

**FEMA Did Not Effectively
Manage Disaster Case
Management Program
Funds in Support of
Hurricane Maria Recovery
Services**





OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

September 29, 2022

MEMORANDUM FOR: The Honorable Deanne Criswell
Administrator
Federal Emergency Management Agency

FROM: Joseph V. Cuffari, Ph.D. JOSEPH V
Inspector General CUFFARI

SUBJECT: *FEMA Did Not Effectively Manage Disaster Case
Management Program Funds in Support of Hurricane
Maria Recovery Services*

Digitally signed by
JOSEPH V CUFFARI
Date: 2022.09.29 15:51:30
-04'00'

For your action is our final report, *FEMA Did Not Effectively Manage Disaster Case Management Program Funds in Support of Hurricane Maria Recovery Services*. We incorporated the formal comments provided by your office.

The report contains three recommendations to improve management of program funds. Your office did not concur with our three recommendations. Based on information provided in your response to the draft report, we consider all three recommendations unresolved and open. As prescribed by *Department of Homeland Security Directive 077-01, Follow-Up and Resolution for Office of Inspector General Report Recommendations*, within 90 days of the date of this memorandum, please provide our office with a written response that includes your (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for each recommendation. Also, please include responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendations. Until your response is received and evaluated, the recommendations will be considered unresolved and open.

Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and the disposition of any monetary amounts. Please send your response to OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act of 1978, as amended*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination. Please call me with any questions, or your staff may contact Bruce Miller, Deputy Inspector General for Audits, at (202) 981-6000.

Attachment

www.oig.dhs.gov



DHS OIG HIGHLIGHTS

FEMA Did Not Effectively Manage Disaster Case Management Program Funds in Support of Hurricane Maria Recovery Services

September 29, 2022

Why We Did This Audit

The objective of this audit was to determine to what extent FEMA managed the PR-DCMP funds in accordance with Federal regulations and FEMA program requirements. FEMA awarded \$72.8 million in DCMP funds to nine Providers in Puerto Rico. Our scope encompassed \$65 million paid to eight of the nine Providers.

What We Recommend

We made three recommendations to FEMA to improve the management of DCMP funds.

For Further Information:

Contact our Office of Public Affairs at (202) 981-6000, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

What We Found

The Federal Emergency Management Agency (FEMA) did not manage Puerto Rico Disaster Case Management Program (PR-DCMP) funds in accordance with Federal regulations and FEMA program requirements. According to Federal regulations, non-Federal entities must support accumulation of costs and provide adequate documentation to support costs charged to a Federal award. However, FEMA did not require six DCMP nonprofit organizations (Providers) to provide supporting documentation for actual costs. Instead, FEMA made advance payments totaling \$6.4 million to six Providers based on estimates, rather than reconciling the payments with actual costs. Additionally, FEMA lacked supporting documentation for Providers totaling \$10.7 million.

This occurred because FEMA did not have adequate internal controls for separation of duties, written policies and procedures for oversight when the state is not the recipient, or records management. As a result, FEMA has no assurance that \$17.1 million paid to eight Providers was DCMP-related and necessary to perform DCMP activities. Additionally, FEMA cannot ensure the remaining \$47.9 million in costs is adequately supported, thereby increasing the risk of fraud, waste, and abuse of funds.

FEMA Response

FEMA did not concur with our three recommendations. We included a copy of FEMA's comments in Appendix B.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Background

The Disaster Case Management Program (DCMP) is a 100 percent federally funded supplemental program administered by the Federal Emergency Management Agency (FEMA) and funded by the Disaster Relief Fund pursuant to the *Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended* (Stafford Act). Funding is normally awarded on a reimbursable basis to recipients based on receipts and invoices submitted. According to FEMA's *Disaster Case Management Program Guidance*, March 2013, the DCMP is intended to promote effective delivery of post-disaster case management services in partnership with affected states. Specifically, the DCMP is designed to help individuals and families find resources to meet their disaster-caused unmet needs.

On September 20, 2017, the President declared Hurricane Maria a major disaster for Puerto Rico and approved Individual Assistance (IA)¹ Program funding for 78 municipalities. If a major disaster is declared, an affected state may request DCMP funding if the declaration is approved for an IA program grant. FEMA received the Puerto Rico Department of Housing's (PRDH) application, dated December 2017, to provide DCMP services to disaster survivors for household recovery efforts. However, PRDH withdrew its application 5 months later and turned their efforts back to FEMA. According to a Puerto Rico official, the reason for the withdrawal was due to PRDH's limited resources.

More than 1 million residents of Puerto Rico registered for FEMA IA, and significant unmet needs were identified across the island, including housing shortages; increased unemployment; access to affordable food, medical supplies, prescriptions, and mental and behavioral health; and continued infrastructure impacts. According to FEMA, meeting such disaster-related needs requires providing ongoing services to support survivors. Because of PRDH's application withdrawal, FEMA decided to administer Puerto Rico DCMP (PR-DCMP) services, approximately \$72.8 million, through nine nonprofit organizations (Providers) with cooperative agreements.²

¹ FEMA's IA Program helps individuals who have suffered loss from a disaster, whether a tornado or hurricane, an explosion, or a terrorist event.

² According to 2 Code of Federal Regulations (C.F.R.) § 200.24, a cooperative agreement is used to enter into a relationship, the principal purpose of which is to transfer anything of value from the Federal awarding agency or pass-through entity to the non-Federal entity to carry out a public purpose authorized by a law of the United States and not to acquire property or services for the Federal Government or pass-through entity's direct benefit or use.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

FEMA's administration of the PR-DCMP involved some deviations from the standard process of administering the program. FEMA, the awarding agency, served as both the managing and oversight agency. Because PRDH was no longer the grantee, FEMA was responsible for ensuring the Providers implemented the DCMP in accordance with applicable guidance and agreements.

