

# GAO Highlights

Highlights of [GAO-19-256](#), a report to congressional requesters

## Why GAO Did This Study

In 2017 two major hurricanes – Irma and Maria – caused extensive damage throughout Puerto Rico. Hurricane Maria, a Category 4 hurricane, was the most intense hurricane to make landfall in Puerto Rico since 1928, destroying roads, buildings, and cutting power and communication lines, among other things. Puerto Rico estimates that \$132 billion will be needed to repair and reconstruct infrastructure and services. FEMA—a component of the Department of Homeland Security (DHS)—is the lead federal agency responsible for assisting Puerto Rico as it recovers. FEMA administers the Public Assistance program in partnership with Puerto Rico to provide funds to rebuild damaged infrastructure and restore critically-needed services.

GAO was asked to review the federal government's recovery efforts related to the 2017 hurricanes. This report, among other objectives, describes (1) FEMA's Public Assistance spending in Puerto Rico and oversight efforts of federal recovery funds, and (2) initial challenges with the recovery process. GAO reviewed Public Assistance program documents; analyzed grant funding data; and interviewed officials from Puerto Rico and DHS about the Public Assistance program and recovery efforts, as well as officials from ten municipalities selected on the basis of population and Public Assistance spending.

GAO is not making recommendations at this time, but will continue monitoring the recovery as part of its ongoing work.

View [GAO-19-256](#). For more information, contact Chris Currie at (404) 679-1875 or [CurrieC@gao.gov](mailto:CurrieC@gao.gov).

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## PUERTO RICO HURRICANES

### Status of FEMA Funding, Oversight, and Recovery Challenges

## What GAO Found

The Federal Emergency Management Agency (FEMA) obligated almost \$4 billion in Public Assistance grant funding to Puerto Rico as of September 30, 2018 in response to the 2017 hurricanes. FEMA obligated about \$3.63 billion for emergency work—emergency measures such as debris removal and generators—and about \$151 million for permanent work to repair and replace public infrastructure such as roads (see figure).

Damaged Segment of Road Near Maricao, Puerto Rico, September 2018



Source: GAO. | GAO-19-256

Puerto Rico established a central recovery office to oversee federal recovery funds and is developing an internal controls plan to help ensure better management and accountability of the funds. In the interim, FEMA instituted a manual reimbursement process—requiring FEMA to review each reimbursement request before providing Public Assistance funds—to mitigate risk and help ensure financial accountability. FEMA officials stated that they will remove this manual process once the agency approves Puerto Rico's internal controls plan.

Officials from FEMA and Puerto Rico's central recovery office and municipalities that GAO interviewed reported initial challenges with the recovery process, including with Public Assistance alternative procedures. Unlike in the standard Public Assistance program where FEMA will fund the actual cost of a project, the Public Assistance alternative procedures allow awards for permanent work projects to be made on the basis of fixed cost estimates to provide financial incentives for the timely and cost-effective completion of work. Challenges identified included concerns about lack of experience and knowledge of the alternative procedures being applied in Puerto Rico; concerns about missing, incomplete, or conflicting guidance on the alternative procedures; and concerns that municipalities have not been fully reimbursed for work already completed in the immediate aftermath of the hurricanes, causing financial hardships in some municipalities.

FEMA officials stated that the agency is taking actions to address reported recovery challenges, such as leveraging existing expertise to train personnel and developing supplemental guidance on alternative procedures and reducing delays in reimbursements. GAO will continue to monitor these issues and plans to report additional findings and recommendations as appropriate later this year.