



CALIFORNIA STATE AUDITOR

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FACT SHEET

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Letter Report: 2009-119.4

The California State Auditor released the following report today:

California Emergency Management Agency

Despite Receiving \$136 Million in Recovery Act Funds in June 2009, It Only Recently Began Awarding These Funds and Lacks Plans to Monitor Their Use

BACKGROUND

On February 17, 2009, the federal government enacted the Recovery and Reinvestment Act of 2009 (Recovery Act) for purposes that include preserving and creating jobs, promoting economic recovery, and assisting those most affected by the recession. One general principle of the Recovery Act is that the funds be used to achieve its purposes as quickly as possible consistent with prudent management.

The Recovery Act designated a total of \$2 billion for the national Edward Byrne Memorial Justice Assistance Grant Program (JAG Program), of which California was awarded \$225.3 million. Of that amount, about \$135.6 million (60 percent) was allocated for statewide distribution through the California Emergency Management Agency (Cal EMA). The remaining \$89.7 million (40 percent) is directly allocated by the federal Bureau of Justice Assistance located within the U.S. Department of Justice to local units of government, such as cities and counties.

KEY FINDINGS

During our review of Cal EMA's preparedness to administer the Recovery Act JAG Program, we noted the following:

- Based on our analysis, we believe that Cal EMA is moderately prepared to administer its Recovery Act JAG Program award.
- Cal EMA only recently began awarding Recovery Act JAG Program funds to subrecipients—even though it has been about eight months since the U.S. Department of Justice allocated \$135.6 million for that purpose. According to the director of Grants Management, Cal EMA's significant disbursements of Recovery Act JAG Program funds to subrecipients most likely would not begin until the second and third quarters of fiscal year 2010–11.
- Although it provided monitoring planning documents for the grants it administers, it was unable to provide policies and procedures or plans that would result in the required monitoring specific to Recovery Act JAG Program subrecipients.
- Although the workload for monitoring subgrantees will increase significantly, Cal EMA could not demonstrate that it has adequately identified the number of staff needed to monitor the use of Recovery Act funds.
- Cal EMA failed to consistently report to federal agencies the administrative costs it charged to its Recovery Act JAG Program award. For the quarter ending December 31, 2009, it reported \$104,000 in administrative costs to the U.S. Department of Justice, but reported no such costs to the federal Recovery Accountability and Transparency Board for the same period.

KEY RECOMMENDATIONS

Cal EMA should do the following:

- Promptly execute subgrant agreements so California can more fully realize the benefits of the Recovery Act funds.
- Plan for the monitoring of Recovery Act JAG Program subrecipients to obtain reasonable assurance that Recovery Act JAG Program funds are used in accordance with laws, regulations, and the provisions of grant agreements.
- Identify the workload associated with monitoring Recovery Act JAG subrecipients and the number of staff needed to perform such monitoring.
- Develop the necessary procedures to ensure Cal EMA accurately meets its Recovery Act reporting requirements.

