



Why This Matters

Regional Transit Authority (Authority) received a \$122.39 million award from the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), a Federal Emergency Management Agency (FEMA) grantee, for damages caused by Hurricane Katrina, which occurred in August 2005. FEMA provides such assistance to state, Tribal, and local governments, and certain types of private nonprofit organizations so that communities can quickly respond to and recover from major disasters or emergencies declared by the President.

DHS Response

FEMA agreed with our recommendations and reserved further comment until after we issue our final report.

For Further Information:

Contact our Office of Public Affairs at (202)254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov

Regional Transit Authority Needs to Insure Equipment or Forgo \$62 Million in FEMA Public Assistance Funds, New Orleans, Louisiana

What We Determined

The Authority accounted for FEMA grant funds on a project-by-project basis as required, followed Federal procurement regulations in its contracting, and adequately documented costs claimed for reimbursement. However, the Authority did not obtain and maintain sufficient flood insurance required as a condition for receiving Federal disaster assistance and had not completed allocation of its insurance proceeds to reduce estimated project amounts. As a result, we question approximately \$64.11 million. Also, FEMA should deobligate and put to better use \$7.35 million in unused Federal funds that exceed the actual amounts claimed. Generally, these findings occurred because GOHSEP, as the grantee, did not effectively execute its responsibilities under its grant with FEMA.

What We Recommend

We recommend that the Acting Regional Administrator, FEMA Region VI:

1. Disallow \$62,391,049 estimated for the repair or replacement of buses and streetcars as ineligible, unless the Authority can prove that its new policy provides the minimum amount of insurance required;
2. Deobligate \$7,353,744 million of unused Federal funds from Projects 770, 2004, and 10464 and put those funds to better use;
3. Require GOHSEP to submit an accounting to the Acting FEMA Regional Administrator as soon as possible for all large projects for which the Authority has completed the approved work and requested payment;
4. Allocate \$1,714,845 of insurance proceeds to the appropriate project(s) and disallow those amounts as ineligible, and determine whether its application of insurance proceeds to Projects 12099 and 12757 was appropriate;
5. Require GOHSEP to implement procedures to ensure subgrantees comply with Federal regulations regarding time restrictions and extensions on project completion; and
6. Write a new version of project worksheet 12673 to correct the bus number and vehicle identification number for one bus.