Results of Audit

FEMA Did Not Effectively Manage DCMP Funds

FEMA did not manage PR-DCMP funds in accordance with Federal regulations and FEMA program requirements. Without the layer of oversight that a state usually provides over DCMP Providers, FEMA did not properly monitor the cooperative agreements with the PR-DCMP Providers to ensure they used accounting methods for funds that were in accordance with Federal regulations, FEMA guidelines, and cooperative agreement requirements. Specifically, FEMA made advance payments totaling \$6.4 million to six DCMP Providers based on estimates, without reconciling the payments with actual costs. Additionally, FEMA lacked supporting documentation for Providers totaling \$10.7 million.³

FEMA Did Not Reconcile Advance Payments with Actual Costs

According to 2 C.F.R. § 200.305 (b), "Except as noted elsewhere in this part, Federal agencies must require recipients⁴ to use only [Office of Management and Budget]-approved, governmentwide information collection requests to request payment."

However, FEMA made advance payments totaling \$6.4 million to six DCMP Providers based on estimates, without reconciling the estimated advance payments to actual costs. In four of the six cases, we could not determine if FEMA paid more than the actual costs because FEMA did not have any supporting documentation for actual costs for these Providers (DCMP Providers 2, 4, 5, and 8 in Table 1). The advance payments for these four Providers, for which there was no actual cost documentation on file, totaled about \$3.15 million. FEMA did not require Providers to submit supporting documentation for actual costs. According to FEMA, it never obtained documentation from

³ Our scope included eight Providers, and one or more of the audit results for the Providers can fall into two categories: payments made based on estimates rather than actual costs, and missing documentation.

⁴ The recipient is a non-Federal entity that receives a Federal award directly from a Federal awarding agency to carry out an activity under a Federal program.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Providers because actual costs were validated in the field through interaction between FEMA personnel and each Provider. FEMA had supporting documentation for actual costs in its files for the other two Providers (1 and 3 in Table 1), but did not reconcile estimated advance payments with the actual costs.

Because the advance payments for estimated costs were not reconciled to actual costs, FEMA may have overpaid for services. Based on the documentation provided by FEMA, we reconciled \$3.2 million of the \$6.4 million in advance payments with actual costs. Table 1 shows the advance payments FEMA did not reconcile with actual costs and the results of our reconciliation of advance payments to Providers 1 and 3.

Table 1. FEMA Advance Payments Not Reconciled with Actual Costs

DCMP Provider*	Advance Payments Not Reconciled with Actual Costs (in dollars)	Amount with No Actual Cost Documentation on File (in dollars)	OIG Auditors Reconciled Actual Cost (in dollars)	OIG-identified Difference between Advance Payment and Reconciled Actual Cost (in dollars)
1	222,139	0	254,641	32,502
2	351,895	351,895	0	0
3	3,000,000	0	2,938,854	(61,146)
4	168,433	168,433	0	0
5	941,642	941,642	0	0
8	1,688,078	1,688,078	0	0
Totals	6,372,187	3,150,048	3,193,495	

Source: DHS Office of Inspector General analysis of DCMP Providers data obtained from FEMA

*We did not include Providers 6 and 7 because they did not receive any advance payments.

FEMA Did Not Have Adequate Documentation to Support Costs

According to 2 C.F.R. § 200.400 (d), non-Federal entities must support accumulation of costs, as required, and provide adequate documentation to support costs charged to a Federal award. Additionally, the cooperative agreements between FEMA and the Providers required all accounting records be supported by source documentation to establish an auditable trail of evidence.

FEMA’s instructions to DCMP Providers expressly required the use of Standard Form (SF) 270,⁵ *Request for Advance or Reimbursement*, for collecting information to support payments and to include other documentation to

⁵ According to FEMA, all requests for advance payments should be submitted using an SF 270 and should include a detailed line item budget and narrative justification. Additionally, an SF 270 must be submitted for all drawdowns. These can be submitted as frequently as required to ensure funding is available for all activities (See Appendix C).



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

support specific costs claimed for reimbursement. According to FEMA, all Providers submitted an SF 270 and supporting documentation with their payment requests. Once FEMA validated the supporting documentation, Providers drew down funds from the Payment Management System (PMS), known as Smartlink.⁶

However, not all expenditures FEMA reimbursed contained the required SF 270s. Of 50 judgmentally sampled payments valued at \$19.5 million for eight Providers that we reviewed, 29 valued at \$14.9 million (76 percent) were missing SF 270s. For three Providers, not every expenditure we reviewed included an SF 270; for four Providers, none of the expenditures we reviewed included SF 270s in the supporting documentation. Table 2 details Provider expenditures without accompanying SF 270s.

Table 2. Sampled FEMA Expenditures Missing SF 270s

DCMP Providers	Expenditure Period	Expended Amount Sampled (in dollars)	Number of Expenditures Sampled	Expended Amount with no SF 270(s) (in dollars)	Number of Expenditures with no SF 270(s)	Percent Expended Amount without SF 270(s)
1	8/31/18 to 6/26/20	856,273	9	63,933	1	7.47
2	8/27/18 to 9/1/20	2,016,332	7	2,500	1	0.12
3	9/21/18 to 12/3/19	6,717,370	3	6,717,370	3	100
4	9/15/18 to 1/9/2020	356,974	4	0	0	0.00
5	10/23/18 to 7/20/20	2,410,277	7	2,410,277	7	100
6	8/31/18 to 6/5/2020	561,579	11	561,579	11	100
7	11/01/19	1,693,439	1	1,693,439	1	100
8	9/20/18 to 5/18/20	4,909,077	8	3,475,549	5	70.80
Total		19,521,320	50	14,924,647	29	76.45

Source: DHS OIG analysis of DCMP Providers' expenditure files obtained from FEMA

We identified additional documentation issues. We could not determine cutoff dates for individual payments. Therefore, we could not always reconcile documentation provided by FEMA in support of costs claimed and paid. Additionally, FEMA could not clearly explain how payments were supported. Instead of placing supporting documents with payments as it made them, FEMA combined documents into one large file for support of payments that

⁶ Smartlink interfaces with FEMA's accounting system, allows recipients to make online payment requests and submit quarterly financial reports. The system helps draw down funds and file the Federal Financial Report.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

were made over a period of a year. FEMA did not always maintain separate payment records to support individual payments made to Providers. Upon our request, FEMA provided supporting documentation files for payments but, for 40 payments totaling \$14.9 million, the supporting documentation did not match corresponding individual payments. The overall amount of the documentation provided for these payments totaled \$10.9 million for a difference of \$4.1 million (difference due to rounding).

