



Auditor of Public Accounts
Mike Harmon

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Contact: **Michael Goins**
Michael.Goins@ky.gov
502.564.5841
502.209.2867

Auditor Mike Harmon’s Office Releases Special Examination of Tornado and Flood Relief Funds

Report details examination of finances, internal policies, and controls for Team Western Kentucky Tornado Relief Fund and Team Eastern Kentucky Flood Relief Fund

FRANKFORT, Ky. (December 5, 2023) – Today, Kentucky Auditor of Public Accounts Mike Harmon released the results of a special examination of the finances, internal policies, and controls for the Team Western Kentucky Tornado Relief Fund and the Team Eastern Kentucky Flood Relief Fund.

The special examination was conducted by Auditor Harmon’s office following a request from the Legislative Oversight and Investigation Committee on July 17, 2023. Three days later, Assistant State Auditor Farrah Petter announced the Office of the Auditor of Public Accounts (APA) would conduct an examination. The request came about after the media reported Kentuckians [who lived outside the impacted areas received checks from the tornado relief fund](#).

“Their request identified that more than 200 checks issued from those funds went to Kentuckians who didn’t request the monies or who said they didn’t have a need for the funds. Legislators also expressed their concerns regarding general oversight and transparency of both funds,” said Auditor Harmon. “Based on that request from the committee, we sought to address their concerns and also delve further into the issues surrounding the checks in question.”

During the review of the tornado and flood relief funds, the APA identified a small number of inappropriate payments for Fiscal Year 2023 were made from the tornado relief fund as illustrated in the chart below:

Team Western Kentucky Tornado Relief Fund		
Total Inappropriate Payments	\$	239,785
Total Expenditures	\$	42,334,075
Error Rate		0.57%

Auditors found the inappropriate payments included duplicate payments, people who received payments that were later deemed ineligible, and overpayments. The majority of the inappropriate payments pertained to the \$1,000 Team Western Kentucky Tornado Relief Fund Second Assistance Payments. The Second Assistance Payments had an error rate of 2.14 percent representing a total of \$213,000.

Most of the inappropriate Tornado Relief Fund Second Assistance Payments were issued to individuals who claimed damage to property outside the designated disaster area. These payments were based on FEMA verified data which incorrectly indicated these individuals were eligible.

PPC should consider the feasibility of recovering inappropriate payments.

As for the Team Eastern Kentucky Flood Relief Fund, the APA did not identify any inappropriate payments as of fiscal year end June 30, 2023 as illustrated in the chart below:

Team Eastern Kentucky Flood Relief Fund		
Total Inappropriate Payments	\$	-
Total Expenditures	\$	5,390,286
Error Rate		0.00%

Regarding the more than 200 checks mentioned by the legislative committee as part of their request, the APA identified two reasons why checks were sent to Kentuckians who neither requested nor had a need for the funds.

“Our auditors found because the majority of disaster funds were directly sent to people without requiring an application, they may not have been aware assistance funds were coming. Additionally, the check memo line on the Second Assistance Payments may have created some confusion,” Auditor Harmon said. “While the Public Protection Cabinet (PPC) indicated letters were sent with checks explaining why recipients were receiving payments, it was impossible for the APA to determine if letters were sent with all checks.”

The special examination identified that for the Tornado Relief Fund, 194 checks totaling \$200,000 were cancelled because the recipient rejected the payment (approximately 90% of the cancelled checks were from the Tornado Relief Fund’s second assistance payment). For the Flood Relief Fund, four checks totaling \$2,000 were cancelled for the same reason.

As of September 8, 2023, 1,706 checks remained outstanding that had been issued prior to June 30, 2023.

“While the APA is unable to determine the exact cause for the excessive number of outstanding checks, our auditors noted it could have been from relying on potentially inaccurate or incomplete addresses from verified data sources for check distribution, and possible creating confusion among those who received payments who were not expecting a payment,” Auditor Harmon added.

You can review the complete report, which includes a response from PPC, at this [link](#).

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