



### Why This Matters

Ochsner received an award of \$18.3 million from the Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), a Federal Emergency Management Agency (FEMA) grantee, for damages resulting from Hurricane Katrina, which occurred on August 29, 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. We focus on grants with potential for problems and areas that are of interest to Congress.

### DHS Response

FEMA officials stated they would continue to work with Ochsner Clinic Foundation (Ochsner) and State officials on the insurance allocation issue. Additionally, FEMA officials acknowledged the need for better compliance with Federal contracting requirements and the importance of maintaining proper supporting documentation. However, overall, FEMA officials reserved final decisions regarding the findings and recommendations until after we issue the final report. FEMA's written response is due within 90 days.

### For Further Information:

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

## FEMA Public Assistance Grant Funds Awarded to Ochsner Clinic Foundation, New Orleans, LA

### What We Determined

Ochsner did not account for and expend FEMA grant funds according to Federal regulations and FEMA guidelines. Ochsner's insurance carriers fully reimbursed Ochsner for all FEMA-eligible expenses. Therefore, Ochsner's entire grant, currently obligated for \$18.3 million, is ineligible for FEMA funding. Although Ochsner's insurance proceeds made its entire grant ineligible for FEMA funding, we determined that \$9.7 million of the \$18.3 million grant was also ineligible for reasons other than insurance proceeds. FEMA officials said they would continue to work with Ochsner officials on this insurance issue.

### What We Recommend

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

- Disallow \$18,266,765 of ineligible project costs covered by insurance and request GOHSEP to recover \$11,668,346 of funding it reimbursed to Ochsner.
- Disallow ineligible contract costs identified in our additional report findings unless FEMA grants Ochsner an exemption, with proper justification, to the applicable federal contracting requirements.
- Disallow any additional costs identified in our additional report findings if Ochsner claims costs in excess of the \$32,678,597 of insurance proceeds that FEMA determines are applicable to FEMA-eligible costs.
- Require GOHSEP to complete its closeout accounting of the 10 completed large projects identified in the report.
- Require GOHSEP to develop and implement oversight procedures to improve its monitoring of its subgrantees.