Additionally, we determined that FEMA did not properly support overhead fringe benefit rates.⁷ FEMA paid Providers overhead fringe benefit rates that ranged from 8 to 49 percent. The additional fringe benefit costs were added to labor expenses claimed by the Providers. However, FEMA did not have individual fringe benefits calculation sheets for costs claimed by Providers and paid by FEMA. FEMA did not provide supporting documentation to show how Providers determined and calculated their benefits for their full-time employees. We requested the fringe benefits documentation several times, but never received it.

Because four Providers did not provide adequate documentation to support fringe benefits claimed, FEMA approved fringe benefits that may have been disapproved had supporting documentation been submitted with the claims. Specifically, FEMA paid fringe benefits to one DCMP Provider for some temporary staff employees, hired through a temporary employment agency, who were typically ineligible for such benefits.

Finally, FEMA could not always provide supporting documentation (e.g., time sheets, labor reports, and canceled checks) for \$10.3 million in claimed and paid labor expenses, as required.⁸ Table 3 shows the type of missing supporting documentation for DCMP Providers' improperly supported expenses.

⁷ According to 2 C.F.R. § 200.431(a), "Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages."

⁸ According to 2 CFR § 200.302(b)(3), 200.400(d) and 200.403(g), records must be adequately documented to identify the source and application of funds for federally funded activities.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Table 3. Examples of Missing or Improperly Supported Payroll/Labor Expense Documentation

DCMP Providers	Improperly Supported Payroll/Labor Expense Amount (in dollars)*	Type of Missing Supporting Documentation
1	732,663	Time sheet records
2	102,394	Payment support/verification records (bank deposit statements/canceled checks)
3	6,059,184	Payment support/verification records (bank deposit statements/canceled checks)
4	56,089	Time sheet records, payment verification records (bank deposit statements/canceled checks)
5	57,577	Time sheet records
8	3,334,317	Time sheet records
Total Amount	10,342,225	

Source: DHS OIG analysis of DCMP Providers' files obtained from FEMA

*Total difference due to rounding

FEMA also approved payment of \$390,828 that had missing and improper supporting documentation. Specifically, FEMA paid:

- \$460 of cost claimed with no documentation and no description of the type of cost claimed;
- \$105,038 for cell phone expenses, but the documentation submitted did not identify which employees worked in support of the DCMP. Some Providers were established local and out-of-state nonprofit organizations that provided services outside of DCMP;
- \$5,481 of cost claimed for office supplies that had no supporting documentation;
- \$70,037 of cost claimed for contract work that did not have supporting documentation;
- \$67,378 of mileage and travel expenses claimed that had no logs or payment support (bank records/cancelled checks);
- \$14,559 of unsupported equipment expenses; and
- \$127,875 of rent expenses that had no invoices, contract, or lease agreement support.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

FEMA Did Not Have Adequate Internal Controls For PR-DCMP

We attribute the inadequate and missing documentation to FEMA not having adequate internal controls to ensure separation of duties, written policies and procedures for oversight when the state is not the recipient, or records management.

FEMA demonstrated a lack of internal controls by not separating duties for payment approval and processing. Specifically, FEMA gave one FEMA official the authority to verify and monitor DCMP activities and approve and process payments on reimbursement requests. FEMA also allowed the official to conduct fieldwork visits and lead the team in validating supporting documentation. According to a FEMA official, the same individual performed fieldwork visits, monitored DCMP activities, and validated supporting documentation.⁹ This individual's signature appeared on 15 SF 270s with payment approvals totaling \$2.9 million. (Appendix D contains a sample signed SF 270.)

According to the U.S. Government Accountability Office (GAO) *Standards for Internal Control in the Federal Government*, FEMA should have written policies and procedures for oversight to properly manage the DCMP grant. Also, according to FEMA's *Disaster Case Management Program Guidance*, states normally manage the DCMP and are responsible for establishing financial management systems to account for grant funds. States are also responsible for source documentation, accounting records, and oversight of the DCMP.

Finally, FEMA did not properly manage its records. According to officials, FEMA allowed partial drawdowns, which are not reconcilable. All the supporting documents for the full amount requested, including all partial drawdowns for that time period, would have to be reviewed to determine whether the documentation was proper. Yet, FEMA did not separate and file each payment with its corresponding supporting documentation.

In an internal review¹⁰ on DCMP payments related to various disasters, which included Hurricane Maria for PR-DCMP, FEMA identified similar findings and

⁹ According to the GAO, *Standards for Internal Control in the Federal Government*, September 2014, p. 47, management should divide or segregate key duties and responsibilities among different people to reduce the risk of error, misuse, or fraud. This includes separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event.

¹⁰ FEMA conducted an internal review from June 23, 2021, to September 22, 2021, to comply with Office of Management and Budget (OMB) requirements in Circular A-123, Appendix C, March 5, 2021, *Requirements for Payment Integrity Improvement*.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

recommendations discussed in this report. Specifically, FEMA determined it did not have a consistent process for reviewing supporting payment documentation, which ultimately resulted in reimbursing expenditures it could not properly verify. (Appendix E contains a detailed description of our findings in this report compared to those identified by FEMA in its internal review.)

Conclusion

FEMA did not manage the \$65 million in PR-DCMP funds in accordance with Federal regulations and FEMA program requirements. Because it administered the PR-DCMP services through eight Providers with cooperative agreements, FEMA served as both the managing and oversight entity. As the oversight entity, FEMA did not establish adequate internal controls for separation of duties, written policies and procedures when the state is not the recipient, or records management. As a result, FEMA has no assurance that \$17.1 million paid to Providers was all DCMP-related and necessary to perform DCMP activities. Additionally, FEMA cannot ensure the remaining \$47.9 million of DCMP-related costs are adequately supported, thereby increasing the risk of fraud, waste, and abuse of funds.

