

FEMA Needs to Improve Its Oversight of the Emergency Food and Shelter Program





OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

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

August 10, 2022

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

FROM: Joseph V. Cuffari, Ph.D. **JOSEPH V CUFFARI** Digitally signed by
Inspector General Date: 2022.08.09
12:56:24 -04'00'

SUBJECT: *FEMA Needs to Improve Its Oversight of the Emergency Food and Shelter Program*

Attached for your action is our final report, *FEMA Needs to Improve Its Oversight of the Emergency Food and Shelter Program*. We incorporated the formal comments provided by your office.

The report contains 10 recommendations aimed at improving the Emergency Food and Shelter Program. Your office concurred with seven recommendations and did not concur with three recommendations. Based on information provided in your response to the draft report, we consider five recommendations open and resolved and five recommendations open and unresolved. As prescribed by the Department of Homeland Security Directive 077-01, *Follow-Up and Resolutions for the 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 recommendation. Until your response is received and evaluated, the recommendations will be considered open and unresolved.

Please send your response or closure request to
OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act* 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

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DHS OIG HIGHLIGHTS

FEMA Needs to Improve Its Oversight of the Emergency Food and Shelter Program

August 10, 2022

Why We Did This Audit

Our objective was to determine to what extent FEMA's oversight of the National Board's administration of EFSP, including CARES Act funding, ensured individuals experiencing emergency financial hardships received aid, in accordance with Federal requirements, to meet program goals.

What We Recommend

We made 10 recommendations to FEMA to ensure it and the National Board develop and document policies and procedures to improve oversight of EFSP.

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) must improve its oversight of the National Board's (Board) administration of the Emergency Food and Shelter Program (EFSP) to ensure individuals receive aid in a timely manner and that program funding is used in accordance with Federal requirements. From fiscal years 2017 through 2020, the Board did not spend about \$58 million of the \$560 million (10.4 percent) in appropriated grant funds. Although the Board has reallocated \$13 million, it has not yet reallocated \$45 million, which could have been put to better use more quickly to provide urgently needed services. In addition, FEMA's EFSP program office was unable to identify areas in which the program achieved its goals or needed improvement. Also, the Board and its fiscal agent did not have written policies and procedures for certain key areas, such as establishing an agreement or contract for the fiscal agent's duties, periodically reviewing the formula used to allocate grant funds, and assessing risk. Lastly, the Board did not enforce established guidance, which negatively affected how it administered the program.

This occurred because FEMA's oversight and the Board's administration of EFSP have remained static during the past several decades. FEMA and the Board need to adequately document and implement policies and procedures to ensure the program more effectively and efficiently assists those in need.

FEMA Response

FEMA concurred with recommendations 3 through 9, and did not concur with recommendations 1, 2, and 10, all of which remain open pending our receipt of evidence to support completion of corrective actions.



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Abbreviations

C.F.R.	Code of Federal Regulations
EFSP	Emergency Food and Shelter Program
FEMA	Federal Emergency Management Agency
LB	Local Board
LRO	Local Recipient Organization
NOFO	Notice of Funding Opportunity
SSA	State Set-Aside Committee
UWW	United Way Worldwide (fiscal agent)



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Background

The Federal Emergency Management Agency's (FEMA) Emergency Food and Shelter Program (EFSP) was established in March 1983, as part of the *Emergency Jobs Appropriations Act*¹ and was incorporated into the *McKinney-Vento Homeless Assistance Act*² (Act) in July 1987. EFSP was established to supplement and expand the ongoing work of local social service organizations to provide emergency food, shelter, and supportive services to individuals and families in economic crisis experiencing or nearing homelessness. Each fiscal appropriation is associated with a corresponding program phase. Since the program's inception, there have been 38 program phases (through fiscal year 2020), and four special appropriations, including the *Coronavirus Aid, Relief, and Economic Security Act*³ (CARES Act).

The Act established a National Board (Board) as the sole eligible recipient of the award (i.e., EFSP grant funds). FEMA chairs the Board, which consists of representatives of the American Red Cross, Catholic Charities USA, the Jewish Federations of North America, National Council of the Churches of Christ in the USA, the Salvation Army, and United Way Worldwide (UWW). The Act tasks the Board with governing EFSP, including identifying jurisdictions with the greatest need and distributing funds to these jurisdictions. The Act also gives the Board the authority to establish its own procedures and allocate grant funds to local communities across the country. The Board selects jurisdictions to receive funds using a formula based on unemployment statistics from the U.S. Department of Labor's Bureau of Labor Statistics, and poverty statistics from the U.S. Bureau of the Census. Annually, the Board makes grants to approximately 8,300 local social service organizations in more than 2,300 counties and cities across the country.

As illustrated in Figure 1, Congress appropriates EFSP funds to FEMA. FEMA publishes the Notice of Funding Opportunity, which announces the availability of grant funds to the Board. FEMA awards an annual grant to the Board, which in turn makes grants available to local jurisdictions through its fiscal agent, UWW. The Board uses a funding formula to determine how to allocate program funds by identifying jurisdictions with the greatest need for emergency food and shelter assistance. The Board creates and updates policies for administering the program and establishing eligibility requirements for the

¹ *Emergency Jobs Appropriations Act*, Public Law 98-8, March 24, 1983.

² *Stewart B. McKinney Homeless Assistance Act*, Public Law 100-77, July 22, 1987 (renamed *McKinney-Vento Homeless Assistance Act*, Public Law 106-400, October 30, 2000).

³ *Coronavirus Aid, Relief, and Economic Security Act*, Public Law 116-136, March 27, 2020.



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funds spent in the *Emergency Food and Shelter National Board Program Phase 35 Responsibilities and Requirements Manual*⁴ (Phase Manual) and addendums.

Per the Phase Manual, each jurisdiction designated by the Board to receive funds must constitute a Local Board (LB), the local governing body. LBs must advertise the availability of funds to their jurisdictions each fiscal year and set funding priorities annually. Local Recipient Organizations (LRO) are nonprofit local social service organizations that apply to LBs for grant funds and must maintain records according to EFSP guidelines. Each LB must submit a board plan of LROs it recommends, and the amount of grant funds allocated for each LRO to the Board. To claim grant funding, LBs must submit plans within 25 days after award notification from the Board. LBs not meeting the specified deadline risk the loss of these funds.

To maximize EFSP's reach to areas in need, the Board established State Set-Aside Committees (SSA). SSAs at the state level ensure states have the chance to consider funding pockets of homelessness or poverty in jurisdictions that do not qualify for EFSP grant funds under the Board's funding formula. In selecting jurisdictions, SSAs can independently develop their own funding criteria. Like LBs, SSAs submit their board plan of the jurisdictions they recommend for funding to the Board for approval. If the selected jurisdictions do not claim awards, SSAs may recommend that other jurisdictions receive the unclaimed funds.

UWW, as the fiscal agent for the Board, processes all board plans and makes grant payments directly to eligible LROs recommended by LBs. UWW pays all grant funds in two equal installments. It issues first payments upon acceptance of the LB's board plan. LROs must indicate how they spent the funds from the first payment in a signed interim report to UWW. UWW makes second payments to eligible LROs after receiving the LRO's interim report and second payment request, providing the LRO has no reporting errors (compliance issues) from any previous phase. At the end of the spending period, LBs and LROs must submit final reports to UWW. The Board requires all LROs to maintain expenditure and proof of payment documentation as expenses are incurred. Submission of supporting documentation in the final report is only required for LROs new to the program, or upon request from UWW. The Board will hold funds until the LRO has satisfied all reporting requirements. If an LRO does not resolve compliance issues timely, the LB or the Board may reclaim and reallocate the funds being withheld.

