



May 19, 2014

**MEMORANDUM FOR NOAA ADMINISTRATOR KATHRYN D. SULLIVAN**

  
**FROM:** Todd J. Zinser

**SUBJECT:** Public Release of OIG Investigation 13-0963; Hurricane Sandy Relief Funding for the National Estuarine Research Reserve System (NERRS)

In the summer of 2013, the Office of Inspector General (OIG) initiated an investigation into allegations that a National Oceanic and Atmospheric Administration (NOAA) grantee improperly applied for and received Hurricane Sandy funds under the Disaster Relief Appropriations Act and Sandy Recovery Improvement Act. A whistleblower claimed that a research facility that is part of the National Estuarine Research Reserve System (NERRS) requested these federal relief funds to replace assets that were not actually damaged by Hurricane Sandy. As a result, OIG looked into the application for and receipt of approximately \$1 million in federal funds by nine research facilities that are part of the NERRS.

OIG's investigation found that NOAA, in response to concerns raised by NERRS facilities regarding the use of disaster relief funds to replace aging assets that were not actually "damaged" by the storm, advised the NERRS facilities that research equipment that was "compromised" by the storm was eligible for disaster relief funding. NOAA's direction to the NERRS facilities expanded the Act's plain language requirement that equipment be "damaged" in order to receive disaster relief funds. OIG concluded that NOAA's guidance to the funding applicants and subsequent approval of funding applications resulted in questioned costs of approximately \$550,200 – over half of the approximately \$1 million dollars of funds disbursed – for items that may not have been eligible for funding based on the plain language of the Act.

As a result of the investigation, we made several recommendations to strengthen NOAA programs, and would appreciate a response detailing the agency's plans for addressing these recommendations within 60 days. The results of our investigation are attached.

Our report has been edited in compliance with applicable privacy laws and will be published on our public website. You may distribute within your organization at your discretion. If you have any questions about our investigation, do not hesitate to contact me at (202) 482-4661.

cc: The Honorable Penny Pritzker, Secretary of Commerce  
Patrick Gallagher, NIST Director Performing the Duties of the Deputy Secretary  
Kelly Welsh, General Counsel  
Bruce H. Andrews, Chief of Staff  
Vice Adm. Michael S. Devany, Deputy Under Secretary, NOAA  
Ellen Herbst, Chief Financial Officer and Assistant Secretary for Administration