Subsequent Event – Hurricane Fiona

Hurricane Fiona struck the southwest coast of Puerto Rico on September 18, 2022, 5 years after Hurricane Maria devastated the Island. The President approved a major disaster declaration on September 21. Hurricane Fiona resulted in an island-wide power outage and boil water advisory. This report focused on DCMP services provided to assist residents of Puerto Rico recover from the effects of Hurricane Maria. The OIG will conduct additional work in FY 2023 on FEMA's continuing public assistance provided to Puerto Rico in response to Hurricane Maria during the intervening 5 years and will evaluate how Puerto Rico used Federal public assistance funds to prepare for future weather-related events.¹¹

¹¹ In June 2021, OIG's Principal Deputy Inspector General provided testimony to the Civil Rights Commission regarding OIG's work related to Hurricane Maria in Puerto Rico and Hurricane Harvey in Texas. The testimony disclosed issues regarding FEMA's acquisition and contracting, management of commodities, oversight of recipients and subrecipients, financial accountability and safeguarding of assets, and oversight of its information technology environment: <https://www.oig.dhs.gov/sites/default/files/assets/TM/2021/oigtm-testimony-department-homeland-security-principal-deputy-inspector-general-glenn-sklar.pdf>



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Recommendations

Recommendation 1: We recommend the Federal Emergency Management Agency Region II Administrator establish internal controls to ensure proper separation of duties related to the review, approval, and disbursement of Disaster Case Management Program funds to prevent potential fraud, waste, and abuse.

Recommendation 2: We recommend the Federal Emergency Management Agency Administrator establish policies and procedures for the Disaster Case Management Program when the program is not awarded to the State or Territory. The policies should address how FEMA will perform oversight and monitoring and how FEMA will ensure that standards for financial management systems and compliance with the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (2 C.F.R. Pt. 200) are met.

Recommendation 3: We recommend the Federal Emergency Management Agency Region II Administrator review all documentation supporting the \$65 million Disaster Case Management Program reimbursements to the Providers and ensure the documentation is adequate and in accordance with 2 C.F.R. § 200.302(b)(3), 200.400(d), and 200.403(g).

Management Comments and OIG Analysis

The Acting Associate Administrator, Office of Policy and Program Analysis, noted FEMA's appreciation for OIG's work planning and conducting its review and issuing this report. (See Appendix B.)

We reviewed FEMA's technical comments and updated the report as appropriate. In its management comments, FEMA noted its leadership's concern that the OIG's draft report contained several inaccuracies which require clarification. We believe we addressed FEMA's concerns in our response to technical comments and such comments do not have an impact on the facts supporting our conclusions and recommendations. Therefore, we will not address FEMA's concerns again in the final report.

FEMA did not concur with our three recommendations. The following summarizes FEMA's response to each recommendation and the OIG's analysis.

FEMA Comments to Recommendation 1: Non-concur. According to FEMA, it does not approve payments. Rather, the recipients (Providers) established



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

accounts with the PMS (formerly known as SmartLink) from which they processed their own funds drawdown requests, in accordance with FEMA's established policy and procedures manual. Although FEMA acknowledged that State, Local Tribal, and Territorial (SLTT) entities are the usual recipients of disaster assistance, in this case, the recipients were the nine qualified, nonprofit organizations. Accordingly, FEMA's Region 2 Grants Division implemented use of the SF 270 as an internal control measure to prevent potential fraud, waste, and abuse of funds proactively. Furthermore, the Region 2 Grants Division previously documented separation of duties for its role in its financial monitoring and oversight through its quarterly cash analysis and annual enhanced monitoring, which FEMA believes are effective internal control activities that mitigate risks for potential fraud, waste, and abuse. FEMA requested that the OIG consider this recommendation resolved and closed.

OIG Analysis of FEMA Comments

FEMA's comments are not responsive to the intent of the recommendation. As stated in its comments, FEMA implemented the request for advances and reimbursements (SF 270 process) as an internal control measure to prevent potential fraud, waste, and abuse. The internal control was to approve advance and reimbursement payments prior to drawdown of funds through PMS. However, that approval process cannot be controlled by one individual. According to GAO *Standards for Internal Control in the Federal Government*, management should divide or segregate key duties and responsibilities such as authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets so that no one individual controls all key aspects of a transaction or event. FEMA gave one individual the authority to verify and monitor DCMP activities and approve and process payments on reimbursement requests. This individual's name appeared on 15 SF 270s with payment approvals totaling \$2.9 million. Therefore, the recommendation is unresolved and open.

FEMA Comments to Recommendation 2: Non-concur. According to FEMA, since 2017, its Community Services Section has engaged in a continuous improvement project to strengthen FEMA's tools, procedures, and language on administering an award for SLTT entities and other qualified private organizations. Further, according to FEMA, the recipient always (directly or through a sub-award) manages the DCMP. Although in this case the grant recipient was not an SLTT entity, pursuant to FP104-009-03, *Individual Assistance Program and Policy Guide*, Version 1.1, dated May 2021, a qualified private organization was allowed to serve as a recipient. Additionally, when the Community Services Section issued an *Opportunity for Funding for Disaster Case Management in Puerto Rico* on June 1, 2018, for this DCMP, the recipients



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

were provided the same policies and procedures that all SLTT entities would have received at the time. FEMA requests that the OIG consider this recommendation resolved and closed.

OIG Analysis of FEMA Comments

FEMA's comments are not responsive to the intent of the recommendation. Throughout its comments, FEMA stated that this DCMP was unusual because the state was not involved. If FEMA already had adequate policies and procedures for when the recipient is not managing the DCMP, it would not have had to establish instructions to DCMP Providers in Puerto Rico (See Appendix C). The issues we identified with inadequate internal controls for separation of duties, documentation to support costs, and records management point toward policies and procedures FEMA needed to provide adequate oversight of a \$72.8 million in DCMP funds awarded. FEMA's *Opportunity for Funding for Disaster Case Management in Puerto Rico* instructions attempted to instill proper controls. However, those instructions were not always followed, placing \$65 million at risk of fraud, waste, and abuse. The policies and procedures should address how FEMA will provide oversight and monitoring and ensure compliance with standards for financial management systems and the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (2 C.F.R. Pt. 200). Therefore, the recommendation is unresolved and open.