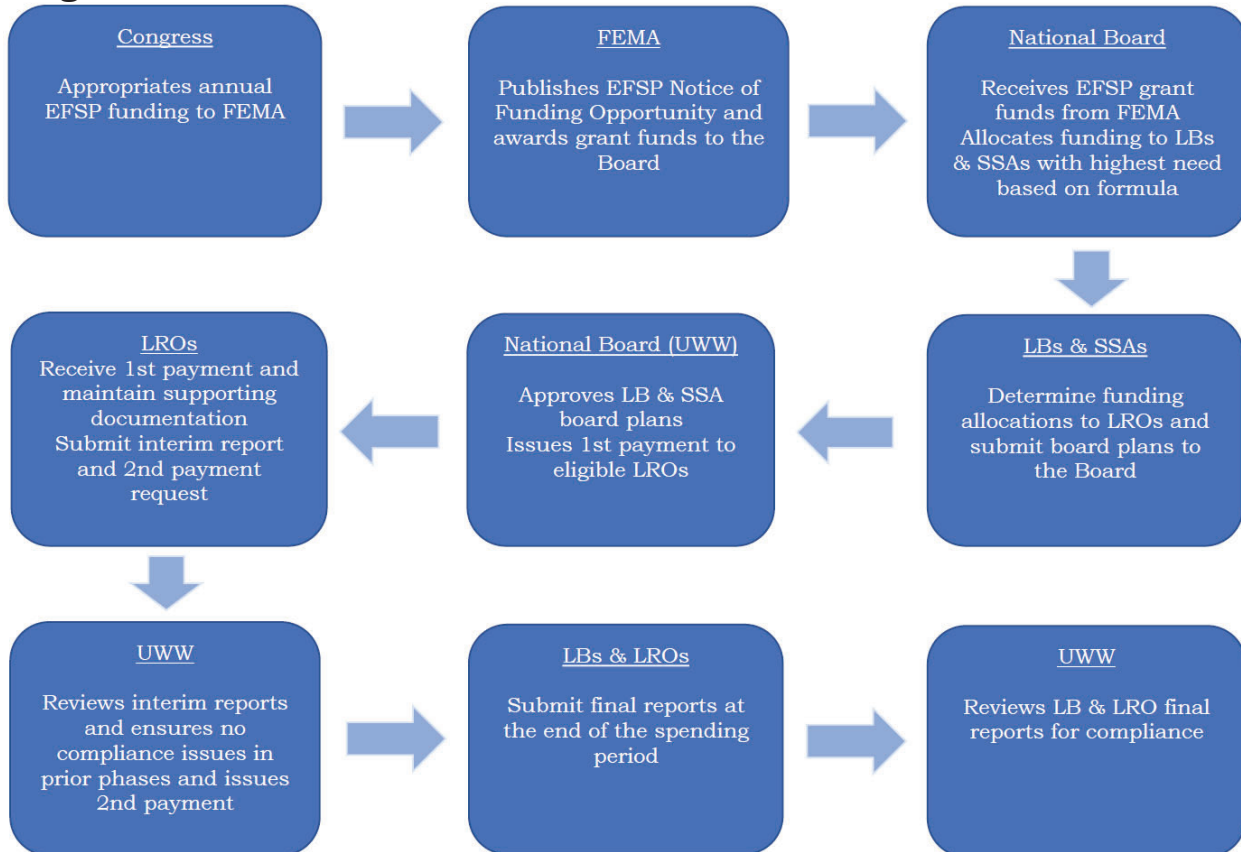
⁴ The Phase Manual is the primary EFSP guidance that describes responsibilities, Federal and program requirements, key deadlines, cost eligibilities, and required documentation.



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Figure 1. EFSP Process



Source: Department of Homeland Security Office of Inspector General-created based on DHS' appropriation acts and Phase Manual

We conducted this audit to determine to what extent FEMA's oversight of the National Board's administration of EFSP, including CARES Act funding, ensured individuals experiencing emergency financial hardships received aid, in accordance with Federal requirements, to meet program goals. Our audit scope encompassed EFSP grant funds awarded during fiscal years 2017 through 2020 (Phases 35, 36, 37, and CARES), which totaled \$560 million, as detailed in Table 1.



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Table 1. Audit Scope for Phases 35, 36, 37, and CARES*

Fiscal Year	EFSP Phase	Appropriated Amount	Remaining Funds**
2017	35	\$120,000,000	\$3,648,943
2018	36	120,000,000	5,178,872
2019	37	120,000,000	16,407,418
2020	CARES	200,000,000	33,786,787
Total		\$560,000,000	\$59,022,020

Source: DHS OIG analysis of DHS appropriation acts for FY 2017 through FY 2019, CARES Act, and UWW Secretariat Report dated October 8, 2021

* We did not include the annual EFSP appropriations for FY 2020 (Phase 38), totaling \$125 million, in our audit scope because the initial audit scope was focused on the CARES phase; we later expanded our scope to prior funding (Phases 35, 36, and 37) to understand the full EFSP process, including the compliance review process.

** The remaining funds include funds returned to UWW by LROs and interest earned on EFSP funds held in UWW accounts, as reported in the Secretariat Report.

Results of Audit

FEMA must improve its oversight of the Board's administration of EFSP to ensure individuals receive aid in a timely manner and program funding is used in accordance with Federal requirements. From FYs 2017 through 2020, the Board did not spend about \$58 million of the \$560 million (10.4 percent) in appropriated grant funds. Although the Board has reallocated \$13 million, it has not yet reallocated \$45 million, which could have been put to better use more quickly to provide urgently needed services.

In addition, FEMA's EFSP program office was unable to identify areas in which the program achieved its goals or needed improvement. Also, the Board and its fiscal agent did not have written policies and procedures for certain key areas, such as establishing an agreement or contract for the fiscal agent's duties, periodically reviewing the formula used to allocate grant funds, and assessing risk. Lastly, the Board did not enforce established guidance, which negatively affected how it administered the program.

This occurred because FEMA's oversight and the Board's administration of EFSP have remained static during the past several decades. FEMA and the Board need to adequately document and implement policies and procedures to ensure the program more effectively and efficiently assists those in need.



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About \$58 Million in EFSP Grant Funds Were Delayed or Did Not Reach Those Facing Economic Emergencies during Their Time of Need

The *McKinney-Vento Homeless Assistance Act* requires that EFSP funds supplement and expand ongoing work of local service organizations to provide emergency food, shelter, and supportive services to individuals and families experiencing an economic crisis. In addition, according to EFSP's Notice of Funding Opportunity, the Board's operating principles include good stewardship of taxpayers' money and prioritization of funds to the neediest areas in the country. However, as detailed in Table 2, the Board did not spend about \$58 million in EFSP funds in the corresponding spending periods for Phases 35, 36, 37, and CARES (FY 2017 through FY 2020). These unspent funds fell into two groups:

- Unclaimed – the Board allocated \$37.0 million to SSAs and LBs, but the SSAs and LBs did not submit a board plan to claim the funds.
- Unpaid – the Board awarded \$21.2 million to LROs, but an EFSP official said the LROs did not receive payment due to, among other reasons, unresolved compliance issues related to previous awards.

Table 2. Unspent EFSP Grant Funds, FY 2017 – FY 2020 (in millions)

Unspent Funds	Phase 35 FY 17	Phase 36 FY 18	Phase 37 FY 19	Phase CARES FY 20	Total
Unclaimed: Board to SSAs	\$0.22	\$0.68	\$0.14	\$1.45	\$2.49
Unclaimed: Board to LBs	3.91	5.58	4.96	7.52	21.97
Unclaimed: SSAs to LBs	1.74	2.01	1.72	7.05	12.52
Total Unclaimed*	5.87	8.27	6.82	16.02	36.98
Total Unpaid to LROs**	2.42	3.74	5.82	9.23	21.21
Total Unspent Funds***	\$8.29	\$12.01	\$12.64	\$25.25	\$58.19

Source: DHS OIG analysis of UWW-provided EFSP Balance Owed and Board Plan Receipt to Payment reports

* Reported as of August 3, 2021; this is the total of the three categories of unclaimed funds.

