

# Spotlight

Department of Homeland Security



## Office of Inspector General

February 2013 OIG-13-37

### Why This Matters

The American Recovery and Reinvestment Act of 2009 (Recovery Act), as amended, appropriated \$150 million to the Federal Emergency Management Agency (FEMA) for Public Transportation Security Assistance and Railroad Security Assistance. On July 31, 2009, FEMA awarded a transit security grant of \$1,670,988 to the Northeast Illinois Railroad Corporation for one antiterrorism team. It is paramount to ensure that the costs claimed are allowable, allocable, and reasonable to protect the revenue.

### DHS Response

FEMA concurs with the recommendation. FEMA will initiate appropriate processes to recoup \$113,032 in expended fringe benefit costs. In addition, within 90 days of receipt of the OIG's final report, FEMA will work with the Northeast Illinois Railroad Corporation to create a corrective action plan following established guidelines to ensure future adherence to cost guidelines.

## Costs Claimed by the Northern Illinois Railroad Corporation Under Transit Security Grant Number 2009-RA-R1-0098

### What We Determined

The objective of the audit was to determine whether costs claimed were allowable, allocable, and reasonable according to the grant agreement and applicable Federal requirements. FEMA awarded a transit security grant of \$1,670,988 to the Northeast Illinois Railroad Corporation (commonly referred to as METRA) for one antiterrorism team. We questioned \$113,032 representing over claimed fringe benefits on overtime paid to antiterrorism team members. The Guidance and Application Kit states that "Fringe benefits on overtime hours are limited to FICA [Federal Insurance Contributions Act], Workers Compensation and Unemployment Compensation." Together, these total from 10 to 15 percent of base labor wages for the years of the grant. However, in these years METRA applied its approved fringe benefit rate of about 70 percent of base labor to both regular wages and overtime. The 70 percent rate includes employer contributions for such items as pension plans; health insurance; and vacation, holiday pay, and sick leave, in addition to fringe benefits allowed for overtime. The report contains one recommendation.

### What We Recommend

The Assistant Administrator, Grant Programs Directorate resolve the \$113,032 of questioned fringe benefit costs.

### For Further Information:

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