FEMA Comments to Recommendation 3: Non-concur. As an awarding Federal entity, FEMA complies with the *Payment Integrity Information Act of 2019* requirement to conduct annual testing through a statistically valid sample of transactions when program expenditures exceed \$10 million in a fiscal year. FEMA also complies with the requirement in OMB Circular A-123, *Management's Responsibility for Internal Control*, Appendix C, dated December 21, 2004, to conduct an annual audit of the financial statement. FEMA requests that the OIG consider this recommendation resolved and closed.

OIG Analysis of FEMA Comments

FEMA's comments are not responsive to the intent of the recommendation. Recommendation 3 is not about FEMA's compliance with the *Payment Integrity Information Act of 2019* and OMB Circular A-123. This concerns basic documentation required by Federal regulations, FEMA instructions, and cooperative agreements between FEMA and the Providers. The C.F.R. (2 C.F.R. § 200.400) requires adequate documentation to support costs charged to a Federal award. Also, according to FEMA's instructions to DCMP Providers in Puerto Rico, an SF 270 must be submitted for all drawdowns. All drawdowns should include supporting documents, such as quotes, invoices, and receipts,



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

that justify the request (see Appendix C). Finally, cooperative agreements between FEMA and the Providers required all accounting records be supported by source documentation to establish an auditable trail of evidence.

FEMA decided to both manage and provide oversight of this program absent the usual recipient (the state). However, FEMA provided oversight as though a state was the recipient. A single entity, such as the Provider, which was a contractor and a recipient, should not be permitted to draw down Federal funds without checks and balances. FEMA set up instructions using SF 270s but did not maintain proper documentation required by Federal regulations, its own instructions, and agreements with the Providers. Therefore, the recommendation is unresolved and open.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix A
Objective, Scope, and Methodology

The Department of Homeland Security Office of Inspector General was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*.

The objective of this audit was to determine to what extent FEMA managed the PR-DCMP funds in accordance with Federal regulations and FEMA program requirements. The audit primarily focused on contracted DCMP program services to assess the effectiveness of FEMA’s monitoring to ensure Providers complied with DCMP requirements.

PRDH submitted an application to provide DCMP services to disaster survivors for household recovery efforts in December 2017, as a result of Hurricane Maria that occurred on September 20, 2017. However, PRDH withdrew its application 5 months later. FEMA solicited to administer the PR-DCMP services through Providers with cooperative agreements in June of 2018, ultimately awarding \$72.8 million for these services.

We assessed internal controls related to FEMA’s management of PR-DCMP grant funds. Because our review was limited to addressing our audit objective, it may not disclose all internal control weaknesses that may have existed at the time of the audit. As discussed in our report, we found FEMA did not have adequate internal controls for separation of duties, policies and procedures for oversight, or records management.

Our scope encompassed \$65 million in Hurricane Maria disaster funds awarded to eight of the nine nonprofit organizations that provided PR-DCMP services. The audit covered the expenditure period from August 2018 to September 2020. Table 4 contains the total costs claimed by DCMP Providers, including the Provider excluded from our scope.

Table 4. Total Award and Cost for DCMP Services

Total PR-DCMP Award	8 DCMP Providers Awards	8 DCMP Providers Claimed Cost	1 DCMP Provider Award Excluded	1 DCMP Provider Claimed Cost Excluded
\$72,816,336	\$64,960,656	\$62,694,840	\$7,855,680	\$3,082,782

Source: DHS OIG analysis of FEMA records



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

We selected our cost claim sample for testing from a universe of awarded IA funds downloaded from FEMA’s computerized Integrated Financial Management Information System. To test this data, we verified that payments and claimed costs were supported by source documents. As a result of our limited testing, we deemed the information sufficient to answer our audit objective.

We did not assess the reliability of computer-based data received from FEMA because it was not significant to achieving our audit objective. We randomly selected an overall sample of 30.05 percent from the Providers’ claimed and expended amounts, and 25.77 percent of the number of expenditures. Table 5 details the DCMP Providers’ total expenditures and the amount sampled for testing.

Table 5. DCMP Provider Expenditure Universe and Testing Sample

DCMP Providers	Expenditure Period	Expended Amount Sampled (in dollars)	# of Expenditures Sampled	Obligated Amount (in dollars)	Expenditures (Payments)	% of \$ Amount Sampled	% of # Expenditures Sampled
1	8/31/18 to 6/26/20	856,273	9	3,590,383	44	23.85%	20.45%
2	8/27/18 to 9/1/20	2,016,332	7	11,569,273	35	17.43%	20.00%
3	9/21/18 to 12/3/19	6,717,370	3	29,503,998	15	22.77%	20.00%
4	9/5/18 to 1/9/2020	356,974	4	508,229	4	70.24%	100.00%
5	10/23/18 to 7/20/20	2,410,277	7	8,897,419	32	27.09%	21.88%
6	8/31/18 to 6/5/2020	561,579	11	2,804,440	55	20.02%	20.00%
7	11/01/19	1,693,439	1	2,181,996	1	77.61%	100%
8	9/20/18 to 5/18/20	4,909,077	8	5,904,894	8	83.14%	100.00%
Total		19,521,320	50	64,960,632	194	30.05%	25.77%

Source: DHS OIG analysis of FEMA files obtained from DCMP Providers

We conducted this performance audit between September 2020 and April 2022 pursuant to the *Inspector General Act of 1978, as amended*, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives. To conduct this audit, we applied the statutes, regulations, and FEMA policies and guidelines in effect at the time of the disaster.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

The Office of Audits major contributors to this report are Larry Arnold, Director; Felipe Pubillones, Audit Manager; Emma Peyton, Auditor-in-Charge; Alfonso Dallas Jr., Auditor; Christopher Stephens, Auditor; Maufrend Ruiz, Program Analyst; Thomas Hamlin, Communications Analyst; and Rickey Smith, Independent Reference Reviewer.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix B
FEMA Comments to the Draft Report