** Reported as of November 11, 2021 (Phases 35-37) and as of November 17, 2021 (Phase CARES).

*** Total Unspent Funds represent the sum of the Total Unclaimed row and the Total Unpaid to LROs row.

Prior to this audit, in late 2020, the Board reallocated \$13 million in unspent funds from Phases 35 (FY 2017) and 36 (FY 2018) to Phase 38 (annual EFSP appropriations for FY 2020). As a result, we recommend \$45.2 million in unspent funds be put to better use (see Appendix C).



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The Board Allocated about \$37 Million in Funding That Jurisdictions Did Not Claim

The Board did not promptly reallocate \$36.98 million in unclaimed grant funds from Phases 35, 36, 37, and CARES to other jurisdictions that may have accepted the funds. The Board's eligibility process automatically assumed need and allocated funds if jurisdictions met key criteria based on the funding formula. However, the SSAs and LBs did not claim allocated funds because the Board did not have comprehensive procedures to determine whether the SSAs and LBs were established or would accept program funds. An EFSP official said jurisdictions that had existing unclaimed funds are not removed from the program nor excluded from receiving future allocations. The Board also did not immediately reallocate funds despite setting specific deadlines for LBs and SSAs to submit board plans and claim funds. Regardless, the Board allocated funds to jurisdictions even if those jurisdictions were unaware funds were allocated to them. For example, with regard to FY 2017 through FY 2020 appropriated funds:

- Five SSAs did not claim Board-allocated funds. One of the five, reportedly disbanded after Phase 35 (FY 2017) because it could not support the administrative cost of operating the program. However, the Board continued to allocate funds to the state, leaving more than \$1.5 million in program funds unclaimed.
- About 1,000 LBs did not claim funds — 258 of 1,004 LBs did not claim funds in all four phases, totaling \$12.9 million.
- UWW's LB contact database did not have an email address, phone number, or mailing address for 11 LBs. As a result, UWW could not notify these LBs about their allocations, totaling more than \$374,000.
- The Board allocated funding to an Alaskan LB in all four phases totaling \$176,244 although UWW did not have the LB in its contact database.

An EFSP official said UWW reached out to unresponsive SSAs and LBs. However, the official could not provide support of outreach efforts or any outreach policy or procedures. Further, UWW did not track or report which LBs did not claim funds. This prevented the Board from promptly reallocating unclaimed funds. As a result, the Board accumulated millions of unclaimed EFSP funds that it did not use to help others with emergency economic needs.

The Board Did Not Pay about \$21 Million Awarded to LROs

The Board did not pay about \$21 million in EFSP funds awarded by LBs to LROs during Phases 35, 36, 37, and CARES. As previously discussed, LROs are paid in two equal installments. Our analysis showed that the Board did



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not pay \$7.9 million in first payments and \$13.2 million in second payments to awarded LROs. In some cases, LBs repeatedly awarded funding to the same LROs that the Board had not paid.

More than 1,100 LROs did not receive their first payment of EFSP funds totaling \$7.9 million.⁵ For example:

- A New York LB awarded, but the Board did not pay, one LRO about \$495,000 for two phases.
- A Massachusetts LB awarded, but the Board did not pay, about \$500,000 to 14 LROs.
- A Pennsylvania LB awarded, but the Board did not pay, one LRO more than \$160,000.

This occurred because the Board did not enforce requirements for LROs to quickly resolve outstanding compliance issues. For LROs with compliance issues in their final report, the Board will hold all awarded funds until the LRO resolves its compliance issues. The Phase Manual does not specify how long a compliance issue can remain unresolved, but rather leaves it to the Board's discretion. The Phase Manual outlines when LBs must reallocate funds to eligible LROs within the spending period or risk forfeiting funds if LROs do not resolve compliance issues by the Board's specified date.

Further, about 2,500 LROs did not receive their second payment for about \$13.2 million during Phases 35, 36, 37, and CARES. Program guidance stipulates that LROs must submit interim reports and second payment requests before second payments will be made. Specifically, LROs that had unresolved compliance issues in Phase 35 or 36 did not receive their second payment for funds awarded in Phase 37 or CARES. At the end of the spending period for Phase 37 and CARES, more than 1,100 LROs still had unresolved compliance issues and had not been paid.

In addition to not ensuring compliance issues were resolved promptly, the Board did not provide sufficient guidance to LBs awarding funds to LROs with unresolved compliance issues. The LBs could have reallocated unpaid funds to eligible LROs in their jurisdictions to provide assistance to those in need. Instead, LBs forfeited funds after the spending period ended, and the Board rolled those funds into a future phase.

⁵ UWW-provided Balance Owed Reports dated as of November 11, 2021.



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FEMA Did Not Have Performance Goals and Measures to Adequately Oversee EFSP

The Code of Federal Regulations (C.F.R.) (2 C.F.R. Pt. 200) requires Federal agencies to set performance goals, show achievement of program goals and objectives, and improve program outcomes.⁶ According to 2 C.F.R. 200.301, a recipient's performance should be measured in a way that will help the Federal awarding agency and other non-Federal entities improve program outcomes, share lessons learned, and spread the adoption of promising practices.

Although FEMA and the Board collected some program data, FEMA did not analyze the collected data to help improve EFSP. In particular, for all four phases in our audit scope, FEMA required reporting on the total number of provided meals, sheltered nights, rent or mortgage payments, and utility payments. UWW also provided data to FEMA and the Board, such as the total allocation amounts to jurisdictions, total disbursement of awarded funds to LROs, and the total funds approved for reallocation. However, FEMA did not develop or ensure the Board developed performance goals and adequate performance measures to provide insight into EFSP's progress and help make informed programmatic decisions.

Further, the CARES Act requires EFSP supplemental funds (CARES Act funds) be used specifically to prevent, prepare for, and respond to COVID-19. According to FEMA's grant management manual, "Appropriated funds may only be used for the purpose for which Congress made the appropriation."⁷ However, FEMA did not specifically measure how \$200 million in CARES Act funds helped those affected by COVID-19. FEMA also did not ensure the Board provided timely guidance to LBs and LROs about tracking and reporting the use of CARES Act funds. UWW disseminated the guidance about 4 months after it distributed \$67.7 million of CARES Act funds to LROs. In a survey we conducted, six of eight SSAs (75 percent) and 9 of 14 LBs (64 percent) reported they did not incorporate the impact of COVID-19 when allocating funds to local jurisdictions and when selecting LROs for funding, respectively.

⁶ During our audit, on November 12, 2020, the Office of Management and Budget revised 2 C.F.R. Pt. 200. The updated language explicitly requires FEMA and recipients to have goals, objectives, and a method to measure a program's success through performance goals, indicators, and baselines. Further, according to Office of Management and Budget, *Guidance for Grants and Agreements*, 85 FR 49506-01 (Aug. 13, 2020), the revisions are not new and are meant to streamline, clarify, or provide consistency to the C.F.R. language.

⁷ FEMA Manual 205-0-1, *Grants Management*, Ch. 2: Establishing and Implementing a Financial Assistance Program, at pp. 35-36 (Jan. 2018).



