding and Application Guidance* for future supplemental appropriations. Specifically, develop a risk-based methodology to review a sample of ongoing funding execution for future supplemental appropriations to ensure funds approved are:

- a. reviewed and reconciled for completeness and accuracy; and
- b. supported with appropriate documentation, including rosters or other documentation for the number of people served.

UWW Comment:

UWW concurs with OIG's recommendation and with FEMA's response.

- Prior to Fiscal Year 2023, previous guidance did not require interim reporting from LROs that received advanced funding, but only required submission of reports, logs and supporting documentation at the end of the spending period for the LROs. Therefore, for advanced funds received prior to Fiscal Year 2023, support for expenditures by LROs are to be submitted to the National Board by May 2023. UWW will review this information for compliance with program guidance. If any concerns are identified during the review, these concerns will be addressed with the LROs and recoupment may be requested for any expenses outside those permitted by program guidance.
- Beginning with Fiscal Year 2023 funding, LROs receiving advanced funding are now required to submit **quarterly** reports to document how funds are spent in providing humanitarian services. Upon receipt of the quarterly reports, the National Board may request additional support for expenditures from LROs to ensure funds are being appropriately spent and accounted for.
- In the Notice of Award for FY23 Humanitarian Funding to the EFSP National Board, FEMA required that the National Board define or clarify what is considered a "recent encounter" by April 30, 2023. UWW will follow any guidance provided by the National Board when reviewing information related to this term.
- During the National Board's monthly meetings, UWW as Fiscal Agent for the National Board, will keep FEMA and the National Board abreast of all activities related to the review process of ARPA humanitarian funding conducted by UWW and advise as to the controls and processes in place to monitor and account for the funds distributed to LROs.
- Included in the OIG's observations, they reported that the funding and application guidance required LROs provide a log of "unique migrants" who received services. As FEMA noted in its response, the National Board is actively working to address this recommendation by developing a funding request template for LROs to outline their process to identify individuals and families who require and qualify for assistance. UWW, as a member of the National Board, fully supports FEMA's diligent work and anticipates that guidance will be issued by the National Board by the end of June 2023.

Again, we thank you for the opportunity to provide comments related to the report.