U.S. Department of Homeland Security
Washington, DC 20472



FEMA

August 31, 2022

MEMORANDUM FOR: Joseph V. Cuffari, Ph.D.
Inspector General

FROM: Paul Judson
Acting Associate Administrator
Office of Policy and Program Analysis

PAUL C Digitally signed by
JUDSON PAUL C JUDSON
Date: 2022.08.31
21:32:04 -04'00'

SUBJECT: Management Response to Draft Report: "FEMA Did Not Effectively Manage a Disaster Case Management Program Grant in Support of Hurricane Maria Recovery Services" (Project No. 20-025-AUD-FEMA)

Thank you for the opportunity to comment on this draft report. The Federal Emergency Management Agency (FEMA) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

FEMA leadership is pleased to note OIG's recognition of FEMA's Individual Assistance (IA) Program as a way to help individuals who have suffered loss from a disaster, whether a tornado or hurricane, an explosion, or a terrorist event. FEMA's IA program has, and continues to support, over one million Puerto Rico residents in addressing their needs post-Hurricane Maria. FEMA remains committed to helping people before, during and after disasters.

However, FEMA leadership is concerned that the OIG's draft report contains several inaccuracies which require clarification, such as the statement that FEMA, the awarding agency, served as both the managing and oversight agency. In a letter to FEMA dated May 31, 2018, the Commonwealth of Puerto Rico stated that they were unable to accept the Disaster Case Management Program (DCMP) as the Recipient. Therefore, FEMA issued an "Opportunity for Funding for Disaster Case Management in Puerto Rico," posted on June 1, 2018¹ to solicit applications from entities capable of delivering the program. FEMA subsequently awarded funding to nine non-profit organizations through a cooperative agreement who, as Recipients, were subject to the same terms and conditions of the awards as any other case management recipient, including all financial

¹ <https://www.fema.gov/opportunity-funding-disaster-case-management-puerto-rico>



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

and administrative requirements necessary to manage the award. As the grantor, FEMA was the oversight agency, and not the managing entity, for these nine Recipients.

It is also important to clarify that OIG's characterization of the nine Recipients as "Providers" is incorrect, as any suggestion that the Recipients do not have management responsibilities under the Federal award. While FEMA acknowledges that it is not typical to award grants to qualified non-profits, FEMA has nevertheless taken steps to ensure appropriate oversight. For example, FEMA Community Services Section (CSS) has engaged in a continuous improvement project to strengthen our DCMP tools, procedures, and language on administering an award for State, Local Tribal, and Territorial (SLTT) entities, and qualified private organizations.

Although the OIG's draft report states that FEMA identified similar findings and recommendations discussed in this report in an internal review on DCMP payments related to various disasters, which included Hurricane Maria, this incorrectly compares issues found by OIG with those found in the internal review. Rather, the "DHS Payment Integrity Information Act Disaster Case Management Assessment of Fiscal Year (FY) 2019 Harvey, Irma and Maria Disaster Disbursement" report aggregated overall findings for all DCMP tested, and were not singularly attributed to Region 2. This comparison also incorrectly references Internal Control Observations that are attributed to documents submitted in the DCMP application package and not related to actual expenditures incurred.

Further, references in the OIG's draft report that FEMA processes payments for disaster grants in general and specifically for the DCMP are incorrect. Specifically, FEMA did not, and does not, process payments for the DCMP program. Funding that is awarded to a Recipient through DCMP is managed through the portal, SmartLink, where the Recipient draws funds against approved awards. Given the mixed experience among the Recipients with managing this award, FEMA Region 2 implemented an additional process to mitigate the risk of improper payments by requesting that the nine Recipients submit supporting documentation for incurred costs for review. FEMA added this extra layer of monitoring because the program was implemented in an atypical manner, as it is usually awarded directly to an SLTT (and not qualified private organizations). This action later proved prudent as FEMA detected potential improper and fraudulent payments by one Recipient and referred the matter to OIG Major Fraud Unit, demonstrating the effectiveness of FEMA's monitoring.

FEMA also monitors expenditures for the awarded programs quarterly through the review of the Standard Form (SF)-425, "Federal Financial Report," and annually through a site visit or desk review, using the annual monitoring guidance issued by FEMA's Grants Program Directorate. Final reconciliation is completed at the end of the performance period and upon submission of the final SF-425 and proof that all required



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

work is completed, and any financial adjustments are made during Federal award closeout actions.

The draft report contains three recommendations with which FEMA non-concurs. Enclosed find our detailed response to each recommendation. FEMA previously submitted technical comments addressing several accuracy, contextual and other issues under a separate cover for OIG's consideration.

Again, thank you for the opportunity to review and comment on this draft report. Please feel free to contact me if you have any questions.

Enclosure



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Enclosure: Management Response to Recommendations Contained in 20-025-AUD-FEMA

OIG recommended that the FEMA Region 2 Administrator:

Recommendation 1: Establish internal controls to ensure proper separation of duties related to the review, approval, and disbursement of Disaster Case Management Program funds to prevent potential fraud, waste, and abuse.

Response: Non-concur. FEMA does not approve payments. Rather, the Recipients established accounts with the Payment Management System (formerly known as SmartLink) from which they processed their own funds draw-down request, in accordance with their established policy and procedures manual.

Although FEMA acknowledges that SLTTs are the usual Recipient of disaster assistance, in this case, the Recipients were the nine qualified, non-profit organizations. Accordingly, FEMA Region 2 Grants Division implemented the use of SF-270, "Request for Advance or Reimbursement," as an internal control measure to prevent potential fraud, waste, and abuse of funds proactively.

Furthermore, FEMA Region 2 Grants Division has previously documented separation of duties for its role in conducting its financial monitoring and oversight through its quarterly cash analysis and annual enhanced monitoring. The quarterly cash analysis is conducted in accordance with FEMA Manual 205-0-1, "Grants Management," dated January 23, 2018, and associated procedures established by the FEMA Headquarters Grants Program Directorate (GPD), and contains a first and second level review of the SF-425. Specifically, the enhanced monitoring protocol is conducted by the GPD grants management specialists, then reviewed by the grants branch chief, before being submitted to the grants division director for final review and signature, which FEMA believes are effective internal control activities that mitigate risks for potential fraud, waste and abuse.