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This occurred because FEMA's EFSP program office has remained static for nearly two decades and has not adequately documented roles, responsibilities, and oversight duties to provide effective programmatic oversight and accountability of the program. According to a FEMA official, the program office is made up of one full-time FEMA employee who handles the day-to-day oversight of the entire EFSP, with two officials who help, as needed. One FEMA official stated that FEMA employees learned their roles from predecessors and on-the-job training and did not have program-specific job aids, written standard operating procedures, or desk manuals.

Moreover, FEMA and Board officials did not believe the program's success was measurable due to the emergency nature of the program and said their main goal was to get the funds disbursed quickly. Despite this goal, FEMA and the Board did not timely disburse funds or have performance measures to oversee and monitor the timing of disbursement. Although FEMA guidance specifies that funds should be used according to their appropriated purpose, FEMA and the Board generally treated the CARES Act funding like traditional annual funding, using the same reporting requirements.

Without performance goals and measures, as well as documented roles, responsibilities, oversight duties, and written procedures, FEMA is at greater risk of not adequately identifying program risks, systemic issues, program gaps and shortcomings, and opportunities to improve. Specifically, FEMA will not be able to report adequately on whether the \$200 million in CARES Act funds were used to help those affected by COVID-19. FEMA is also highly dependent on the institutional knowledge of a few individuals, which leaves EFSP vulnerable to continuity issues.

The National Board Did Not Adequately Administer EFSP

According to the Government Accountability Office's *Standards for Internal Control in the Federal Government*, management should implement control activities through policies for an entity's operational objectives and related risks, and activity design, implementation, and operating effectiveness. The Board did not follow its operating principles of efficient fiscal administration, responsiveness in prioritizing funds to the neediest areas in the country, and accountability of funds through reasonable oversight and transparency. This occurred because the Board has operated the same way for the past several decades. Additionally, the Board exercises significant latitude in its administration of the program. For example, the Board did not have a charter and a written agreement with its fiscal agent to hold each party accountable. The Board deviated from its operating principles by not enforcing established



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written guidance or not having documented policies in five key areas to administer the program:

- Although the Phase Manual provides some guidance and requirements for the fiscal agent, there was no formal written agreement or contract outlining requirements and expectations for the fiscal agent, UWW. The Board selected UWW to perform the Board's administrative duties, but UWW could not provide written documentation of its responsibilities. According to UWW, it did whatever needed to be done for the program or as the Board informally requested, as needed.
- The Board has used the same formula for determining allocations since the 1990s. Survey respondents indicated the formula could be improved by considering factors such as the homeless count or underemployed.
- The Board did not strictly enforce deadlines for board plan submission to claim funds. The Board also did not have written policy for exceptions and limitations allowing LBs and SSAs to submit board plans past the deadline. For Phases 37 and CARES, the Board kept the submission date open for about 16 months past the established key date.
- Except for Phase CARES, the Board did not disburse funds to LROs within the Act's 3-month required timeframe. On average, for the four phases, the Board took more than 7 months to disburse the first payment of funds to LROs from the date funds became available.
- The Board and UWW did not have procedures to assess the risk of LBs and LROs to thoroughly review high-risk entities' supporting documentation to determine if costs were supported or eligible. UWW heavily relied on spreadsheets to determine support and cost eligibility. For example, when UWW identified compliance exceptions, it allowed LROs to remove ineligible expenses from the spreadsheet and resubmit the spreadsheet without requiring invoices, checks, or other supporting documentation.

Other Matter: Limitations of Administrative Allowance

The *McKinney-Vento Homeless Assistance Act* limited the cost of administration to 5 percent of the total amount appropriated for EFSP for each fiscal year. However, annual EFSP appropriations further limited the cost of administration to 3.5 percent. Typically, the Board allocates the percent of administrative allowance, as shown in Table 3.



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Table 3. Administrative Allowance Based on Prior Annual Appropriation*

Entity	Percentage Allocated	Administrative Allowance	Number of Entities
United Way Worldwide (Fiscal Agent/Secretariat)	1.0%	\$1,200,000	1
State Set-Aside Committees	0.5%	\$600,000	50
Local Boards and LROs	2.0%	\$2,400,000	10,579**
Total	3.5%	\$4,200,000	10,630

Source: DHS OIG analysis of DHS appropriations acts, Phase Manual, and UWW EFSP reports

* Table is based on typical \$120 million appropriation.

** The average number of LBs and LROs was 2,383 and 8,272, respectively, for Phases 35, 36, 37, and CARES.

Further, LBs can opt to keep the 2 percent of administrative allowance for themselves, pass down the allowance to LROs, or decide that no one will take the administrative funding. Therefore, LROs may not receive any amount of administrative allowance to help offset the cost of providing services to those in need.

Entity officials at all levels of EFSP stated that in their view, the administrative allowance was not enough. UWW officials said LBs and LROs reported that they would not accept funds and participate in the program because the administrative allowance was too low for the amount of work required. Of the surveyed LBs who responded, more than 70 percent of LBs accepted and used the administrative funds, but nearly the same number of LBs did not believe the administrative allowance was adequate. LB officials said the allowance did not cover the expense of the program and increased funding would help with better monitoring. In addition, a FEMA official said the Board could not bring in subject matter experts or contractors to periodically reassess the direct allocation formula due to the limited amount of funding for administrative responsibilities.

Recommendations

Recommendation 1: We recommend the FEMA Administrator collaborate with the National Board to reallocate all unclaimed and unpaid funds for all phases with closed spending periods to the earliest possible phase.

Recommendation 2: We recommend the FEMA Administrator collaborate with the National Board to develop a more proactive approach to determine, as early in the process as possible, whether Local Boards and State Set-Aside Committees are willing to accept funds, so that funds can be reallocated from



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jurisdictions unwilling or unable to participate in the Emergency Food and Shelter Program.

Recommendation 3: We recommend the FEMA Administrator collaborate with the National Board to ensure United Way Worldwide performs a periodic analysis of Local Boards and State Set-Aside Committees that have routinely not accepted funds and determine whether Local Boards or State Set-Aside Committees can be reestablished.

Recommendation 4: We recommend the FEMA Administrator collaborate with the National Board to ensure United Way Worldwide develops and implements policies and guidance to Local Boards to follow when Local Recipient Organizations with outstanding compliance issues apply for Emergency Food and Shelter Program funding.

Recommendation 5: We recommend the FEMA Administrator develop and implement written policies on FEMA's roles, responsibilities, and procedures for operating the Emergency Food and Shelter Program.

Recommendation 6: We recommend the FEMA Administrator collaborate with the National Board to increase analysis of the Emergency Food and Shelter Program's performance and ability to deliver funds and assess program participation during each phase.

Recommendation 7: We recommend the FEMA Administrator ensure the National Board includes performance goals and measures in its guidance or grant recipient documentation for verifying the acceptance of funds, as well as performance goals and measures for addressing any unique requirements, such as those in the CARES Act for COVID-19, in future supplemental appropriations. FEMA should also work with the National Board to track and analyze these performance goals and measures.

Recommendation 8: We recommend the FEMA Administrator collaborate with the National Board to establish a contract, memorandum of understanding, or other written agreement mechanism with the Emergency Food and Shelter Program's fiscal agent and secretariat to establish requirements and expectations.

Recommendation 9: We recommend the FEMA Administrator collaborate with the National Board to establish a formal board charter and develop and implement written policies and procedures including, but not limited to, periodically reviewing the direct allocation formula and a risk assessment of



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Local Boards and Local Recipient Organizations for the compliance review process.

Recommendation 10: We recommend the FEMA Administrator collaborate with the National Board to implement a plan to enforce already established guidance including Local Boards' deadlines for board plan submission and the disbursement of funds to Local Recipient Organizations within the *McKinney-Vento Homeless Assistance Act's* 3-month required timeframe.

