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COUNTY OF ERIE

STEFAN I. MYCHAJLIW
COMPTROLLER

February 27th, 2013

Honorable Timothy R. Hogues
Erie County Legislature Finance and Management Committee Chairman
92 Franklin Street
Buffalo, New York 14202

Dear Legislator Hogues:

I am reaching out to the Finance and Management Committee concerning the recent audit conducted by the Office of Inspector General (OIG), United States Department of Homeland Security (DHS), as it pertains to the $48 million they claim the Federal Emergency Management Agency (FEMA) should recover from Erie County as it relates to reimbursements from the "October Surprise Storm" in 2006.

Our office understands the issues that were addressed in their audit occurred under the administration of former Erie County Executive Joel Giambra.

Their audit highlights perceived deficiencies pertaining to the Giambra administration's management of the 2006 storm cleanup. Their audit findings stated:

- Erie County did not comply with Federal Grant regulations and FEMA guidelines in awarding contracts
- FEMA reimbursed Erie County $9 million for inadequately supported costs
- Erie County claimed to have lost numerous project records
- Erie County improperly charged administrative costs as direct costs
- FEMA questions $48,465,416 of ineligible and unsupported costs
- Erie County improperly included duplicative costs for reimbursement
- Lack of open and full contracting competition

I will stand with the Legislature and County Executive Poloncarz to work with our federal congressional delegation to protect Erie County taxpayers and determine a solution that is beneficial to all parties.

Should you determine to hold a hearing on this matter before your committee, I will be happy to testify and answer questions to help in your efforts.

While DHS released the findings of their audit on January 29th, 2013, our office was just made aware of their report. I do not have information on whether or not the administration notified the Erie County Fiscal Stability Authority or Legislature.

Time is of the essence. According to the results of the DHS audit Erie County must prepare responses to their findings within 90 days of January 29th, 2013.

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The Legislature, County Executive, and Control Board have my full support and assistance in resolving this issue. Let us work together with all our partners in county government to limit or eliminate the damage that could be done from this $48 million recovery claim from the federal government.

Sincerely,

Stefan I. Mychajliw
Erie County Comptroller

Cc: Honorable Mark C. Poloncarz, Erie County Executive
Honorable Betty Jean Grant, Erie County Legislature Chairwoman
Honorable John J. Mills
Erie County Control Board