In addition, as previously mentioned in this management response letter, FEMA's monitoring process detected potential improper payments or fraud by one Recipients. Following referring the matter to OIG Major Fraud Unit, the OIG referred this Recipient for suspension, which was conferred in January 2021 under the FEMA Office of Chief Counsel Suspension and Debarment Program.

FEMA requests that the OIG consider this recommendation resolved and closed.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

OIG recommended the FEMA Administrator:

Recommendation 2: We recommend the Federal Emergency Management Agency Administrator establish policies and procedures for the Disaster Case Management Program when the program is not awarded to the State or Territory. The policies should address how FEMA will perform oversight and monitoring and how FEMA will ensure that standards for financial management systems and compliance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR 200) are met.

Response: Non-concur. Since 2017, FEMA CSS has engaged in a continuous improvement project to strengthen FEMA tools, procedures, and language on administering an award for SLTTs *and* other qualified private organizations. It is also important to note the Recipient always (directly or through a sub-award) manages the DCMF. While in this case the grantee was not an SLTT, it is allowable pursuant to FP 104-009-03 | “Individual Assistance Program and Policy Guide,” Version 1.1, dated May 2021,² for a qualified private organization to serve as a Recipient. Additionally, when FEMA CSS issued an “Opportunity for Funding for Disaster Case Management in Puerto Rico,” posted on June 1, 2018, for this DCMF, the Recipients were provided the same policies and procedures that all states, tribes, and territories would have received at the time.

FEMA requests that the OIG consider this recommendation resolved and closed.

OIG recommended the FEMA Region 2 Administrator:

Recommendation 3: Review all documentation supporting the \$65 million Disaster Case Management Program grant to Puerto Rico and ensure the documentation is adequate and in accordance with 2 C.F.R. § 200.302(b)(3), 200.400(d), and 200.403(g).

Response: Non-concur. As an awarding Federal entity, FEMA complies with the requirement of Payment Integrity Information Act of 2019 to conduct annual testing through a statistically valid sample of transactions when the program expenditures exceed \$10M in a FY, as well as the annual audit of the financial statement in compliance with the Office of Management and Budget Circular A-123, “Management’s Responsibility for Internal Control,” Appendix C, dated December 21, 2004. Further, in FY 2021, the Office of the Chief Financial Officer Risk Management office conducted an audit of the DCMF in FEMA Regions 2, 4 and 6, the results of which were provided to the OIG on February 14, 2022.

² https://www.fema.gov/sites/default/files/documents/fema_iappg-1.1.pdf



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

FEMA requests that the OIG consider this recommendation resolved and closed.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Appendix C

Opportunity for Funding for DCMF in Puerto Rico

Opportunity for Funding for Disaster Case Management in Puerto Rico | FEMA.gov Page 18 of 26

described in § 200.205

(<https://www.law.cornell.edu/cfr/text/2/200.205>) Federal awarding agency review of risk posed by applicants.

✓ Federal Award Administration Information

Federal Award Notices

Approved Applicants. The Notice of Award (NOA) signed by the Region II Grants Division Director is the authorizing document to begin work and will be provided electronically to the authorized representative of the qualified private organization as provided in the application. The NOA will require the return of a signed 76-10A (agreement) to the FEMA grants officer. Following receipt of the signed agreement, FEMA will obligate the funding.

Funding will be awarded on a reimbursable basis to recipients based on receipts and invoices submitted. There is no set period for reimbursement, requests for reimbursement can be submitted at the convenience of the recipient.

Advance funding. If required, will be handled in accordance with 2 CFR §200.305. All requests for Advance Payments should be submitted using Standard Form 270 and include a detailed line item budget and narrative justification. The budget should include supporting documents, for example, quotes, invoices, etc. that justify the request.

<https://www.fema.gov/opportunity-funding-disaster-case-management-puerto-rico>

5/15/2019



OFFICE OF INSPECTOR GENERAL Department of Homeland Security

Opportunity for Funding for Disaster Case Management in Puerto Rico | FEMA.gov Page 19 of 26

Drawdowns. Drawdowns from Payment Management System (PMS) (also known as Smartlink) will be reimbursements for expenses. A Standard Form 270 will be required to be submitted for all drawdowns, these can be submitted as frequently as required to ensure funding is available for all activities. All drawdowns should include supporting documents, for example: quotes, invoices, receipts, etc. that justify the request.

Non-Approved Applicants. Notification will be made electronically no later than June 30, 2018 to all applicants that were not selected for funding.

Appeals. Pursuant to section 423 of the Stafford Act (42 U.S.C. 5189a), any decision regarding eligibility or the amount of assistance under this program may be appealed. The applicant may appeal FEMA's decision to deny the Federal award application, or the amount of the Federal award, to the FEMA Assistant Administrator, Recovery Directorate at 500 C Street, SW, Washington, DC 20472 or electronically, in writing within 60 days from the date of notification of the application decision. The decision of the Assistant Administrator, Recovery Directorate is final agency action and is not subject to further appeal.

Reporting Requirements

Recipient(s) will submit programmatic reports to the FEMA Program Officer and financial reports to the Regional Grant representative assigned. Reports are required on a monthly basis and some data may be requested more frequently in coordination with CRC and/or DRC activity. Monthly programmatic updates and



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix D SF-270 Approval for Drawdown of DCMP Funds