Management Comments and OIG Analysis

FEMA provided written comments in response to a draft of this report. We have included a copy of FEMA management's response in its entirety in Appendix B. In addition, FEMA provided technical comments to our report in a separate document. We reviewed the technical comments and incorporated changes to the report where appropriate.

In its management response, FEMA concurred with 7 of our 10 recommendations (recommendations 3 through 9) and did not concur with three recommendations (recommendations 1, 2, and 10). We consider 5 of the 10 recommendations resolved and open and the remaining five unresolved and open. The following is our analysis and response to FEMA's comments on each recommendation.

FEMA Response to Recommendation 1: FEMA did not concur. FEMA stated that the National Board (Board) already reallocates unused funds to jurisdictions in need. In addition, to allow maximum flexibility to use the funds, they are not considered unclaimed until after the Board states that the spending period is over. FEMA also stated that the Board strategically assesses how best, and when, to reallocate unused funds based on needs, and it may reallocate funds at its discretion.

According to FEMA officials, the Board recognizes that service organizations often operate with limited staff and resources and may need time and assistance to fully use allocated funding. Board staff work with LBs and LROs to ensure they have the support needed to fully use the funding. Finally, recognizing that communities and LBs differ and operate under varying conditions, the Board has designed the program to allow for maximum flexibility, consistent with the *McKinney-Vento Homeless Assistance Act*. This includes extending deadlines.



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FEMA also noted that under the *McKinney-Vento Homeless Assistance Act* and most appropriations acts providing funding for EFSP, funds are to remain available until expended or, in some cases, up to 5 years; thus, funds can remain available to address ongoing community needs.

FEMA requested the OIG consider the recommendation resolved and closed.

OIG Analysis of FEMA's Comments: The OIG is not questioning whether EFSP funds are reallocated. Instead, we identified the issue as the length of time before the Board reallocated unclaimed and unpaid funds (unspent funds). Specifically, we identified \$45.2 million in unspent funds, some of which were appropriated in FY 2017 and still not reallocated by FY 2021. The intent of the recommendation was for unspent funds to be reallocated timelier to address the urgent nature of the funds' intent. The recommendation will remain open and unresolved pending acceptable corrective action and submission of adequate supporting documentation.

FEMA Response to Recommendation 2: FEMA did not concur. FEMA officials noted that the authorizing statute for EFSP requires maximum flexibility for the funded organizations to use their EFSP funds during the applicable spending period. FEMA agreed to collaborate with the Board to explore whether there is a proactive and effective approach to determine whether LBs and SSAs have the willingness and capacity to accept funds within the specified timeframe. However, at this time, FEMA did not have an agreed-upon action to pursue.

FEMA requested the OIG consider the recommendation resolved and closed.

OIG Analysis of FEMA's Comments: During our audit, we determined several LBs and SSAs had not claimed funds for several phases, amounting to millions of dollars in unclaimed funds. A more proactive approach early in the process would help FEMA and the Board determine which funds will not be accepted so they can be reallocated and provide urgently needed assistance sooner. The recommendation will remain open and unresolved pending acceptable corrective action and submission of adequate supporting documentation.

FEMA Response to Recommendation 3: FEMA concurred. In its response, officials stated that FEMA has one of seven votes on the National Board and cannot unilaterally guarantee changes in how EFSP is implemented. FEMA agreed that periodically analyzing LBs and SSAs would benefit the program. Officials stated FEMA would present the idea of periodic analysis to the National Board. Estimated Completion Date: June 30, 2023.



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OIG Analysis of FEMA's Comments: FEMA's acknowledgment of the benefits of periodically analyzing LBs and SSAs is responsive to the recommendation. However, FEMA's proposed action of presenting the idea to the National Board and providing OIG with the board meeting minutes to demonstrate the recommendation was presented will not meet the intent of this recommendation. The recommendation will remain open and resolved pending the completion of the proposed corrective action and submission of adequate supporting documentation.

FEMA Response to Recommendation 4: FEMA concurred. According to FEMA officials, the Board develops policy and guidance for UWW, and UWW, as the fiscal agent and secretariat for the Board, ensures implementation of policy and guidance. Further, according to FEMA, the Board already has policies and guidance that address outstanding compliance issues. FEMA reiterated it cannot unilaterally guarantee changes to EFSP. FEMA said it will present the need for changes and/or additions to policy and guidance to the Board to address this recommendation. In addition, FEMA is ensuring its Notices of Funding Opportunity (NOFO) for EFSP include references to address remedies for noncompliance and specific grant conditions that apply to FEMA as the grantor and the National Board as the pass-through entity. Estimated Completion Date: June 30, 2023.

OIG Analysis of FEMA's Comments: Currently, EFSP does not prevent LBs from awarding funding to LROs with outstanding compliance issues, resulting in awarded funds that cannot be paid until compliance issues are resolved. In some cases, the compliance issues are unresolved for years. FEMA's proposed action to present the Board with the need for changes and/or additions to policy and guidance for LBs when LROs with outstanding compliance issues apply for funding is not responsive to the intent of the recommendation. OIG considers this recommendation open and unresolved pending acceptable corrective action and submission of adequate supporting documentation.

FEMA Response to Recommendation 5: FEMA concurred. FEMA officials stated that the *McKinney-Vento Homelessness Assistance Act* dictates roles, responsibilities, and procedures for administering and operating EFSP. FEMA will develop written documentation for EFSP staff in the Individual Assistance Division to further define these roles, responsibilities, and procedures. Estimated Completion Date: June 30, 2023.

OIG Analysis of FEMA's Comments: FEMA's proposed actions are responsive to the recommendation. The recommendation will remain open and resolved pending the completion of the proposed corrective action and submission of adequate supporting documentation.



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FEMA Response to Recommendation 6: FEMA concurred. FEMA officials stated that the Board analyzes the EFSP's performance and ability to deliver funds. In addition, FEMA receives and reviews quarterly performance reports required by FEMA-issued EFSP NOFOs and Notices of Award. FEMA will work with the Board to determine how best to enhance this analysis. Estimated Completion Date: June 30, 2023.

OIG Analysis of FEMA's Comments: FEMA's proposed actions are partially responsive to the recommendation; they do not address assessing program participation. The recommendation will remain open and resolved until we receive and evaluate NB's documented procedures to more fully assess the performance, delivery of funds, and participation in EFSP.

FEMA Response to Recommendation 7: FEMA concurred. FEMA officials acknowledged that performance measures and goals are beneficial, and it will take alternative action to address this recommendation by adding appropriation-specific performance goals and measures to future FEMA-issued NOFOs and Notices of Award. Further, FEMA will present to the National Board the recommendation to further develop a documentation standard to ensure grant recipients acknowledge the intended use of appropriation-specific funds. However, officials noted FEMA cannot unilaterally guarantee changes to EFSP guidance as established by the Board. Estimated Completion Date: June 30, 2023.

OIG Analysis of FEMA's Comments: FEMA's proposed action to add appropriation-specific performance goals and measures to future FEMA-issued NOFOs and Notices of Award meets the intent of the recommendation. However, FEMA's plan to present the recommendation to the Board to further develop a documentation standard to ensure grant recipients acknowledge the intended use of appropriation-specific funds does not meet the intent of the recommendation. The recommendation will remain open and resolved pending the completion of the proposed corrective action and submission of adequate supporting documentation.

FEMA Response to Recommendation 8: FEMA concurred. Officials stated FEMA cannot unilaterally guarantee the establishment of a formal agreement outlining requirements and expectations with the Board's fiscal agent and secretariat. FEMA will instead initiate discussion with the Board on the best way to address this recommendation. Estimated Completion Date: June 30, 2023.



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OIG Analysis of FEMA's Comments: In OIG's opinion, an agreement outlining requirements with the fiscal agent and secretariat is a good business practice and beneficial to all parties involved. Merely initiating a discussion with the National Board to discuss the best way to address the recommendation and providing OIG with the board meeting minutes of that discussion will not meet the intent of the recommendation. OIG considers this recommendation open and unresolved pending acceptable corrective action and submission of adequate supporting documentation.

FEMA Response to Recommendation 9: FEMA concurred. FEMA officials agreed that developing a charter and written policies and procedures would be beneficial, and FEMA will work with the Board to develop these documents. Estimated Completion Date: June 30, 2023.

OIG Analysis of FEMA's Comments: FEMA's proposed actions are partially responsive to the recommendation. The recommendation will remain open and resolved pending the completion of the proposed corrective action and submission of adequate supporting documentation of the establishment of a formal board charter, periodical review of the direct allocation formula, and the development of a risk assessment of LBs and LROs for the compliance review process.

FEMA Response to Recommendation 10: FEMA did not concur. FEMA and the Board interpret the *McKinney-Vento Homeless Assistance Act* requirement to disburse funds within 3 months from funds availability to mean that the Board will allocate the funds to jurisdictions within the 3-month required timeframe. Further, FEMA officials noted that disbursements of funds to all LROs would not be possible in this timeframe. The multi-step process required to award funds takes many months to disburse funds to the approximately 10,000 LROs receiving funding in each phase.

In addition, FEMA officials stated that the Board did meet the 3-month required timeframe for allocating funds to jurisdictions, except for years when EFSP appropriations from Congress were delayed. Allocations to jurisdictions from these appropriations, without consideration for the LBs' capacity to meet all program requirements in administering the funds, can cause significant delays and burdens. In addition, each release of phased funding requires a number of steps.

FEMA requested the OIG consider this recommendation resolved and closed.

OIG Analysis of FEMA's Comments: The *McKinney-Vento Homeless Assistance Act* expressly states "[a]ny amount made available by appropriation



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Acts under this subchapter shall be *disbursed* by the National Board before the expiration of the 3-month period beginning on the date on which such amount becomes available.” Federal grant regulations, e.g., 2 C.F.R. § 200.1 (Definitions), provide a different definition for “Allocation.”

Further, FEMA did not address the issue of implementing guidance for the deadline for LB board plan submission. As noted in our report, the Board did not strictly enforce deadlines for board plan submission to claim funds. Although the Phase Manual addendums have specific board plan submission deadlines, those deadlines were not enforced, and we were told board plans could be accepted until the last day of the spending period. In fact, for Phases 37 and CARES, the Board kept the submission date open for about 16 months past the established key date. If FEMA and the Board enforce their board plan submission date deadlines, they would better know the amount of funds that would not be claimed and could reallocate those funds more quickly.

FEMA’s proposed actions are not responsive to our recommendation that FEMA and the National Board implement a plan to enforce an established legal requirement and Board-created guidance. The recommendation will remain open and unresolved pending acceptable corrective action and submission of adequate supporting documentation.



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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*.

We audited FEMA's EFSP and the funds awarded to the Board from FY 2017 through FY 2020 (Phase 35 through Phase CARES). Our objective was to determine to what extent FEMA's oversight of the National Board's administration of EFSP, including CARES Act funding, ensured individuals experiencing emergency financial hardships received aid, in accordance with Federal requirements to meet program goals.

To perform our audit, we reviewed relevant prior OIG and Government Accountability Office reports, EFSP National Board audit report, and EFSP Report to Congress; documented applicable Federal laws, regulations, policies and procedures, and other criteria; evaluated EFSP's internal control environment; and assessed the risks that our audit procedures or findings may be improper or incomplete.

We interviewed relevant EFSP officials, as well as state and local entity officials, including officials within FEMA's EFSP Office and Grants Program Directorate; members of the Board; UWW officials; SSA members from Colorado, Mississippi, and New Jersey; LBs from Fremont County and Pueblo County, Colorado, and Essex County, New Jersey; and officials from the Pueblo Community Soup Kitchen and Essex County United Community Corporation.

We selected a judgmental sample and sent questionnaires to 10 SSA members from a total universe of 50 SSAs; 30 LB jurisdictions from a total universe of 1,612 LBs for Phase CARES; and all 7 current Board members. We also selected a judgmental sample of 26 LROs' final reports submitted for Phases 35 and 36 to test UWW's supporting documentation review process from a total universe of 16,087 LROs for Phases 35 and 36.

We conducted data reliability analysis by testing the completeness of UWW's EFSP financial and program data. We compared FEMA-generated payment reports for each phase and compared these totals to UWW reported balance data report totals. Once we determined the balance totals from FEMA's data system and UWW's EFSP data system were in agreement, we concluded the data was sufficiently complete. We then analyzed the reliability of the UWW data by externally confirming the Board-published allocations with the funding totals that the sampled SSAs and LBs reported as receiving from the Board.



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Finally, we analyzed the sampled final reports and compared these to the UWW EFSP funded agency reported award amounts. We determined the UWW EFSP data was sufficiently reliable to support the finding, conclusion, and recommendations in the report.

We assessed FEMA and the Board's internal controls related to our audit objective. Specifically, we assessed the design, implementation, and operating effectiveness of the controls in place to determine whether the program was operating in accordance with laws and regulations and operating effectively and efficiently. Our limited assessment disclosed weaknesses with programmatic operating controls. These weaknesses are discussed in the body of this report.

To analyze the amount of unclaimed and unpaid funds, we performed an analytical review of EFSP's:

- 1) List of Board Plans from Receipt to Payment reports Phases 35 – CARES
- 2) Balance Owed Reports by phase
- 3) Board/UWW published allocation reports for each phase

For the unclaimed funds analysis, we:

- used the Board/UWW published allocations report as our baseline data and compared it to the List of Board Plans from Receipt to Payment to determine the report's completeness;
- analyzed the List of Board Plans Report for each phase to determine LBs and SSAs without a date entered in the "Local Board Plan Received Date" column of the report to indicate no report was received from LB or SSA; and
- tallied the "Award Amount" column for all LBs and SSAs that did not have a date in the "Local Board Plan Received Date" column to determine the amount of funds that went unclaimed.

For the unpaid funds analysis, we:

- performed analysis to determine the amount paid to the LRO, by Subtracting the Balance Owed from the Award Amount;
- used a countif statement to determine how many LROs did not receive their first payment, by counting any LROs that had a zero payment from previous step. A sumif statement was used to determine the amount of first payments not made; and
- used a countif statement to determine how many LROs did not receive their second payment, by counting dollar values greater than zero for our



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analysis in step 1. A sumif statement was used to sum the total amount of second payments not made.

We conducted this performance audit between December 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.



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Appendix B
FEMA Comments to the Draft Report

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



FEMA

July 1, 2022

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

FROM: Cynthia Spishak
Associate Administrator
Office of Policy and Program Analysis

SUBJECT: Management Response to Draft Report:
“FEMA Needs to Improve Its Oversight of the Emergency
Food and Shelter Program”
(Project No. 20-043-AUD-FEMA)

CYNTHIA
SPISHAK

Digitally signed by CYNTHIA
SPISHAK
Date: 2022.07.01 14:52:11 -0400

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.

For the past 40 years, the Emergency Food and Shelter Program (EFSP) has been providing funding for emergency and supplemental needs for those that are homeless, or near homelessness, across the nation. As the Department’s only grant program focused on homelessness, the EFSP has awarded more than \$5.8 billion dollars in aid since its creation in 1983 and provides funding to more than ten thousand organizations on an annual basis. The EFSP National Board, which administers the grant, also serves as a successful example of how public-private partnership can succeed by capitalizing on the strengths of both the government and the non-profit and faith-based community to recognize need and deliver funds efficiently. Overall, the assistance awarded by the EFSP to local communities has been instrumental in providing shelter, food, rent/mortgage, and utility assistance, as well as a number of other resources critical to our most vulnerable and underserved individuals and families.