REQUEST FOR ADVANCE OR REIMBURSEMENT <i>(See instructions on back)</i>		Approved by Office of Management and Budget. No. 59 (2/05)		PAGE	OF	PAGES	
1. TYPE OF PAYMENT REQUESTED a. "X" one or both boxes <input type="checkbox"/> ADVANCE <input checked="" type="checkbox"/> REIMBURSEMENT b. "X" the appropriate box <input type="checkbox"/> FINAL <input checked="" type="checkbox"/> PARTIAL		2. BASIS OF REQUEST <input checked="" type="checkbox"/> CASH <input type="checkbox"/> ACCRUAL					
3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED FEMA-DR-4339-PR		4. FED GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FED AGENCY		5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST 06			
6. EMPLOYER IDENTIFICATION NUMBER: [REDACTED]	7. RECIPIENTS ACCOUNT NUMBER OR IDENTIFYING NUMBER [REDACTED]	8. PERIOD COVERED BY THIS REQUEST From (month, day, year) 3/16/2019 To (Month, day, year) 3/31/2019 Advance Only (month, day, year)					
9. RECIPIENT ORGANIZATION Name: Number and Street: City, State and ZIP Code:			10. PAYEE (Where check is to be sent if different than item 9) Name: Number and Street: City, State and ZIP Code:				
11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED							
PROGRAMS/FUNCTIONS/ACTIVITIES	(a)	DCMP	(b)	(c)	TOTAL		
a. Total program outlays to date (As of date) 3/31/2019	\$	54,263.09	\$	\$	\$ 54,263.09		
b. Less: Cumulative program income					0.00		
c. Net program outlays (Line a minus line b)		54,263.09	0.00	0.00	54,263.09		
d. Estimated net cash outlays for advance period					0.00		
e. Total (Sum of lines c & d)		54,263.09	0.00	0.00	54,263.09		
f. Non-Federal share of amount on line e					0.00		
g. Federal share of amount on line e		54,263.09	0.00	0.00	54,263.09		
h. Federal payment previously requested					0.00		
i. Federal share now requested (line g minus line h)		54,263.09	0.00	0.00	54,263.09		
j. Advances required by month when requested by Federal grantor agency for use in making prescheduled advances	1st month						
	2nd month						
	3rd month						
12. ALTERNATE COMPUTATION FOR ADVANCES ONLY							
a. Estimated Federal cash outlays that will be made during period covered by the advance					54,263.09		
b. Less: Estimated balance of Federal cash on hand as of beginning of advance period					-10,584.94		
c. Amount requested (Line a minus line b)					64,848.03		
13. CERTIFICATION							
I certify that to the best of my knowledge and belief the data above are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.			SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL [REDACTED]		DATE REQUEST SUBMITTED 3/25/2019		
			TYPED OR PRINTED NAME AND TITLE [REDACTED]		TELEPHONE (AREA CODE, NUMBER, EXTENSION) [REDACTED]		
This space for agency use							
APPROVED			[REDACTED]				
270-102 (VE 10/99)							
Standard Form 270(7-76) Prescribed by OMB Circular A-110							

Source: FEMA



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix E
Comparison of OIG Report and FEMA Internal Review Findings

OIG Findings	FEMA Findings
FEMA approved and paid its Providers with inadequate or no documentation to support costs.	The documentation provided was only sufficient to determine that a portion of the disbursement amounts were made properly.
A drawdown was made by Providers from the PMS Smartlink. However, the supporting documentation files submitted by FEMA for our review were missing 29 SF 270s, which accounted for 76 percent of the amount sampled.	Several application packages did not include a confirmation of an established PMS Smartlink account and a System for Award Management unique entity identifier, both of which are required to be included in the application per the Notice of Funding Opportunity.
FEMA paid \$67,378 of mileage and travel expenses claimed that had no logs or payment support (bank records/cancelled checks). FEMA could not always provide supporting documentation (time sheets, labor report, canceled checks, etc.) for \$10.3 million in claimed and paid labor expenses, as required by 2 CFR §§ 200.302(b)(3), 200.400(d) and 200.403(g).	Discrepancies were noted in the original and revised Budget Worksheets for the subtotals for the "Personnel" line items related to the provider level, resulting in inaccurate calculations. A discrepancy was noted in the "Travel" line item in the SF-424a, resulting in an overestimation of costs.
OIG Root Cause	FEMA Root Cause
FEMA did not have adequate internal controls for separation of duties, policies and procedures, and records management.	A consistent process for reviewing supporting payment documentation and performing recalculations does not exist, leading to the collection of insufficient documentation and unverifiable payment amounts.
OIG Recommendations	FEMA Recommendations
Establish internal controls to ensure proper separation of duties related to the review, approval, and disbursement of DCMP funds to prevent potential fraud, waste, and abuse.	Implement a process for the DCMP Regional Program Offices to recalculate the individual draw amounts and review associated documentation.
Establish policies and procedures when the grantee is not managing the DCMP. Established policies and procedures should address how to perform oversight, monitoring; standards for financial management systems; and compliance with documentation requirements and accounting records.	Establish a step-by-step process for the review of application packages to ascertain accuracy of salaries, calculations, and documentation. Update the applicable Standard Operating Procedures to include a detailed application review process, preventing incomplete applications from progressing to the point of approval until all discrepancies are resolved and all supporting documentation is submitted.

Source: DHS OIG and FEMA Payment Integrity Information Act team findings



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix F
Report Distribution

Department of Homeland Security

Secretary
Deputy Secretary
Chief of Staff
Deputy Chiefs of Staff
General Counsel
Executive Secretary
Director, GAO/OIG Liaison Office
Under Secretary, Office of Strategy, Policy, and Plans
Assistant Secretary for Office of Public Affairs
Assistant Secretary for Office of Legislative Affairs
FEMA Administrator
FEMA Audit Liaison

Office of Management and Budget

Chief, Homeland Security Branch
DHS OIG Budget Examiner

Congress

Congressional Oversight and Appropriations Committees

Additional Information and Copies

To view this and any of our other reports, please visit our website at:
www.oig.dhs.gov.

For further information or questions, please contact Office of Inspector General
Public Affairs at: DHS-OIG.OfficePublicAffairs@oig.dhs.gov.
Follow us on Twitter at: @dhsoig.



OIG Hotline

To report fraud, waste, or abuse, visit our website at www.oig.dhs.gov and click on the red "Hotline" tab. If you cannot access our website, call our hotline at (800) 323-8603, fax our hotline at (202) 254-4297, or write to us at:

Department of Homeland Security
Office of Inspector General, Mail Stop 0305
Attention: Hotline
245 Murray Drive, SW
Washington, DC 20528-0305