In response to the OIG findings and recommendations in the 20-043-AUD-FEMA draft report: *FEMA Needs to Improve Its Oversight of the Emergency Food and Shelter Program*, FEMA agrees that additional program guidance will help clarify why funds are in unclaimed or unpaid status. Funds identified in the OIG’s draft report as unclaimed are technically classified as “allocated” to applicants and remain so until the National Board closes the associated spending period, after which funds can be reallocated to other grant applicants. In terms of “unpaid” funds, these funds have been awarded to participating agencies, but—due to compliance issues—these organizations were not able



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to receive the funds. For example, compliance issues for the grant can include inadequate supporting documentation, and expenditure of funds for ineligible expenses. When these issues arise, the National Board notifies these organizations in writing of their compliance issues and, working directly with the organizations to resolve the issues, gives time to resolve them. If these organizations are unable to resolve the compliance issues before the program reaches the end of the applicable spending period, these funds are returned to the program and become available to other applicants. The National Board and the Local Boards work every day with grant applicants to resolve compliance issues in order to release funds that have been put on hold as soon as possible.

In instances where the OIG draft report identified unclaimed and unspent funds, FEMA notes that the National Board was acting in good faith to balance its role as steward of government funds, while following Congress's intent to provide flexible, available funding to organizations supporting vulnerable members of society during their time of greatest need. The National Board recognizes that windows of critical need do not occur once a year when federal grants become available to the community and understands the many challenges that social service organizations at the local level face in delivering services to vulnerable populations. Therefore, the Board gives flexibility to the organizations and has been successful in its mission for its many years in operation.

Between December 2020 and November 2021 when the OIG conducted fieldwork for this audit, there were remaining available funds that had not been reallocated. However, as of May 23, 2022, the National Board has reallocated these remaining available funds from Phases 35, 36 and 37. This was done in compliance with the National Board's procedures.

FEMA also recognizes the importance of ensuring that funds—including the funds provided through the March 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES Act)—are used properly, and as appropriated. The National Board embraces its mission in providing life-sustaining resources to those in need. The thousands of social service organizations that receive EFSP funding, and the thousands of clients who benefit, typically represent those who are most affected by local, regional, or national events of significance. This is demonstrated by the significant increase in demand on homeless shelters, soup kitchens, and food pantries during the COVID-19 pandemic. Most of these EFSP-funded services do not require individuals to self-identify, but to only avail themselves of the services or indicate that they have a need. Further, FEMA believes that requiring service providers to assess whether those who are homeless are receiving a free meal due to COVID-19 related appropriations would overly burden service providers and is not necessary.

FEMA appreciates the work by the OIG to assess the EFSP and identify opportunities for improvement and will fully engage the National Board to collaborate on the recommendations provided. Since FEMA does not administer the National Board, but



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instead works collaboratively with six national non-governmental organization board members to deliver the program and serves as the Federal liaison to the National Board, it will advocate strongly for improvements that ensure our common goals of efficiency, effectiveness, and accountability. Pursuant to 42 United States Code (U.S.C.) § 11346, "Program guidelines," the National Board, not FEMA, issues guidance for EFSP. As the grantor, however, FEMA monitors the National Board and issues Notices of Funding Opportunity (NOFOs) that require quarterly performance progress reports to include service delivery metrics.

It is also important to note that FEMA holds only one of seven votes on the National Board and cannot guarantee changes to the current EFSP policies and procedures as established by the National Board, pursuant to the authorizing statute for the EFSP, the McKinney-Vento Homeless Assistance Act, 42 U.S.C. § 11331(d). Furthermore, section 11333 of this statute limits FEMA's role to chairing the Board, providing administrative support, and making available upon request from the Board "the services of the legal counsel and Inspector General." While FEMA can bring recommendations to the National Board, strongly encourage actions, and initiate discussions, FEMA cannot unilaterally guarantee changes to the EFSP. FEMA remains committed to ensuring that the EFSP grant is administered and managed efficiently within the limits of its authority.

The draft report contained 10 recommendations, including 7 with which FEMA concurs (recommendations 3 through 9), and 3 with FEMA non-concurs (recommendations 1, 2, and 10). Enclosed, please find our detailed response to each recommendation. DHS previously submitted technical comments addressing several accuracy, contextual, sensitivity, 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. We look forward to working with you again in the future.

Enclosure



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Enclosure: Management Response to Recommendations Contained in 20-043-AUD-FEMA

OIG recommended that the FEMA Administrator:

Recommendation 1: Collaborate with the National Board to reallocate all unclaimed and unpaid funds for all phases with closed spending periods to the earliest possible phase.

Response: Non-concur. The National Board already reallocates unused funds to jurisdictions in need. In current practice, no funds are considered “unclaimed” until the end of the eligible spending period, which may be extended by the National Board to allow maximum flexibility to use the funds. Until that point, funds remain allocated to the Local Board or State Set-Aside Committee (SSA). In addition, the National Board strategically assesses how best, and when, to reallocate unused funds based on the National Board’s knowledge of community needs and economic trends. The National Board may: (1) distribute reallocation funds under its allocation formula to all qualifying jurisdictions around the country; (2) reserve the reallocation funds for special funding needs requested by jurisdictions with increased needs; or (3) a combination thereof.

Examples of reallocations include, but are not limited to:

- Allocation formula: e.g., \$10M in unused funds from Phase 33 and Phase 34 were redistributed on March 1, 2019, under the Phase 36 allocation formula; and
- Response to Special Funding Requests received from jurisdictions: e.g., a California based Local Recipient Organization received additional Phase 38 funding on February 5, 2021, in the amount of \$270,638.

The National Board recognizes that service organizations are often stretched thin in terms of staffing and resource capacity and receive little-to-no administrative funding, and therefore may need additional time and assistance to fully utilize allocated funding. To this extent, the National Board’s staff works closely and often with Local Boards and funded organizations to ensure they have the support needed to fully use the funding. The National Board, recognizing that all communities and Local Boards are different and operate under varying conditions, has designed the program to allow for maximum flexibility. This includes extending deadlines to allow funded organizations to continue to provide services in support of meeting communities needs, which is consistent with the McKinney-Vento Homeless Assistance Act, 42 U.S.C. § 11346(a)(3). In addition, the National Board’s flexible approach to granting additional time for the spending of funds has proven beneficial over the years in meeting community needs and ensuring all available funding is maximized.

FEMA also notes that under the McKinney Vento Homeless Assistance Act, 42 U.S.C.



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§11303(b) and most appropriations acts providing funding for EFSP, EFSP funds are to remain available until expended or in some cases, up to five years, thus allowing funds to remain available to address on-going community needs, such as those identified as the result of the impacts from COVID-19.

FEMA requests the OIG consider this recommendation resolved and closed.

Recommendation 2: Collaborate with the National Board to develop a more proactive approach to determine, as early in the process as possible, whether Local Boards and State Set-Aside Committees are willing to accept funds, so that funds can be reallocated from jurisdictions unwilling or unable to participate in the Emergency Food and Shelter Program.

Response: Non-Concur. As previously noted, the authorizing statute for EFSP requires maximum flexibility to the funded organizations due to situations that may arise that are unpredictable in nature, causing the need for funded organizations to use their EFSP funds late in the applicable spending period. While the FEMA Recovery Assistant Administrator or designee agrees to collaborate with the National Board to explore whether there is a proactive and effective approach that is: (1) not prohibitively burdensome; (2) in line with statutory requirements for maximum flexibility to organizations; and (3) by which it may be determined if Local Boards and State Set-Aside Committees have the willingness and capacity to accept funds within the specified timeframe; however, there is no agreed-upon action to pursue at this time.

FEMA requests the OIG consider this recommendation resolved and closed.

Recommendation 3: Collaborate with the National Board to ensure United Way Worldwide performs a periodic analysis of Local Boards and State Set-Aside Committees that have routinely not accepted funds and determine whether Local Boards or State Set-Aside Committees can be reestablished.

Response: Concur. FEMA holds one of seven votes on the National Board and therefore cannot unilaterally guarantee changes to how EFSP is implemented. However, FEMA agrees that such analysis would be beneficial, and the FEMA Recovery Assistant Administrator or designee will present the idea of performing periodic analysis to the National Board, as well as provide OIG with the board meeting minutes to demonstrate the recommendation was presented.

Estimated Completion Date (ECD): June 30, 2023.

Recommendation 4: Collaborate with the National Board to ensure United Way Worldwide develops and implements policies and guidance to Local Boards to follow



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when Local Recipient Organizations with outstanding compliance issues apply for Emergency Food and Shelter Program funding.

Response: Concur. Although the National Board develops policy and guidance for United Way Worldwide, United Way Worldwide is responsible for ensuring implementation of policy and guidance on behalf of the National Board and serves as the Board's Secretariat and Fiscal Agent. United Way Worldwide also is one of seven voting members of the National Board.

As previously noted, FEMA cannot unilaterally guarantee changes to the current EFSP, and processes as established by the National Board. Further, the National Board already has policies and guidance in place addressing outstanding compliance issues. However, the FEMA Recovery Assistant Administrator or designee will present to the National Board the need for changes and/or additions to policy and guidance to address this recommendation and will share the board meeting minutes with the OIG to demonstrate the recommendation was presented.

In addition, the FEMA Recovery Assistant Administrator or designee is ensuring its NOFOs for EFSP include references to both 2 Code of Federal Regulations (C.F.R.) § 200.339, which addresses remedies for noncompliance, and 2 C.F.R. § 200.208, which discusses specific conditions. The sections in the NOFOs that reference these regulations apply to FEMA as the grantor and the National Board as the pass-through entity. FEMA will provide a copy of a recent EFSP NOFO to the OIG as documentation of this action.

ECD: June 30, 2023.

Recommendation 5: Develop and implement written policies on FEMA's roles, responsibilities, and procedures for operating the Emergency Food and Shelter Program.

Response: Concur. The McKinney-Vento Homelessness Assistance Act dictates roles, responsibilities, and procedures in the administration and operation of the EFSP. FEMA's Recovery Assistant Administrator or designee will further define the roles, responsibilities, and procedures for EFSP staff within FEMA's Individual Assistance Division by developing written documentation.

ECD: June 30, 2023.

Recommendation 6: Collaborate with the National Board to increase analysis of the Emergency Food and Shelter Program's performance and ability to deliver funds and assess program participation during each phase.

Response: Concur. On a monthly basis the National Board analyzes the EFSP's performance and ability to deliver funds. The FEMA Recovery Assistant Administrator



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or designee will work with the National Board to determine how best to enhance this analysis and will also provide the OIG with board meeting minutes to document this action was taken. Further, FEMA receives and reviews quarterly performance reports from the National Board as required by FEMA-issued EFSP NOFOs and Notices of Award.

ECD: June 30, 2023.

Recommendation 7: Ensure the National Board includes performance goals and measures in its guidance or grant recipient documentation for verifying the acceptance of funds, as well as performance goals and measures for addressing any unique requirements, such as those in the CARES Act for COVID-19 or in the American Rescue Plan Act of 2021 for the southwest border, in future supplemental appropriations. FEMA should also work with the National Board to track and analyze these performance goals and measures.

Response: Concur. As previously noted, FEMA cannot unilaterally guarantee changes to EFSP guidance as established by the whole of the National Board. However, FEMA agrees that performance measures and goals are beneficial, and the FEMA's Recovery Assistant Administrator or designee will take alternative action to address this recommendation by adding appropriation-specific performance goals and measures to future FEMA-issued NOFOs and Notices of Award, such as was done in both CARES Act and American Rescue Plan Act of 2021 NOFOs and Notices of Award. The FEMA Recovery Assistant Administrator or designee will also present to the National Board the recommendation to further develop a documentation standard to ensure grant recipients acknowledge the intended use of appropriation specific funds and will provide the OIG with the board meeting minutes demonstrating the recommendation was presented.

ECD: June 30, 2023.

Recommendation 8: Collaborate with the National Board to establish a contract, memorandum of understanding, or other written agreement mechanism with the Emergency Food and Shelter Program's Fiscal Agent and Secretariat to establish requirements and expectations.

Response: Concur. As FEMA cannot unilaterally guarantee the establishment of a contract, memorandum of understanding or other written agreement with the National Board's Fiscal Agent and Secretariat, the FEMA Recovery Assistant Administrator or designee will instead initiate discussion with the National Board in order to discuss the best way to address this recommendation and provide OIG with the board meeting minutes.

ECD: June 30, 2023.



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Recommendation 9: Collaborate with the National Board to establish a formal board charter and develop and implement written policies and procedures including, but not limited to, periodically reviewing the direct allocation formula and a risk assessment of Local Boards and Local Recipient Organizations for the compliance review process.

Response: Concur. FEMA agrees that developing a charter and written policies and procedures would be beneficial and the FEMA Recovery Assistant Administrator or designee will work with the National Board to develop these documents.

ECD: June 30, 2023.

Recommendation 10: Collaborate with the National Board to implement a plan to enforce already established guidance including Local Boards' deadlines for board plan submission and the disbursement of funds to Local Recipient Organizations within the McKinney-Vento Homeless Assistance Act's 3-month required timeframe.

Response: Non-concur. Pursuant to the McKinney-Vento Homeless Assistance Act, 42 U.S.C. § 11345, the National Board is to disburse the funds within 3 months from funds availability. FEMA and the National Board have interpreted this to mean that the National Board will allocate the funds to all jurisdictions (counties and cities) within the 3-month required timeframe. Disbursement of funds to all Local Recipient Organizations would not be feasible within the same 3-month timeframe. There are approximately 10,000 Local Recipient Organizations funded annually, and the multi-step process required to award funds takes many months to disburse funds to all Local Recipient Organizations.

In addition, it is important to note that the National Board already meets the 3-month required timeframe for allocating funds to jurisdictions, with the exception of those years when EFSP has received delayed appropriations from Congress which, with additional supplemental appropriations risk causing appropriations to be released too closely together. Consequently, allocations to jurisdictions from these appropriations, without consideration for the Local Boards' capacity to conduct all program requirements in administering the funds, can cause significant delays and burdens. Each release of phased funding requires the convening of the Local Board to prioritize program objectives for the community, advertise funds, accept applications, make award determinations, submit a board plan, and accomplish all required monitoring of Local Recipient Organizations and reporting to the National Board.

FEMA requests the OIG consider this recommendation resolved and closed.



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Appendix C
Potential Monetary Benefits

Classification of Monetary Benefits					
Finding	Rec. No.	Funds to Be Put to Better Use	Questioned Costs – Unsupported Costs	Questioned Costs - Other	Total
About \$58 Million in EFSP Grant Funds Were Delayed or Did Not Reach Those Facing Economic Emergencies during Their Time of Need	1	\$45.2M*	\$0	\$0	\$45.2M

Source: DHS OIG analysis of findings in this report

* Prior to the start of this audit, the Board reallocated \$13 million from Phases 35 and 36 to Phase 38 (not in the scope of this audit), thus reducing the amount of funds that could be put to better use from \$58.2 to \$45.2 million.



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Appendix D

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